

LUZON GLASS FACTORY, PETITIONER, VS. COURT OF INDUSTRIAL RELATIONS, FAR EASTERN-LUZON GLASS WORKERS UNION, RESPONDENTS.

G.R. No. L-23319. October 07, 1968

Ponente: CASTRO, J.

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CASTRO, J.:

This appeal by certiorari was interposed by the Luzon Glass Factory (hereinafter referred to as the Factory) from the majority resolution en banc, dated May 9, 1964, of the Court of Industrial Relations (CIR), reversing the decision of the trial court and instead finding the Factory guilty of unfair labor practices in violation of section 4(a), paragraphs (1) and (4) of the Industrial Peace Act (Rep. Act 875), and consequently ordering the Factory to cease and desist from engaging in the said unfair labor practices and to reinstate the complaining employees to their former positions or equivalent jobs, with backpay from the date of lay-off to the date of actual reinstatement, minus the total amount of salaries or incomes which the complaining workers had respectively earned in the interim.

On February 9, 1960 some employees of the Factory organized the Far Eastern-Luzon Glass Workers Union-CLP (hereinafter referred to as the Union). Four days later, or on February 13, 1960, Chu Tek Chen, the manager of the Factory and its sister company, the Far Eastern Manufacturing Company, Inc. (hereinafter referred to as the FEMCO), was furnished a letter officially informing the Factory of the establishment of the Union and introducing the officers and members thereof. Chu Tek Chen lost no time in expressing his vehement opposition to and utter disenchantment over the formation of the Union and the affiliation with it of some employees. He forthwith threatened the officers and members of the new union with dismissal if they did not disaffiliate from the Union. On the same day, the employees concerned were notified, either of their lay-off, or transfer effective February 15, 1960 to the FEMCO. Of the five complaining employees, Francisco Regullano and Mariano Regullano, both Union members, were laid off from the Factory, while Lauro Crisologo, Eduardo Gozon and Mariano Badoy, vice-president, secretary and member of the Union, respectively, were transferred to the FEMCO where they were given work on a rotation basis until their lay-off on April 18, 1960.

In view of the foregoing developments, the Union charged the Factory, the FEMCO and Chu Tek Chen in CIR Case 2410-ULP with unfair labor practices under section 4(a), paragraphs (1) and (4) of the Industrial Peace Act. The Union alleged that the respondents, motivated by anti-union sentiments, interfered in the exercise of their right to self-organization and discriminatorily laid off the Union members, five of whom are the complaining witnesses.

In their joint answer, the three respondents squarely traversed the allegations of the Union, particularly the charge of illegal transfer and lay-off of Union members. By way of special and affirmative defenses, they averred, inter alia, that

1. The Union has no personality to represent the workers involved in the ULP case;

2. There is no tie-up between the Factory and the FEMCO as each has a separate corporate identity and operates under an independent management, and, moreover, Chu Tek Chen is not the manager of either company;
3. The dismissals were made in faithful implementation of the closed-shop arrangements entered into between the Factory and the Luzon Glass Factory Labor Union, and between the FEMCO and the FEMCO Labor Organization; and
4. Before seeking judicial intervention, the Union never attempted to negotiate honestly and fairly its grievances with the respective managements of the companies, and their inordinate haste in going to court subverts the philosophy underlying the Magna Carta of Labor that calls for a maximum use of the machinery of fair and honest negotiation, with resort to the court as a last avenue of action.

On January 17, 1964 the Hon. Amando C. Bugayong, the trial judge, rendered judgment dismissing "the complaint for lack of substantial evidence in support of the charges therein alleged." The trial judge also took cognizance of and accorded full credence to the separate petitions filed by Crisologo, Badoy and Gozon, to withdraw and desist from pursuing the case against the respondents on the proffered grounds that the case was instituted due to a misapprehension of the actual facts, that the differences have been amicably settled, and that the respondents were not actually guilty of any unfair labor practice.

Upon motion for reconsideration filed by the Union, the CIR, in a majority resolution en banc, overturned the decision of the trial judge. The majority of the court found that the Factory was guilty as charged. With respect to the Regullano brothers, the court found that at the time of their dismissal they were employees of the Factory and that they were laid off due to their union activities, and not on the feigned reason of lack of work. Anent Crisologo, Gozon and Badoy, the majority held that these employees were transferred to the FEMCO and then laid off because they steadfastly refused to disaffiliate from the Union. The transfer of the said employees to the FEMCO was a mere subterfuge to oust them eventually from employment since any transfer to the FEMCO, a sister company of the Factory, would inevitably result in lay-off because there were no more operations in the said company. Finally, the resolution appealed from, contrary to the disposition of the trial judge, denied credence to the aforementioned individual petitions to withdraw filed by Crisologo, Badoy and Gozon. The majority stressed that

"It is a fundamental rule that pleadings of this nature could not just be given due credence. Extra caution should be taken before the same are given credit. And so when they themselves testified in open court and explained why they filed these pleadings of withdrawal, the trial Court should have considered the testimony as prevailing over the allegations of the pleading. There is really no necessity of acting on the notice of dismissal filed by Eduardo Gozon, because the records beyond doubt show that it was filed long after the case was submitted for decision. . . Said pleading should have been disregarded as a mere scrap of paper and dismissed outright. . ."

In the appeal by certiorari at bar, the Factory challenges the abovementioned majority, resolution en banc on the following grounds:

1. There exists no employer-employee relationship between the Factory and the complaining workers who were actually employees of the FEMCO, and, consequently, the CIR erred in finding that the said workers were illegally laid off by the Factory and in ordering the latter to reinstate them with backwages;
2. The CIR erred in refusing to dismiss the ULP case despite the explicit motions to withdraw filed by three of the complaining workers; and
3. Even assuming that the CIR may order the Factory to reinstate the complaining employees, the court erred in ordering the payment of backpay to them from the date of their lay-off to the date of their actual reinstatement,

a period of more than four and a half years, such decree being contrary to the ruling in *Sta. Cecilia Sawmill, Inc. vs. CIR* (L-19273 & L-19274, February 29, 1964) which limits the award of backpay to an amount equivalent to three months' salary.

On November 14, 1964 the respondent Union filed its answer, contending that

1. The CIR's finding that the herein complainants are employees of the Factory, being supported by substantial evidence, cannot be reviewed by this Court;
2. The CIR acted within the bounds of law, equity and justice in refusing to accord credence to the separate petitions to withdraw filed by three of the complaining employees; and
3. The environmental circumstances obtaining in case at bar are materially different from those in *Sta. Cecilia Sawmill*, hence the doctrine enunciated in the said case cannot justifiably be applied in the controversy at bar.

Pending resolution of the instant appeal by certiorari, the parties, assisted by their respective counsels, filed on September 18, 1968 a "joint motion to dismiss" anchored on the principal ground that the Factory and the Union have arrived at an amicable settlement. The said motion, which was likewise signed by all the five complaining employees, recites that

1. The parties have amicably settled the subject-matter of the instant controversy to their full and complete satisfaction;
2. On account of the foregoing settlement the respondent Union (complainant in CIR case 2410- ULP) and all of the complaining workers "confess that they have no cause of action" against the petitioner Factory or against any of the respondents in the said CIR case, and, moreover, they "waive any claim or right of whatever nature they may have" against the latter;
3. The petitioner Factory "confesses that it has no more cause of action" against the respondent Union and complaining employees, and that "it likewise waives whatever claim or right it may have" against the latter; and
4. The parties "know and are fully aware that the dismissal herein sought is not only the dismissal of the appeal by certiorari filed by here-in petitioner, but an outright dismissal of the entire case on account of full, comprehensive and total settlement of the subject-matter of the complaint originally instituted" by the Union in the CIR and the counterclaim filed by the Factory.

Verily, the amicable settlement reached by the parties has rendered the case at bar moot and academic.

ACCORDINGLY, the instant appeal by certiorari is hereby dismissed, without pronouncement as to costs.

Concepcion, C.J., Reyes, J.B.L., Makalintal, Sanchez, Angeles, Fernando, and Capistrano, JJ., concur.

Dizon and Zaldivar, JJ., on leave.

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