

**ASUNCION BROS. & CO., INC., AND JOSE ASUNCION,
PETITIONERS, VS. COURT OF INDUSTRIAL RELATIONS, JUAN B.
CEPE, ET AL., RESPONDENTS.**

G.R. No. L-39514. July 27, 1988

Ponente: NARVASA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/85fa2addb7d1/>

NARVASA, J.:

In the case at bar, the defunct Court of Industrial Relations is shown to have sanctioned the disregard of the grievance procedure set forth in a collective bargaining agreement, and to have failed to take account of material evidence. It thereby incurred in serious error, impelling reversal of its decision.

The petitioners, Asuncion Bros. & Co., Inc. and Jose Asuncion were charged with unfair labor practice in the C.I.R. by the Court Prosecutor, on complaint of certain of their employees and the latter's labor organization, the Asuncion Bros. Woodcraft Employees and Laborers Union. The complaint substantially alleged that because the individual complainants had organized a labor organization which later affiliated itself with the Philippine Transport and General Workers Organization (PTGWO), the company, thru its general manager, Jose Asuncion, had made the members work on rotation basis and eventually dismissed them on various dates.

In their answer, the petitioners denied the accusation; they claimed that the rotation of workers was resorted to on account of circumstances beyond their control, not the least of which was the "systematic" acts of the complainants' absenting themselves at will, reporting late, and "moonlighting" with other firms; and they set up certain affirmative defenses including the failure of the complaint to state a cause of action and the Court's lack of jurisdiction.[1] Evidence was thereafter presented by the parties before a Hearing Examiner in accordance with the procedure obtaining in the CIR.[2] The Hearing Examiner found petitioners guilty as charged and recommended that[3]

" ***, since respondent business firm is only a small and growing business entity which may not be in a position to immediately implement a return to work order of complainants, we respectfully recommend that reinstatement be gradual to minimize the idea of economic dislocation by integrating a labor force that it cannot possibly absorb. This may be arranged by, say, two (2) complainants every month, depending on the need and exigency of the business. And considering further the precarious situation that may ensue because of anticipated award of huge amount of damages, which will eat up the assets of the respondent business and since some of the complainants have found casual or temporary employment elsewhere, the amount of back-wages be limited to a period of six (6) months computed at the rate the employees were enjoying at the time of their dismissal *** ."

This recommendation, and the factual and legal conclusions of the Hearing Examiner on which it was founded, were adopted by the C.I.R. in its decision dated June 27, 1974. The C.I.R. thereafter also denied the petitioners' motion for reconsideration.[4]

The case is now before this Court on an appeal by certiorari seasonably taken by the petitioners. They seek to

make two basic points: (1) the C.I.R. lost jurisdiction of the case on promulgation of the Labor Code (PD 442) on May 1, 1974, and (2) the judgment is not reasonably supported by the evidence.

The first point is grounded on Article 338 of the Code providing that "All cases pending before the Court of Industrial Relations and the National Labor Relations Commission established under Presidential Decree No. 21 at the time of the passage of this Code should be transferred to and processed by the National Labor Relations commission created under this Code in accordance with the procedure laid down herein." The petitioners set the passage of the Code at May 1, 1974 and argue that the C.I.R. had already lost jurisdiction by the time it rendered judgment on June 27, 1974. The point is not well taken.

While it is true that the Labor Code was promulgated on May 1, 1974, it expressly provided^[5] that its effectivity would commence six months thereafter, or on November 1, 1974. Moreover, Article 338 relied upon by the petitioners was amended by PD 570-A by inter alia changing the word "passage" to "effectivity." The amendment made the provision read as follows:

" *** All cases pending before the Court of Industrial Relations and the National Labor Relations Commission established under Presidential Decree No. 21 on the date of effectivity of this Code shall be transferred to and processed by the corresponding labor relations division of the regional labor office, the Bureau of Labor Relations or the National Labor Relations Commission created under this Code having cognizance of the same in accordance with the procedure laid down herein, and its implementing rules and regulations. ***"

And the date of effectivity of the Code, fixed at November 1, 1974, as above stated, was reaffirmed by PD 570-A.^[6] There can thus be no doubt that the Labor Court still had jurisdiction of the case at the time it rendered its judgment on June 27, 1974.

As the Court sees it, the error of the Labor Court lies in its omission to take account of relevant evidence on record and the quite material fact that the employees and their union had completely disregarded the grievance procedure set forth in their collective bargaining agreement with the petitioner company.

The Court a quo ignored the evidence given by two impartial witnesses: Gilbert Tumlos, personnel manager of Permaline, and Eustaquio Kerr, manager of Kawayan Woodcraft, who both testified to the employment of a majority of the complainants in their respective firms.^[7] Their sworn declarations are fully corroborative and confirmatory of the testimony of the petitioners' witnesses,^[8] as well as the documents listing the names of those workers whose employment had been terminated, the specific infractions of company rules constituting the respective causes therefor, and the dates of the commission of said infractions.^[9] No reason is given by the Court for refusing to take account of such material proofs, and none in truth appears on record to justify it. The evidence satisfactorily establishes the petitioners' claim that their woodcraft plant "operates under an integrated assembly line system ([where] assignments [are integrated: e.g.] pattern, cutting, carving, lathe machine, disc sanding, spindle sanding, drum sanding, varnishing and finishing, packing). Failure of one unit or set of workers to perform in time its assigned functions hampers the whole operation and will cause stoppage of work, to the damage and prejudice of the enterprise, a small and budding one at that."^[10] The record thus contains adequate evidentiary foundation for the dismissal of the complainants from employment, a circumstance that at the same time constitutes persuasive refutation of the theory that said complainants were fired simply because of their union activities.

Further disclosed by the record is the disregard by the complainant employees and their union of the grievance procedure prescribed in their collective bargaining agreement with the employer, dated February 19, 1969.^[11] Article XIII of that agreement states that -

"In the event that grievances or differences arise between the Union and the Company or between a worker or

group of workers on the one hand and the Company on the other, as regards the application, implementation of this agreement, or other differences which any of the parties desire to resolve, the Company and the Union shall take immediate steps to settle the difference in the following manner:

- A grievance committee composed of four (4) members shall be created, two (2) ** of which shall come from the Company and the other two (2) ** from the Union. Any grievance shall be resolved by the said committee within two (2) days after the grievance is submitted to them.
- In case of disagreement, parties agree to submit the differences to the Bureau of Labor Relations, Department of Labor, for resolution.
- If it cannot be resolved by the Bureau of Labor Relations, then the case may be submitted to an arbitrator agreed upon by both the Company and the Union whose decision shall be final and unappealable.
- If however the parties cannot agree to arbitration, then the same shall be considered as a labor dispute."

No reason whatever is given by the Union and the other complainants for ignoring this procedure for the settlement of their grievance relating to their work rotation which, as petitioners have pointed out, could have been "easily threshed out in the Grievance Committee,"[12] or their subsequent dismissal from their employment. The collective bargaining agreement was, of course, the law between the parties,[13] and the refusal to comply therewith is a violation of the duty to bargain collectively, constituting unfair labor practice on the part of a union.[14] It thus seems that it was not the petitioners, but the employees and their union, against whom the charge of unfair labor practice might properly have been laid in this case. In any event, there is nothing in the record warranting condemnation of the petitioners for unfair labor practice in having terminated the employment of the complainants, such termination of work being, on the contrary, justified by the material circumstances.

WHEREFORE, the judgment of the Court a quo is REVERSED AND SET ASIDE and another entered, absolving the petitioners from any unfair labor practice or any liability to the private respondents. No costs.

Cruz, Gancayco, Griño-Aquino, and Medialdea, JJ., concur.

[1] Rollo, pp. 65-66

[2] Id., p. 72

[3] Id., pp. 75-76

[4] By Order dated October 10, 1974

[5] Sec. 2

[6] Sec. 71

[7] Rollo, p. 71; TSN, Aug. 30, 1972, pp. 3-4; TSN, Nov. 25, 1972, p. 6

[8] Id., pp. 70-71; Exhibits "22" and "23", and "41"

[9] Id., pp. 13-16, 70; Exhibits "2" to "29"

[10] Rollo, pp. 11-12; Petition, pp. 6-7

[11] Id., pp. 5-6; Petition, pp. 10-11

[12] Id., p. 17; Petition, p. 22

[13] Kapisanan ng mga Manggagawa sa La Suerte-FOITAF v. Noriel, 77 SCRA 414

[14] NDC v. NDC Employees and Workers' Union, 66 SCRA 181

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.