

PABLO CATURA AND LUZ SALVADOR, PETITIONERS, VS. THE COURT OF INDUSTRIAL RELATIONS AND CELESTINO TABANIAG, ET AL., RESPONDENTS.

G.R. No. L-27392. January 30, 1971

Ponente: FERNANDO, J.

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FERNANDO, J.:

It is a novel question that presents itself before this Court in this petition for the review of a resolution of respondent Court of Industrial Relations. Specifically, it is whether respondent Court, in the exercise of its power of investigation to assure compliance with the internal labor organization procedures under Section 17 of the Industrial Peace Act,[1] can require a labor organization's "books of accounts, bank accounts, pass books, union funds, receipts, vouchers and other documents related to [its] finances" be delivered and deposited with it at the hearing to conduct such investigation in accordance with a complaint duly filed without the officials of such labor organization, therein named as respondents and petitioners before us, being heard prior to the issuance of such order. The respondent Court, first acting through Associate Judge Joaquin M. Salvador and thereafter en banc, upheld its power to do so. The challenge to such competence sought to be fortified by the allegation of the absence of procedural due process was rejected. After a careful study of the matter, we cannot say that thereby respondent Court was in error. We have no reason to reverse.

As set forth in the brief for the petitioners, Pablo Catura and Luz Salvador, the President and Treasurer, respectively, of the Philippine Virginia Tobacco Administration Employees Association, a legitimate labor organization duly registered, there was, on December 27, 1966, a complaint against them under Section 17 filed by the prosecution division of respondent Court, the principal complainants being now respondent Celestino Tabaniag as well as other employees constituting more than ten percent of the entire membership of such labor organization. In the complaint, it was charged that during the tenure of office of petitioners before us as such President and Treasurer, they were responsible for "unauthorized disbursement of union funds" with complainants on various occasions during the latter part of 1966 demanding from them "a full and detailed report of all financial transactions of the union and to make the book of accounts and other records of the financial activities of the union open to inspection by the members", only to be met with a refusal on their part to comply. It was further asserted that the executive board of such labor organization passed a resolution calling for a general membership meeting so that petitioners could be confronted about the status of union funds, but then, Pablo Catura, as President, cancelled such meeting. There was thereafter a general membership resolution reiterating previous demands "for a full and detailed report of all financial transactions of the union", but again there was no response, thus compelling the members to refer the matter to the Department of Labor which duly issued subpoenas for the presentation of such book of accounts to petitioners without any success. After setting forth that complainants had exhausted all remedies provided in the union's constitution and by-laws, which were all unavailing, the complaint sought, after due hearing and judgment, to declare present petitioners, as respondents, guilty of unfair labor practice under the above provision of the Industrial Peace Act, for them to cease and desist

from further committing such unfair labor practice complained of, and to render a full and detailed report of all financial transactions of the union as well as to make the book of accounts and other records of these financial activities open to inspection by the members.[2]

Thereafter, on December 28, 1966, respondent Celestino Tabaniag and the other members, as petitioners in the above complaint before respondent Court, sought an injunction to prevent now petitioner Pablo Catura who, it turned out, was again elected as President in an election on November 15, 1966, from taking his oath of office in view of his alleged persistence in the abuse of his authority in the disbursement of union funds as well as his refusal to make a full and detailed report of all financial transactions of the union.[3]

Then came the order of December 29, 1966, by Associate Judge Joaquin M. Salvador which, instead of granting the injunction sought, limited itself to requiring and directing "personally the respondents Pablo Catura and Luz Salvador, president and treasurer, respectively, of the Philippine Virginia Tobacco Administration Employees' Association, to deliver and deposit to this Court all the said Association's book of accounts, bank accounts, pass books, union funds, receipts, vouchers and other documents related to the finances of the said labor union at the hearing of this petition on January 3, 1967 at 9:00 o'clock in the morning. Said respondents are hereby required to comply strictly with this Order." [4] There was a motion for reconsideration on January 2, 1967 by now petitioners Pablo Catura and Luz Salvador on the ground that they were not heard before such order was issued, which moreover in their opinion was beyond the power of respondent Court. With Associate Judge Ansberto P. Paredes dissenting, the order was sustained in a resolution by the Court en banc on February 28, 1967. Hence the present petition filed on April 3, 1967.

The petition was given due course by this Court in a resolution of April 13, 1967 with a preliminary injunction issued upon petitioners' posting a bond of P2,000.00. Respondents did not take the trouble of filing an answer within the period expired on June 17, 1967 and petitioners were required to submit their brief within thirty days under this Court's resolution of July 14, 1967. Such a brief was duly filed on September 19 of that year. There was no brief for respondents. The case was thus deemed submitted for decision on October 4, 1968.

In the light of the interpretation to be accorded the applicable legal provisions and after a careful consideration of the contention that such a power to issue the challenged order cannot be deemed as possessed by respondent Court which moreover did not accord petitioners procedural due process, we have reached the conclusion, as set forth at the opening of this opinion, that petitioners cannot prevail. The order as issued first by Associate Judge Joaquin M. Salvador and thereafter by respondent Court en banc must be sustained.

1. The controlling provisions of law to the specific situation before this Court concerning the power of investigation of respondent Court to assure compliance with internal labor organization procedures with the corresponding authority to investigate to substantiate alleged violations may be found in paragraphs (b), (h), and (1) of the aforecited Section 17 of the Industrial Peace Act. Thus: "The members shall be entitled to full and detailed reports from their officers and representatives of all financial transactions as provided in the constitution and by-laws of the organization." [5] * * * "The funds of the organization shall not be applied for any purpose or object other than those expressly stated in its constitution or by-laws or those expressly authorized by a resolution of the majority of the member." [6] * * * "The books of accounts and other records of the financial activities of a legitimate labor organization shall be open to inspection by any officer or member thereof." [7]

To repeat, the complaint before respondent Court against petitioners as President and Treasurer of the union, specifically recited an unauthorized disbursement of union funds as well as the failure to make a full and detailed report of financial transactions of the union and to make the book of accounts and other records of its financial activities open to inspection by the members. Clearly, the matter was deemed serious enough by the prosecutor of

respondent Court to call for the exercise of the statutory power of investigation to substantiate the alleged violation so as to assure that the rights and conditions of membership in a labor organization as specifically set forth in Section 17 be respected. All that the challenged order did was to require petitioners, as President and Treasurer of the labor organization, to "deliver and deposit" with respondent Court all of its book of accounts, bank accounts, pass books, union funds, receipts, vouchers and other documents related to its finances at the hearing of the petition before it on January 3, 1967.

On its face, it cannot be said that such a requirement is beyond the statutory power conferred. If it were otherwise, the specific provisions of law allegedly violated may not be effectively complied with. The authority to investigate might be rendered futile if respondent Court could be held as having acted contrary to law. To paraphrase Justice Laurel, the power to investigate, to be conscientious and rational at the very least, requires an inquiry into existing facts and conditions. The documents required to be produced constitutes evidence of the most solid character as to whether or not there was a failure to comply with the mandates of the law. It is not for this Court to whittle down the authority conferred on administrative agencies to assure the effective administration of a statute, in this case intended to protect the rights of union members against its officers. The matter was properly within its cognizance and the means necessary to give it force and effectiveness should be deemed implied unless the power sought to be exercised is so arbitrary as to trench upon private rights of petitioners entitled to priority. No such showing has been made; no such showing can be made. To repeat, there should be no question about the correctness of the order herein challenged.

2. Nor is the validity of the order in question to be impugned by the allegation that there was a denial of procedural due process. If the books and records sought to be delivered and deposited in court for examination were the private property of petitioners, perhaps the allegation of the absence of due process would not be entirely lacking in plausibility. Such is not the case however. The pertinent section of the Industrial Peace Act makes clear that such books of accounts and other records of the financial activities are open to inspection by any member of a labor organization. For the court to require their submission at the hearing of the petition is, as above noted, beyond question, and no useful purpose would be served by first hearing petitioners before an order to that effect can be issued. Moreover, since as was shown in the very brief of petitioners, there was a motion for reconsideration, the absence of any hearing, even if on the assumption purely for argument's sake that there was such a requirement, has been cured. So it was held by this Court in a recent decision. Thus: "As far back as 1935, it has already been a settled doctrine that a plea of denial of procedural due process does not lie where a defect consisting of an absence of notice of hearing was thereafter cured by the alleged aggrieved party having had the opportunity to be heard on a motion for reconsideration. 'What the law prohibits is not the absence of previous notice, but the absolute absence thereof and lack of opportunity to be heard.' There is then no occasion to impute deprivation of property without due process where the adverse party was heard on a motion for reconsideration constituting as it does 'sufficient opportunity' for him to inform the Tribunal concerned of his side of the controversy. As was stated in a recent decision, what 'due process contemplates is freedom from arbitrariness and what it requires is fairness or justice, the substance rather than the form being paramount,' the conclusion being that the hearing on a motion for reconsideration meets the strict requirement of due process."^[8]

WHEREFORE, the petition for certiorari is denied. The writ of preliminary injunction issued under the resolution of April 13, 1967 is dissolved and declared to be without any further force or effect.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Castro, Teehankee, Barredo, Villamor, and Makasiar, JJ., concur.

[1] The first paragraph of Section 17, Republic Act No. 875, the Industrial Peace Act, reads as follows: "It is

hereby declared to be the public policy of the Philippines to encourage the following internal labor organization procedures. A minimum of ten per cent of the members of a labor organization may report an alleged violation of these procedures in their labor organization to the Court. If the Court finds, upon investigation, evidence to substantiate the alleged violation and that efforts to correct the alleged violation through the procedure provided by the labor organization's constitution or by-laws have been exhausted, the Court shall dispose of the complaint as in 'un-fair labor practice' cases." The exclusive competence of respondent Court of Industrial Relations under this provision of law was sustained in the following cases: Tolentino v. Angeles, 99 Phil. 309 (1956); Kapisanan ng mga Manggagawa v. Bugay, 101 Phil. 18 (1957); Philippine Land-Sea Labor Union (PLASLU) v. Ortiz, 103 Phil. 409 (1958); Philippine Association of Free Labor Unions (PAFLU) v. Padilla, 106 Phil. 591 (1959).

[2] Complaint, Annex A, Brief for the Petitioners, pp. 11-15.

[3] Petition, Annex B, Ibid, pp. 16-21.

[4] Order, Annex C, Ibid, p. 23.

[5] Paragraph (b).

[6] Paragraph (h).

[7] Paragraph (l).

[8] Batangas Laguna Tayabas Bus Co. v. Cadiao, L-28725, March 12, 1968, 22 SCRA 987, 994. Citing De Borja v. Flores, 62 Phil. 106 (1935); De Borja v. Tan, 93 Phil. 167 (1953); Embate v. Penolio, 93 Phil. 702 (1953); Caltex (Phil.), Inc. v. Castillo, L-24657, Nov. 27, 1967, 21 SCRA 1071.

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