

**PHILIPPINE ASSOCIATION OF FREE LABOR UNIONS (PAFLU),  
DOMINGO S. BAUTISTA, ET AL., PLAINTIFFS AND APPELLANTS, VS.  
ROY PADILLA, ALICIO LUISON AND ANGEL R. PAEZ, DEFENDANTS  
AND APP...**

*G.R. No. L-11722. November 28, 1959*

Ponente: LABRADOR, J.

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**LABRADOR, J.:**

Appeal from an order of the Court of First Instance of Camarines Norte, Hon. Melquiades G. Ilao, presiding, dismissing the plaintiffs' complaint on the ground of lack of jurisdiction over the subject matter of the action. On August 27, 1956 the Philippine Association of Free Labor Unions (PAFLU) together with Domingo Bautista and some other employees of the Philippine Iron Mines, Inc. who are at the same time members of the National Miners and Allied Workers Union (NAMAWU) instituted this action designated as "accounting and recovery of money with preliminary injunction" against Roy Padilla, Alicio Luison, and Angel R. Paez, president, secretary treasurer and auditor, respectively, of the latter labor union (NAMAWU) which was formerly a local member of the plaintiff (PAFLU), but disaffiliated on August 4, 1956 and joined the Philippine Trade Union Council (PTUC), another labor union federation. On September 6, 1956 the defendants filed a motion to dismiss alleging four grounds, the most important of which is that the court lacks jurisdiction over the subject matter since it refers to violations of internal labor organization procedures.

During the hearing the parties agreed, upon the suggestion of the judge, that inasmuch as the first and principal ground of the motion questioning the jurisdiction of the court is decisive and sufficient to dismiss the plaintiffs' complaint, they confine their discussions and arguments on this ground alone. On September 29, 1956 the lower court granted the defendants' motion to dismiss 'without prejudice to the filing of a new complaint before the proper court.' The plaintiffs, not satisfied with the ruling of the court, filed a motion for reconsideration but the same was denied. Instead of filing a new complaint in the Court of Industrial Relations, they immediately appealed to this Honorable Court.

It is conceded by both parties that "the subject matter of any given case" is determined, not by the nature of the action which party is entitled under the facts and the law to bring, but by the nature and character of the pleadings and issues submitted by the parties to the court for trial and judgment" (*Belandres vs. Lopez Sugar Central Mill Co.*, 97 Phil., 100; 51 Off. Gaz. [6], 2881); that "jurisdiction over the subject matter means the nature of the cause of action and relief sought" (*Perkins vs. Roxas*, 72 Phil., 514); and to determine whether the court has or has no jurisdiction over the subject matter of the action, the provisions of the law should be inquired into (*Moran*, Comments on the Rules of Court, Vol. I, pp. 136-137, 1957 ed.)

An examination of the causes of action, the 'allegations and the reliefs prayed for in the plaintiffs' complaint show that the defendants-officers failed to submit a monthly report of the income and expenses; that when pressed upon

they submitted a statement of income and expenses covering the period from October 1955 to June 1956, omitting the month of September 1955 when they collected the sum of P453.60; that the expenses and disbursement submitted are not supported by vouchers, invoices, and receipts; that the report has a deficiency of P12,563.50. The plaintiffs demand the submission of a correct or an amended statement of income and expenses supported by proper vouchers, invoices and receipts, or should the defendants fail to do so, to order them to pay the NAMAWU the alleged deficiency out of their own personal funds. The plaintiffs also denounce the allegedly unauthorized act of defendant Roy Padilla in allotting to himself and to his employees exorbitant salaries, allowances and expenses totalling to P2,180 a month; and they seek to annul such actuation in fixing his own salary and those of his employees, the same being violative of the NAMAWU constitution and not having been approved by the PAFLU National Executive Council.

The plaintiffs further complain of the affiliation of NAMAWU with the PTUC without having first disaffiliated from the PAFLU, thus violating the constitution and by-laws of the union; that the defendants Roy Padilla and Alicia Luison are alleged to continue to hold their positions as President and Secretary-Treasurer, in spite of their having been suspended; that they refuse to surrender their positions to Getulio Arriola and Benito Bonaio who were appointed to take their place; that they were withdrawing or about to withdraw the remaining funds of the NAMAWU; that they incurred or are about to incur additional obligations, and are determined to commit further anomalies and irregularities to the further damage of the plaintiffs and the NAMAWU. Lastly the plaintiffs seek to declare as null and void the disaffiliation of the NAMAWU from the PAFLU and its affiliation with the PTUC, the ousting of the defendants from their respective positions, and that they be restrained from the commission of further anomalies and irregularities.

An inquiry into the provisions of Republic Act No. 875 more particularly Sections 17 and 2, the pertinent portions of which are quoted below, will also reveal, to wit:

"SEC. 17. Rights and Conditions of Membership in Labor Organizations.—It is hereby declared to be the public policy of the Philippines to encourage the following internal labor organization procedures. A minimum of ten percent 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 procedures provided by the labor organization's constitution or by-laws have been exhausted, the Court shall dispose of the complaint as in 'unfair labor practice'.

\* \* \* \* \*

(b) 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.

(c) They shall also have the right to elect officers by secret ballot at intervals of not more than two years and to determine and vote upon the question of striking or not striking or upon any other question of major-policy affecting<sup>4</sup> the entire membership of the organization.

\* \* \* \* \*

(f) No officer, agent or member of a legitimate labor organization shall collect any fees, dues, or other contributions in behalf of the organization or make any disbursement of its money or funds unless he is provided with the necessary authority pursuant to its constitution or by-laws.

(g) Every payment of fees, dues, or other contributions by a member shall be evidenced by a receipt signed by the officer or agent making the collection and entered upon the record of the organization to be kept and

maintained for that purpose.

(h) 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 members.

(i) Every expenditure of the funds of the organization shall be evidenced by a receipt from the person to whom the payment was made, which shall state the date, place and purpose of such payment. Such receipts shall form part of the financial records of the organization.

(j) The officers of a legitimate labor organization shall not be paid any other compensation, in addition to the salaries and expenses of their positions which shall be specifically provided for in its constitution or by-laws, except in pursuance of a resolution approved in a meeting by a majority vote.

(k) The treasurer of a legitimate labor organization and every officer thereof who is responsible for the accounts of such organization or for the collection, disbursement, custody or control of the funds, moneys and other properties of the organization, shall render to the organization and to its members at the times specified hereunder, a true and correct account of all moneys received and paid by him since he assumed office or since the last date on which he rendered such account and of the balance remaining in his hands at the time of rendering such account, and of all bonds, securities, and other properties of the organization entrusted to his custody or under his control. The rendering of such account shall be made—

(1) at least once a year within thirty days of the close of its fiscal year;

(2) at such other times as may be required by a resolution of the majority of the members of the organization; and

(3) upon vacating his office. The account shall be verified by affidavit and copy thereof shall be furnished the Secretary of Labor. The organization shall cause such account to be audited by a qualified person."

"Sec. 2. Definitions.—As used in this Act—

(a) 'Court' means the Court of Industrial Relations established by Commonwealth Act Numbered One hundred and three, as amended, unless another Court shall be specified.

\* \* \* \* \*

It is apparent that the anomalies and irregularities allegedly committed by the defendants-officers were violations against the union constitution, this fact being admitted by the appellants themselves. It is also clear that the said anomalies and irregularities consist of violations of internal labor organization procedures as expressly outlined in Section 17 of Republic Act No. 875 otherwise known as the Industrial Peace Act and the remedies sought are for the corrections of such violations. Since, under Section 2 of Republic Act No. 875, the court vested with Jurisdiction to take judicial cognizance of actions involving violations of, internal labor organization procedures is the Court of Industrial Relations, the lower court correctly dismissed the complaint presented by the plaintiffs.

Finding no error in the order appealed from, the same is hereby affirmed, with costs against the appellants.

Paras C. J., Bengzon, Padilla, Montemayor, Bautista Angela, Endencia, Barrera, and Gutierrez David, JJ., concur.

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