

NATIONAL LABOR UNION, PETITIONER, VS. AGUINALDO & S ECHAGUE, INC., RESPONDENT.

G.R. No. L-7358. May 31, 1955

Ponente: BENGZON, J.

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BENGZON, J.:

In August 1951, the National Labor Union, a legitimate labor organization duly registered in the Department of Labor, submitted to L. R. Aguinaldo Inc., and Aguinaldo's Echague Inc., two domestic corporations, on behalf of members of the Union employed by said corporations, several demands for sick leave, vacation leave, Christmas bonus etc.

As the companies yielded no assent, the dispute was submitted to the Court of Industrial Relations thru an amended petition dated August 10, 1951.

When the Court called a conference the next day, the Aguinaldo Employees' Association—AGEMAS—entered its appearance and asked for permission to intervene, alleging it had a collective bargaining and closed-shop agreement with the respondents. Over the objection of the Labor Union, the motion to intervene was granted; and then the intervenor filed a motion to dismiss, on the ground that it had closed-shop agreement with the respondents, and therefore the petitioning Union had no personality to negotiate for any of the workers of the respondents.

The Labor Union replied that the permit given to the Agemas to operate, by the Secretary of Labor, had expired on May 17, 1951, and that it was a company-established labor association.

Thereafter on September 13, 1951, a manifestation was filed by the respondent Aguinaldo's Echague Inc. informing the court that in compliance with its obligation under the closed-shop agreement, and upon demand of the Agemas, it discharged several employees found to have joined the petitioning Labor Union.

(The agreement, in short, says that any employee of Aguinaldo's Echague Inc., who joins any labor union other than the Agemas shall be discharged from his employment.)

Whereupon the Labor Union protested against such dismissal, and requested the reinstatement of the employees. After hearing both sides, Presiding Judge Arsenio Roldan, in a well-reasoned opinion, upheld the dismissal pursuant to the bargaining agreement. On appeal to the court in banc, his opinion was sustained.

This petition for certiorari was given due course here in view of the following three propositions discussed by the Labor Union:

- a. The motion for reinstatement was decided without a proper hearing;
- b. The stipulation in the closed-shop agreement authorizing dismissal of any employee who joins another union is contrary to law and therefore void; and

c. The dismissal was unjustified because members of the Agemas had a right to join the Labor Union after the former's license to operate had expired in May 1951.

Answering the first proposition, the respondent points out, with quotations from the stenographic notes, that said motion for reinstatement was heard on December 1, 1951, witnesses having testified. And what is conclusive, respondent assert, without contradiction, that when petitioner moved for reconsideration it never claimed such absence of proper hearing.

As to the second proposition, the respondent suggests— with some reason—that the National Labor Union has no right to assail the validity of stipulations in a contract between respondent and the Agemas, especially because, intentionally or unintentionally, the latter organization is not impleaded as party respondent in this proceeding. And the employees, formerly belonging to Agemas, now affiliated to the Labor Union cannot pretend to represent the Agemas and question the validity, because they are admittedly in the minority (34 out of 140).

Nevertheless, we may go into the validity of a closed-shop stipulation. To begin with,

"Closed-shop agreement is an agreement whereby an employer binds himself to hire only members of the contracting union who must continue to remain members in good standing to keep their jobs." (Francisco, Labor Law. p. 180.)

Petitioner maintains that the herein closed-shop compact is invalid, because it violates sec. 5 Commonwealth Act No. 213, which reads partly as follows:

"Any person or persons, * * * who intimidate or coerce any employee or laborer or tenant under his or their employ, with the intent of preventing such employee or laborer or tenant from joining any registered legitimate labor organization of his own choosing, or, who dismiss or threatened to dismiss such employee or laborer or tenant from his employment for having joined, or for being a member of, any registered legitimate labor organization, shall be guilty of a felony * * *." (Italics ours.)

However, in this instance the employees were dismissed by the employer not for having joined but for having deserted or forsaken, a labor organization (Agemas). They were no longer members of Agemas, therefore they lost their jobs. Here is no prevention of union affiliation—they were unionists already—but, at most, prevention of withdrawals from a union, divided loyalties, or what is worse, disorganization.

Again, the dismissal resulted from a contract with the organization to which the employee belonged, a situation to which the section should not apply.

Petitioner apparently argues that the agreement prevents employees who joined the Agemas from later joining another labor organization. What is wrong about that ? After marrying one girl, a man is prevented by law from marrying another; and yet no court would held that his individual freedom is invalidly restricted.

"The closed-shop contract" it is said "is the most prized achievement of unionism. It adds membership and compulsory dues. By holding out to loyal members a promise of employment in the closed-shop, it welds group solidarity." (Handler, Notes, 48 Yale Law Journal 1053, 1059, Francisco, Labor Laws, p. 186.)

There are, we know, arguments in favor of, and against the closed-shop). Francisco's Labor Laws sets them in full (6p. cit. pp. 181-184). Some may be mentioned. For the closed-shop:

"a Increase the strength and bargaining power of labor organizations.

b Prevents non-union workers from sharing in the benefits of the union's activities without also sharing its obligations.

- c Prevents the weakening of labor organizations by discrimination against union members.
- d Eliminates the lowering of standards caused by competition with non-union workers.
- e Enables labor organization effectively to enforce collective agreements.
- h Facilitates the collection of dues and the enforcement of union rules.
- i Creates harmonious relations between the employer and employees."

Against the closed shop:

- a Results in monopolistic domination of employment by labor organization.
- b Interferes with the freedom of contract and personal liberty of the individual worker.
- c Compels employers to discharge all non-union workers regardless of efficiency, length of service, etc.
- d Facilitates the use of labor organizations by unscrupulous union leaders for the purpose of extortion, restraint of trade, etc
- e Denies to non-union workers equal opportunity for employment.
- f Enables unions to charge exorbitant dues and initiation fees."

Yet there is no need for us to take sides and give reasons, because our Congress, in the exercise of its policy-making power has chosen to approve the closed-shop, when it legalized in sec. 4, sub-section (a) paragraph 4 of Republic Act No. 875 (The Magna Carta of Labor) "any agreement of the employer with a labor organization requiring membership in such organization as a condition of employment", provided such labor organization properly represents the employees.

All of which means: the petitioner loses on its second proposition.

Regarding the third proposition, (expiration of Agemas' permit) these dates must be borne in mind: (1) May 17, 1949 permit granted Agemas to operate for two years; (2) October 7, 1950 closed-shop agreement effective for one year from September 17, 1950; (3) August 6, 1951, National Labor Union made demands upon Aguinaldo Corporation for vacation leave etc.; (4) August 8, 1951, Agemas applied for renewal of permit, and September 1, 1951, permit was renewed; (5) Dismissal of employees took place September 11, 1951, upon demand of Agemas.

In the lower court the Labor Union, for the dismissed employees, contended in effect that inasmuch as the license of Agemas to operate had expired on May 17, 1951 they were free to join the Labor Union without being subject to the dismissal stipulated in the closed-shop agreement.

Such contention was overruled for two main reasons, namely, (a) the closed-shop agreement was in force up to September 17, 1951, and therefore the employee-members of Agemas had to respect it and (b) there was no proof that said employees entered the Labor Union only after May 17, 1951. In our opinion, this last factual finding concludes the petitioner on this third issue.

In this connection, if it were true that the dismissed employees became members of the Labor Union only after May 17, 1951, a doubtful question would perhaps be presented. On the one hand it might be contended, as petitioner does, that because Agemas ceased to operate as a legitimate labor organization and its members had thereby lost protection against dismissal, these were justified in joining the National Labor Union.

On the other hand it might be argued that the non-renewal of license did not ipso facto terminate the closed-shop agreement, and the employees were still protected after May up to September 17, 1951; therefore they had no

justification to go over to another organization. It should be remembered that if the non-renewal terminates the agreement, that would be one way whereby a labor organization could unilaterally shorten the life of its contractual undertaking.[1] Maybe, in like situations, the employees should before seceding exert within their organization efforts to renew the license, and only after failing in that direction they will be justified in deserting their group. It might also be insisted that these employees were bound by the acts of the majority of the Agemas (that chose not to seek immediate renewal) and they may not be permitted, precisely for the acts of the majority, to violate the contract between Agemas and Aguinaldo's Echague Inc.

Anyway, withholding opinion on the issues outlined in the preceding two paragraphs, we have decided to rest our judgement on the finding that petitioner had failed to prove that the dismissed employees had joined it only after May 17, 1951. Acts were proven requiring prima facie dismissal from employment. Any excuses for such acts should be established by the employees.

All in all, the petitioner failed to make a case; and the petition should be, as it is hereby, dismissed with costs. So ordered.

Pablo, Acting, C. J., Montemayor, Reyes, A., Bautista Angelo, Labrador, Concepcion, and Reyes, J. B. L., JJ., concur.

[1] Cf. Manila Oriental Sawmill Co. vs. National Labor Union 91, Phil., 28.

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