

PACIFIC BANKING CORPORATION, PETITIONER, VS. JACOBO C. CLAVE, PRESIDENTIAL EXECUTIVE ASSISTANT, JOAQUIN T. VENUS, JR., DEPUTY PRESIDENTIAL EXECUTIVE ASSISTANT, PACIFIC BANKING ...

G.R. No. L-56965. March 07, 1984

Ponente: AQUINO, J.

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AQUINO, J.:

This case is about the legality of deducting from the monetary benefits awarded in a collective bargaining agreement the attorney's fees of the lawyer who assisted the union president in negotiating the agreement. It also involves the jurisdiction of the Office of the President of the Philippines to order such deduction.

Since January, 1979, there had been negotiations between the Pacific Banking Corporation and the Pacific Banking Corporation Employees Organization (PABECO) for a collective bargaining agreement for 1979 to 1981. Because of a deadlock, the Minister of Labor assumed jurisdiction over the controversy. On July 10, 1979, the Deputy Minister rendered a decision directing the parties to execute a CBA in accordance with the terms and conditions set forth in his decision (pp. 160-1, Rollo).

The union was represented in the negotiations by its president, Paula S. Paug, allegedly assisted as consultant by Jose Umali, Jr., the president of the National Union of Bank Employees (NUBE) with which it was formerly affiliated (p. 209, Rollo). Lawyer Juanito M. Saavedra's earliest recorded participation in the case was on July 15 and 27, 1979 when he filed a motion for reconsideration and a supplemental motion. No action was taken on said motions (p. 121, Rollo).

The parties appealed to the Office of the President of the Philippine. The CBA negotiations were resumed. The union president took part in the second phase of the negotiations. Saavedra filed a memorandum. He claimed he exerted much effort to expedite the decision. The Office of the President issued on March 18, 1980 a resolution directing the parties to execute a CBA containing the terms and conditions of employment embodied in the resolution.

The CBA was ultimately finalized on June 3, 1980. Monetary benefits of more than fourteen million pesos were involved in the three-year CBA, according to the bank's counsel.

Even before the formalization of the CBA on June 3, 1980, Saavedra on March 24, 1980 filed in the case his notice of attorney's lien. On May 20, 1980, the bank's vice-president in a reply to the letter of the union president stated that he had serious doubts about paying the attorney's fees (pp. 144-145, Rollo).

The union officials requested the bank to with-hold around P345,000 out of the total benefits as ten percent attorney's fees of Saavedra. At first, the bank interposed no objection to the request in the interest of harmonious labor-management relations (p. 145, Rollo). In theory, the actual ten percent attorney's fees may amount to more than one million pesos (p. 281, Rollo).

For nearly a year, the Office of the President in four resolutions wrestled with the propriety of Saavedra's ten percent attorney's fees. In a resolution dated May 29, 1980, Presidential Executive Assistant Jacobo C. Clave refused to intervene in the matter. He ruled that the payment of attorney's fees was a question that should be settled by the union and its lawyer themselves (p. 24, Rollo).

Then, he "clarified" that ruling in a second resolution wherein he directed that the attorney's fees may be deducted from the total benefits and paid to Saavedra in accordance with the following provisions of the Labor Code:

"Art. 111. Attorney's fees. - (a) In cases of unlawful withholding of wages the culpable party may be assessed attorney's fees equivalent to ten percent of the amount of wages recovered.

"(b) It shall be unlawful for any person to demand or accept, in any judicial or administrative proceedings for the recovery of wages, attorney's fees which exceed ten percent of the amount of wages recovered."

Article 111 is implemented in Rule VIII, Book III of the Implementing Rules and Regulations as follows:

"Sec. 11. Attorney's fees. - Attorney's fees in any judicial or administrative proceedings for the recovery of wages shall not exceed 10% of the amount awarded. The fees may be deducted from the total amount due the winning party."

Presidential Executive Assistant Clave should have noticed that article 111 refers to a proceeding for the recovery of wages and not to CBA negotiations. The two are different or distinct proceedings. Not satisfied with the clarificatory resolution, Clave issued a third resolution wherein he held that it is the legal obligation of the bank to turn over to the union treasurer ten percent of the award as Saavedra's fees.

Finally, in a fourth resolution dated April 13, 1981 Deputy Presidential Executive Assistant Joaquin T. Venus, Jr. ordered the bank to pay the union treasurer the said attorney's fees less the amounts corresponding to the protesting employees. He held that the following article 222 of the Labor Code, as amended by Presidential Decree No. 1691, effective May 1, 1980 (before the formalization of the CBA award) had no retroactive effect to the case:

"ART. 222. Appearances and Fees. - x x x. (b) No attorney's fees, negotiation fees or similar charges of any kind arising from any collective bargaining negotiations or conclusion of the collective agreement shall be imposed on any individual member of the contracting union. Provided, however, that attorney's fees may be charged against union funds in an amount to be agreed upon by the parties. Any contract, agreement or arrangement of any sort to the contrary shall be null and void." (271, PD 442; 220, PD 626; 222, PD 1691).

The bank assailed in this Court the said resolutions by means of certiorari. On February 5, 1982, the NUBE and thirteen employees of the bank, members of the PABECO, (p. 202, Rollo) intervened in this case and prayed that the said resolutions be declared void and that said sum of P345,000 be paid directly to the employees or union members (p. 214, Rollo).

We hold that, under the circumstances, the Office of the President had no jurisdiction to make an adjudication on Saavedra's attorney's fees. The case was appealed with respect to the CBA terms and conditions, not with respect to attorney's fees. Although the fees were a mere incident, nevertheless, the jurisdiction to fix the same and to order the payment thereof was outside the pale of Clave's appellate jurisdiction. He was right in adopting a hands-off attitude in his first resolution and holding that the payment of the fees was a question between the lawyer and the union.

Moreover, the case is covered squarely by the mandatory and explicit prescription of article 222 which is another guarantee intended to protect the employee against unwarranted practices that would diminish his compensation without his knowledge and consent. (See National Power Corporation Supervisors' Union vs. National Power

Corporation, L-28805, August 10, 1981, 106 SCRA 556). Other provisions of the Labor Code animated by the same intention are the following:

"ART. 242. Rights and conditions of membership in a labor organization. - The following are the rights and conditions of membership in a labor organization:

"x x x x x x x x

"(n) No special assessment or other extraordinary fees may be levied upon the members of a labor organization unless authorized by a written resolution of a majority of all the members at a general membership meeting duly called for the purpose. The secretary of the organization shall record the minutes of the meeting including the list of all members present, the votes cast, the purpose of the special assessment or fees and the recipient of such assessment or fees. The record shall be attested to by the president;

"(o) Other than for mandatory activities under the Code, no special assessment, attorney's fees, negotiation fees or any other extraordinary fees may be checked off from any amount due an employee without an individual written authorization duly signed by the employee. The authorization should specifically state the amount, purpose and beneficiary of the deduction; and

"x x x x x x x x." (288, PD 442; 291, PD 570-A; 240, PD 626; 241, PD 850).

There is no doubt that lawyer Saavedra is entitled to the payment of his fees but article 222 ordains that union funds should be used for that purpose. The amount of P345,000 does not constitute union funds. It is money of the employees. The union, not the employees, is obligated to Saavedra.

WHEREFORE, the petition is granted. The resolutions dated August 12 and December 15, 1980 and April 13, 1981 are reversed and set aside. The questioned amount of about P345,000, with its increments, if any, should be paid by the bank directly to its employees. No costs.

SO ORDERED.

Makasiar, Acting C.J., (Chairman), Concepcion, Jr., Guerrero, Abad Santos, De Castro and Escolin, JJ., concur.

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