

THE COMMISSIONER OF CIVIL SERVICE, PETITIONER, VS. THE HON. JOSE S. BAUTISTA, PRE-SIDING JUDGE, COURT OF INDUSTRIAL RELATIONS AND THE KAPISANAN NG MGA MANGGAGAWA SA MANILA RAILR...

G.R. No. L-19911. March 15, 1968

Ponente: DIZON, J.

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DIZON, J.:

In 1948 the Manila Railroad Company, hereinafter re-ferred to as the Company, and the respondent Union entered into a Collective Bargaining Agreement - duly renewed on November 4, 1957 - covering several matters including the standardization plan of salary scales and rules to govern the appointment and promotion of its employees.

Upon the enactment of Republic Act No. 2260 in 1959, the Company required its employees, in compliance with the rules and regulations of the Commission of Civil Service, to take a qualifying examination as a condition for the permanent retention of their employment. Due to their failure to do so, many members of the Union were converted from permanent to provisional employees. Realizing the danger of its members ultimately losing their employment, the Union, in their behalf, filed a notice of strike. The Department of Labor intervened for purposes of conciliation and, as a result, a committee composed of the President of the Union, a representative of the Commission of Civil Service, and the Acting Director, Bureau of Labor Relations of the Department of Labor, constituted to find ways and means of solving the controversy, recommended that it be certified to the Court of Industrial Relations for compulsory arbitration for the purpose of preventing the disruption of the operations of the Company.

Upon consideration of the fact that the Collective Bargaining Agreement between the Company and the Union provided for arbitration as the final step in the settlement of labor disputes between them, the Department of Labor succeeded in prevailing upon said parties to submit the issue or controversy to an Arbitrator, for adjudication. In line with this, the parties selected the then Presiding Judge of the Court of Industrial Relations, the Hon. Jose Bautista Salamat, as Arbitrator to decide the following issue "for the sake of industrial peace":

"Whether the appointments of the workers of the company who are members of the Kapisanan Ng Mga Manggagawa sa MRRCo. be exempt from the operation of the Civil Service Law (Republic Act No. 2260) in view of the Collective Bargaining Agreement entered into between the Manila Railroad Company and the said union in 1948?"

On February 9, 1962 the Acting Director of the Bureau of Labor Relations addressed to the Presiding Judge of the Court of Industrial Relations an official communication informing him of his selection by the parties concerned as the sole Arbitrator, and requesting information as to whether he was willing to accept "the task entrusted to you by the parties". Three days thereafter Presiding Judge Bautista replied accepting the trust provided the parties concerned made their request in writing and both agreed in writing to accept his decision as final and

unappealable. On February 16 of the same year the Judge received a letter jointly signed by Teofilo Zosa, General Manager of the Company, and Vicente K. Olazo, President of the respondent Union, re-requesting him to act as sole Arbitrator to resolve the question already set forth above and wherein they expressly accepted whatever decision might be rendered by him as final and unappealable. The Commissioner of Civil Service at that time also signed the joint letter after the following state-ment: "With our concurrence, subject to the Constitution".

Thereafter the parties submitted the case to the Arbitrator through memoranda, and on March 28, 1962, the latter made the award subject of the petition for certiorari now before Us.

The Company and Union are not parties in this case. It must be assumed, therefore, that they are honoring their mutual commitment to accept the decision of the Arbitrator as "final and unappealable".

As far as the correctness of the award is concerned, We feel that very little need be said. The following are its most salient portions:

"xxx xxx xxx On December 14, 1961, to maintain cordial relations with the union, the company adopted Resolution No. 2065, which reads:

'Resolve that all appointments of employees of the Manila Railroad Company shall continue to be submitted to the WAPCO and Civil Service Commission, provided, however, that in cases of appointments of members of the Kapisanan Ng Mga Manggagawa Sa Manila Railroad Company, the same be exempt pursuant to the opinion of the Secretary of Justice above adverted to, subject to the approval of higher authorities.'

Said opinion of the Secretary of Justice declares:

'In Opinion No. 39, s. 1960, this Department held that 'a collective bargaining agreement concluded before May 5, 1956, when Congress approved Reorganization Plans 1-4 and 2-a, cannot be affected by said Plans, and conversely, said Plans will override and prevail over a collective bargaining agreement after said date.' x x x Thus, we pointed out in the said opinion that 'the collective bargaining agreement between the MRR and its employees should be respected if, as alleged, the said agreement was signed or concluded several years before the approval of the WAPCO classification and pay plans.' The date when the agreement was concluded, THEREFORE, is the decisive point in determining whether the WAPCO Pay Plan or the collective bargaining agreement rates should apply to a union member's appointment or promotion, and not the date of his membership or affiliation with the union. x x x'

'x x x As the memorandum agreement containing the so-called 'standardized salaries' was concluded long before the effectivity of the WAPCO pay and classification plans, this Office is of the opinion that the promotional appointments of Mr. Eladio San Pedro and other members of the Kapisanan Ng Mga Manggagawa sa MRRCo.' should be processed in accordance therewith.'

"Executive Order No. 319, series of 1950, and Executive Order No. 399, series of 1951, placed all the officers and employees of the Manila Railroad Company within the purview of the Civil Service Law. The new Civil Service Act of 1959 provides that the Philippine Civil Service shall embrace all branches of the Government, including government-controlled corporations, like the Manila Railroad Company.

"But, on September 13, 1960, the Commission of Civil Service recognized the validity and effectivity of the Memorandum Agreement of November 21, 1948:

'However, attention is invited to x x and to Section 10 of Article III of the Constitution of the Philippines which provides 'that no law impairing the obligation contract shall be passed.' In the light of these provisions, it is believed that the collective bargaining agreement concluded between the company and the labor union concerned prior to the above-enacted provision of Executive Order No. 319, series of 1950, and Executive Order

No. 399, series of 1951 cannot be affected by the Civil Service Law and rules. And that those entered into thereafter may be considered valid and binding only if the provisions thereof are not in conflict with the Civil Service Law and rules which are in operation at the time said agreements were entered in-to, notwithstanding any provision of Re-public Act No. 2260 to the contrary, which became effective only on July 19, 1960.'

"On October 14, 1961, the Commissioner of Civil Service, reiterating the same stand, said:

'That the collective bargaining agree-ment entered into between the Kapisanan Ng Mga Manggagawa Sa Manila Railroad Co. and the company on November 4, 1957 can not be affected by the Civil Service Law and Rules.'

"Reducing the question of law into practical terms, the real situation is this:

"The appointments of the Kapisanan members are required to be submitted to the Civil Service Commission which, in turn, does not approve such appointments unless the employees concerned pass examinations. In other words, an old employee, in spite of his long service before the enact-ment of the Civil Service Act of 1959, can be replaced by a new appointee if the former does not qualify.

"Employment in the Manila Railroad Company is not a public office, since the Manila Railroad Company, engaged in transportation business, is an ordinary business firm. Its functions are proprietary. To require examinations now for those employed before the passage of the law and to dismiss them upon failure in the exami-nations is plain deprivation of property with-out due process, since 'the right of a person to his labor is deemed to be property'. (Philip-pine Movie Pictures Workers Assn. vs. Premiere Productions)

"To deprive a person of the exercise of right is to take away such right from him. Any restriction or curtailment of the rights to life, liberty or property would likewise mean the deprivation of such rights and is not allowable under the constitutional provision unless the standard of fairness or justice or reasonable-ness is met.' (Tañada & Fernando, Constitution of the Philippines, Vol. I, p. 100).

"All employees of the company under the agreement are employees even without appoint-ments by virtue of the contract of labor. This contract, as to the right to labor and the period and terms of holding the task to be per-formed, cannot be violated. The parties never agreed on the requirement on appointments.

"Any law which enlarges, abridges, or in any manner changes the intention of the parties necessarily impairs the contract itself.' (Tañada & Fernando, Constitution of the Philippines, Vol. 1, p. 438).

"Hence, the Civil Service Act of 1959, by inserting new requirements that the parties never agreed upon, impairs the contract itself.

"Employees have the right to form a union, enter into collective bargaining agreement and declare a strike, while the employer has a corresponding duty to bargain collectively. In fact, they concluded an agreement. These em-ployees' rights and the employer's duty and the agreement itself would become worthless and ineffectual if the Civil Service Law would apply to the agreement.

"It is true, there is no stipulation in the agreement of November 21, 1948 and its reiteration of November 4, 1957 that the Civil Service Law shall not apply to the Kapisanan members or their appointments shall not be subject to said law. With or without stipulation, the Civil Service Act cannot be applied to the Kapisanan members under the agreement, because said Act can neither impair a contract, nor deprive a person of the right of his labor without due process.

"WHEREFORE, the appointments of the Kapisanan members are not subject to the Civil Service Act of 1959, in view of the Agreement of November 21, 1948."

But while the Company and the Union - as already stated above - have taken no step to contest the correctness nor the validity of the award, the Commissioner of Civil Service commenced this certiorari proceedings to have it set

aside, claiming that: (a) the Court of Industrial Relations had no jurisdiction to decide the question of whether or not the Civil Service Law is applicable to the employees of the Manila Railroad Company, and (b) the issue resolved by the award "involved the submission to arbitration by a public official on (of) matters regarding the discharge of duties so that respondent judge ruled on what the Commissioner of Civil Service can do or can not do under the law".

Both contentions are, in our opinion, without merit.

It is true that the controversy between the Company and the Union was originally referred to the Court of Industrial Relations, but it is just as true that the same was, by agreement in writing of the parties, including the Commissioner of Civil Service at the time, withdrawn from that court's jurisdiction and placed in the hands of its Presiding Judge as sole Arbitrator. In fact, the parties went to the extent of agreeing in writing to abide by, and accept his award as final and unappealable.

True, the Commissioner of Civil Service gave his concurrence to the above agreement "subject to the Constitution", but We believe that the only fair implication from said reservation is that he reserved the right to contest the validity of the agreement to refer the controversy to an Arbitrator on constitutional grounds. In this respect, We do not find the reference nor the award to be in violation of any particular provision of the Constitution. As already stated, the only issue between the Company and the Union was purely legal in nature - whether or not the members of the Union who were employees of the Company at the time, were exempt from the operation of the Civil Service Law enacted in 1959, in view of the Collective Bargaining Agreement existing between the Company and the Union since 1948. The Arbitrator resolved this issue in the affirmative based not only upon a resolution adopted by the Company on December 14, 1961, but upon Opinion No. 39, series of 1960 of the Department of Justice and two different opinions rendered by the very Commission of Civil Service on September 13, 1960 and October 14, 1961.

Upon the other hand, We find nothing unconstitutional nor unlawful in the submission of the abovementioned question of law to an Arbitrator who was at the time precisely the Presiding Judge of the Court of Industrial Relations. The parties primarily involved in the controversy took this step clearly for the purpose of preserving industrial peace and avoiding unnecessary litigation between them. Besides, their solemn agreement to accept the award to be rendered by the Arbitrator as final and unappealable, impliedly gave the award the character of a compromise agreement binding upon the contending parties. If they must be deemed bound by, and in estoppel to assail the award, We see no reason why petitioner should not be similarly bound, his predecessor in office having concurred with the agreement to refer the controversy to an Arbitrator.

The contention that the award virtually tells the Commissioner of Civil Service what to do and what not to do in connection with the discharge of his official duties is due, in our opinion, to a misapprehension of its purpose and effect - which was nothing more than to decide the question of whether or not the employees of the Company who were members of the Union before the enactment of the Civil Service Law were covered by the provisions of the latter.

PREMISES CONSIDERED, the petition for certiorari under consideration is hereby denied. Without pronouncements as to costs.

Reyes, Acting C.J., Makalintal, Bengzon, Zaldivar, Sanchez, Castro, Angeles, and Fernando, concur.

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