

CONSOLIDATED WORKERS UNION, PETITIONER, VS. COURT OF INDUSTRIAL RELATIONS, ET AL., RESPONDENTS.

G.R. No. L-25333. March 28, 1969

Ponente: REYES, J. B. L., J.

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REYES, J. B. L., J.:

The herein respondent, Coto Labor Union, composed of workers in the mines operated by the Benguet Consolidated, Inc., in Coto, Masinloc, Zambales, filed with the Court of Industrial Relations on 3 March 1964 a complaint for unfair labor practice against the said company and the herein petitioner, Consolidated Workers Union, a registered labor union whose members are also workers of the company, as well as certain officers of respondent entities, alleging inter alia the following:

"1. That complainant is a labor organization duly registered with the Department of Labor under Reg. No. 1450-IP

"2.

"3.

"4. That on several occasions in July, 1963 and before August 11, 1963 respondent Norberto Corpus (liaison officer of the company), told Marciano Cruz, then a candidate for president of complainant union, not to proceed with the complainant union's election on August 11, 1963, join the respondent union and not to run against Juan Calbone of respondent union and promised special benefits and privileges to Marciano Cruz if the latter will agree;

"5. That during the second and third week of September, October and November, 1963 and, again, on the third week of December, 1963 respondent Norberto Corpus uttered in front of many workers that the complainant union is not recognized by the company and that the union compensation will be turned over to the respondent union,[1] causing by such utterances, the members to be disgusted with complainant union, making many of them willing and did join the respondent union and thus helping said union;

"6. That on several instances in July, August, September, October and November, 1963 respondent Pablo Pabilona (department supervisor of the company) asked Marciano Cruz to stop the latter's union activities with a promise of giving special benefits and privileges as that granted by respondent company to Juan Calbone of respondent union;

"7. That since the election of Marciano Cruz on August 11, 1963 as union president respondent company, thru Leon E. Charlot (the company's general superintendent), refused, in spite of demands, to deliver union compensation to the complainant union in violation of the existing collective bargaining agreement and instead, since the third week of December, 1963 turned over said amounts to the respondent union thereby assisting the same and in order to discourage membership to the complainant union;

"8. That respondent Rodrigo Ebuengan (the company's treasurer), upon the instruction of Leon E. Charlot and Juan Calbone refused, in spite of demands, to turn over to the complainant union the union properties and

records in his possession;

"9. That on or after August 16, 1963 Leon E. Charlot threatened Marciano Cruz with dismissal because the latter asked why the former interfered with union matters by instructing Rodrigo Ebuengan not to turn over the union properties to complainant union and on the same occasion respondent Norberto Corpus told Marciano Cruz to stop his union activities in order to be steady in his job."

and praying that the respondents therein be declared guilty of unfair labor practice; that the Consolidated Workers Union be ordered dis-established, as company-dominated, and ordering delivery of union properties and records to the complainant union.

The respondents moved to dismiss on the ground of lack of legal capacity to sue; upon denial thereof, they filed their answers.

Almost a year after the filing of the complaint, complainant Coto Labor Union filed, on 27 February 1965, an urgent motion for preliminary injunction to enjoin Benguet Consolidated Inc., and Consolidated Workers Union from negotiating and concluding, between themselves, a new collective bargaining agreement; to enjoin the corporation from turning over to the latter union, and for the latter to receive from the former, the dues collected from the workers, and from disbursing said dues; and for the deposit into court of all dues collected or which may thereafter be collected. In the said motion, complainant - movant union alleged its willingness and ability to post a bond therefor.

At the scheduled hearing of the motion for preliminary injunction on 16 March 1965, movant Coto Labor Union failed to appear and adduce evidence; whereupon, Consolidated Workers Union moved that the motion for preliminary injunction be considered as submitted for resolution, with reservation to file certain documents in support of its opposition: it also informed the court that a new collective bargaining agreement between it and the company had been signed on 12 March 1965.

On 19 March 1965, Consolidated Workers Union filed, in accordance with its reservation, a Supplementary Agreement, dated 15 April 1964, entered into between the company and the said union, purporting to be "formerly the Coto Labor Union", and the agreement being one to supplement the collective bargaining agreement then existing between Coto Labor Union and the company since 8 April 1959 and containing a check-off provision in favor of Coto Labor Union. This supplementary agreement provided, among other stipulations, that the employees who have been paying union compensation through payroll deductions on the date of effectivity of said agreement "shall be considered as having authorized the COMPANY to pay the said amount to the CONSOLIDATED WORKERS UNION (formerly Coto Labor Union) as Union Dues". The Consolidated Workers Union also filed a Consent Election Agreement executed on 28 September 1964 (after the initial charge was filed) by and between Coto Labor Union, Consolidated Workers Union and Benguet Consolidated, Inc., providing for the holding of an election, under the supervision of the Bureau of Labor Relations, to determine the sole collective bargaining agent of the workers, together with the minutes and tally sheet of the election thus held on 3 October 1964, showing that the majority of the votes cast by secret ballot favored the petitioner, Consolidated Workers Union.

Acting on the motion for preliminary injunction, the court a quo, in an order of 29 July 1965, refused to restrain the company and the herein petitioner, Consolidated Workers Union, from negotiating and concluding a new collective bargaining agreement, but ordered the said union to deposit in court the full amount of union dues it has received from the company "pursuant to the previous agreement (and) supplemental agreement, and for respondent company to simultaneously submit the two (2) accountings referred to above".

Unable to secure from the court en banc a reconsideration of the foregoing order, the Consolidated Workers

Union interposed the present petition for review with this Court, on the matter of the union dues that it was ordered to deposit.

The theory of the petitioner is that it is the successor of the Coto Labor Union, whose registration was cancelled by the Department of Labor on 22 November 1963; that, as such successor, it had the right or, at least, a color of right, to all the rights and interests of its predecessor, including that of receiving from the employer the payroll deductions; that there was no evidence to support the motion for preliminary injunction, more particularly, no evidence to show that wages of employees who were not members of the Consolidated Workers Union were deducted nor evidence of any protest from any member of the Coto Labor Union against the deductions, nor evidence of revocation of the authority therefor, nor of fraud or intimidation in the procurement of such authorizations, even after the company had turned over the deductions to the Consolidated Workers Union, as the movant union did not appear during the hearing; that the order to deposit the full amount of the union dues received from the company constitutes a grave abuse of discretion and deprived it of its property without due process of law; and lastly, that the court erred in not requiring the movant union to post an injunction bond, as provided for in Section 4 of Rule 58 of the Rules of Court.

The petitioner's claim to succession to the Coto Labor Union is not indubitable, for it has not spelled out what proceedings were undertaken to effect the alleged change of name, and under what authority and in what manner the cancellation of the permit of the Coto Labor Union made the petitioner an heir to the union dues. On the other hand, the petitioner does not deny, as it asserts, that it secured its own registration as a labor organization on 20 August 1963, while the registration of the Coto Labor Union was cancelled only on 22 November 1963. So that between these two dates, both unions were simultaneously existing, precluding the idea of one union being the successor of the other and, further-more, the Consolidated Workers Union would not have entered into a consent election agreement with the Coto Labor Union, as it did on 28 September 1964, if it did not recognize the existence of the Coto union with whom it had contracted.

The motion for preliminary injunction makes out a prima facie showing of a right to the final relief which is necessary to preserve the right asserted by the movant (v. Commentaries and Jurisprudence on Injunction, Laureta & Nalledo page 20), and herein petitioner Consolidated Workers Union admitted in its answer in the main case that deductions made pursuant to the previous agreement between the company and the Coto Labor Union were subsequently turned over to the Consolidated Workers Union from the time the company learned about the cancellation of the registration permit of the Coto Labor Union (Order, page 24). Hence, the lower court, even without the evidence alluded to by the petitioner as necessary, had sufficient basis on record to support its order. The court acted reasonably, and with fairness to the parties, and not abusively as charged, in adopting the remedial measure of ordering the deposit of the union dues which were turned over to the herein petitioner, considering that the complaint (Petition, Annex A) asked the Industrial Court to declare that the Consolidated Workers' Union, petitioner herein, was either a company union or was company dominated.

There is no merit to the argument of herein petitioner that the order deprives it of property without due process of law, for it assumes that the union dues ordered to be deposited are its property, which is precisely in issue in the main case. Moreover, as pointed out in the appealed order, if the Industrial Court, after hearing, should ultimately find that the Consolidated Workers Union is company dominated or is a company union and order it disestablished, the result would be that petitioner would have to return all moneys and dues collected by it from the workers, since the union would have had no authority to represent the workers. Because the moneys collected might be improperly spent by the time the disestablishment order is made, it was logical for the court below to order that such moneys be deposited in the meantime.

If the petitioner should need any funds to continue its existence and operations until judgment on the

disestablishment issue is rendered, its remedy would lie in applying to the Industrial Court to release, after due hearing, so much of the impounded funds as may be strictly necessary for the purpose, and not to seek the invalidation of the appealed order.

It was error for the labor court not to require the complainant-movant, Coto Labor Union (herein respondent), to file a bond for the issuance of preliminary injunction. The posting of a bond under Section 4 of Rule 58 of the Rules of Court is a condition sine qua non in order that the writ of preliminary injunction may issue (Siva, et al. vs. Reyes, et al., 83 Phil. 416; Villarosa vs. Teodoro, 100 Phil. 24).

"The justice of this requirement of bond as a condition to the issuance of the 'preliminary injunction is beyond question and the Rules of Court makes its compliance necessary whether the injunction sought is the main objective or merely an auxiliary thereto. It has been said that, an undertaking is the price of injunction and in the case of *Tucker v. New Brunswick Trading Co.*, 44 Ch. D. 249, 253, it was held that 'if a man gets the injunction he must pay the price.'" (Commentaries & Jurisprudence on Injunction, Laureta & Nollado, pages 58-59)

Considering the conclusions we have reached, however, this error caused no substantial prejudice warranting reversal.

FOR THE FOREGOING REASONS, the order under review is hereby affirmed, with the modification that a bond, in such amount as shall be determined to be proper by the court a quo, shall be required for the maintenance of the injunctive writ. No pronouncement as to costs.

Concepcion, C.J., Dizon, Makalintal, Zaldivar, Sanchez, Ruiz Castro, Fernando, Capistrano, Teehankee, and Barredo, JJ., concur.

[1] Consolidated Workers Union.

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