

IN THE MATTER OF A PETITION FOR DECLARATORY JUDGMENT REGARDING THE CONSTRUCTION OF SECTION 3 OF REPUBLIC ACT NO. 875, KNOWN AS THE INDUSTRIAL PEACE ACT. THE PHILIPPINE AMERICAN...

G.R. No. L-279533. November 29, 1972

Ponente: FERNANDO, J.

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FERNANDO, J.:

It is a question of first impression that the above two cases present, namely, whether or not it is a court of first instance or the Court of Industrial Relations that is vested with jurisdiction to pass upon a petition for declaratory relief regarding the interpretation of a collective bargaining agreement. The issue is indeed impressed with novelty; it is not one, however, unilluminated by previous adjudications. If the trend of recent decisions is not to be departed from, and no sufficient reason has been shown us why it should be thus, the solution is not difficult to discern. Policy considerations, as will hereafter be shown, dictate that as much as possible the matter of adjusting labor-management relations should be left to the Court of Industrial Relations. Such an approach commends itself in the determination of the matter at hand.

In the first case, the Philippine American Management Financing Company, Inc. vs. Managers and Supervisors Association of Philippine American Management Financing Company, Inc.,^[1] there was a motion to dismiss the petition for declaratory relief based on the ground of lack of jurisdiction. Respondent below, as well as here, the Management and Supervisors Association of Philippine American Management Financing Company, Inc. and some of its officers, contended that such a petition seeking an interpretation of whether or not under the then existing collective bargaining contract between the parties, department managers could join respondent Union on the ground of lack of jurisdiction, was for the Court of Industrial Relations to pass upon. They were sustained. This is the basis of such order of dismissal "After a diligent perusal of the arguments pro and con, the Court finds that the motion to dismiss is meritorious. The provisions of Section 44, subsection (e) of the Judiciary Act of 1948, as amended, do not provide that this case is among the exceptions contemplated in said provision of law, in view of the fact that the controversy involved in this case is specifically provided under Republic Act No. 875. Consequently, it is the Court of Industrial Relations which has the jurisdiction over this case, and not this Court."^[2] Hence this appeal on a question of law, when under the then prevailing law, it could be done. On the other hand, in the second case before us, a certiorari and prohibition proceeding, Philippine Virginia Tobacco Administration Employees Association-(CUGCO) vs. the Honorable Honorato B. Masakayan,^[3] respondent Judge denied a motion to dismiss a petition for declaratory relief as to whether a provision again of an existing collective bargaining contract between the Philippine Virginia Tobacco Administration and the Philippine Virginia Tobacco Administration Employees Association could be implemented without the approval of the Commissioner of Civil Service. Petitioner before this Court, the labor union concerned, strongly objected to the assumption of jurisdiction, primarily on the ground that there was then pending in the Court of Industrial Relations an unfair labor practice case with which it was interrelated. The basis thereof was bad faith on the part

of management, it being alleged that by way of retaliation against union activity, the Philippine Virginia Tobacco Administration failed to approve the appointments and to give the corresponding salary increases of the persons appointed according to such collective bargaining contract on the ostensible plea that there must be an approval by the Commissioner of Civil Service, a matter not provided for therein. Notwithstanding such a plea, the respondent Judge continued asserting jurisdiction. Hence this petition.

As was indicated at the outset, our decision in both cases is to consider the matter as within the jurisdiction of the Court of Industrial Relations. Accordingly, we affirm the order of dismissal in *Philippine American Management Financing Company, Inc. vs. Managers and Supervisors Association of the Philippine American Management Financing Company, Inc.* and reverse in *Philippine Virginia Tobacco Administration Employees Association vs. Masakayan*.

1. The point in dispute, whether the Court of Industrial Relations or a court of first instance is vested with competence in a declaratory relief petition for the interpretation of a collective bargaining agreement, while one that has not been specifically passed upon, is an aspect of the rather thorny question as to where in labor matters the dividing line is to be drawn between the power lodged in an administrative body that is the Court of Industrial Relations and an ordinary tribunal. Increasingly, this Court has been committed to the view that unless the law speaks clearly and unequivocally, the choice should fall on the Court of Industrial Relations. Such an approach at first was reflected in separate opinions. Both on policy grounds and by way of a rigorous analysis of the Industrial Peace Act, the then Justice J. B. L. Reyes and the present Chief Justice filed concurring and dissenting opinions to that effect in *Allied Free Workers Union vs. Apostol*,^[4] a 1957 decision. It was not until 1968 though in *Security Bank Employees Union vs. Security Bank and Trust Company*,^[5] that a categorical affirmation to that effect came from us. Thus: "That such a result is not to be deplored should be obvious to all, for no agency is better equipped by training, experience, and background to handle labor controversies than the Court of Industrial Relations. The observation of Justice J. B. L. Reyes, though subject to qualifications, still possesses relevance. As noted by him, the regular courts 'have not intervened in labor cases [since 1936], and are therefore ill-prepared to apply labor laws and policies. And the frequency with which this Court has had to upset their labor injunctions attests to the fact.'"^[6] That the matter could be so viewed was rendered easier by the rationale of this Court in the 1967 main opinion in *Republic Savings Bank vs. Court of Industrial Relations*,^[7] Thus, as therein set forth by Justice Castro: "Some other members of this Court believe, without necessarily expressing approval of the way the respondents expressed their grievances, that what the Bank should have done was to refer the letter-charge to the grievance committee. This was its duty, failing which it committed an unfair labor practice under section 4(a) (6). For collective bargaining does not end with the execution of an agreement. It is a continuous process. The duty to bargain imposes on the parties during the term of their agreement the mutual obligation 'to meet and confer promptly and expeditiously and in good faith * * * for the purpose of adjusting any grievances or question arising under such agreement' and a violation of this obligation is, by section 4(a) and (b) (3) an unfair labor practice. As Professors Cox and Dunlop point out: 'Collective bargaining * * * normally takes the form of negotiations when major conditions of employment to be written into an agreement are under consideration and of grievance committee meetings and arbitration when questions arising in the administration of an agreement are at stake.'"^[8] Once it is admitted that a violation of a collective bargaining agreement is an unfair labor practice, the jurisdiction of the Court of Industrial Relations is correspondingly enlarged for such class of disputes is exclusively within its competence. It must be added that while so specifically spelled out in the *Republic Bank* case, the Court, about a year earlier, in *Bay View Hotel, Inc. vs. Manila Hotel Workers Union*,^[9] with Justice Sanchez as ponente, appeared to have been quite headed in such a direction. Such a path has been well-trodden since then. After the *Republic Bank* case came the unanimous *Security Bank* opinion. Justice Castro in a later case, *Manila Hotel Co. vs. Pines Hotel Employees Association*,^[10] affirmed that the question of whether or not

there was compliance with the contract between the parties "is undoubtedly within the competence of the [Court of Industrial Relations], to take cognizance of, considering the likelihood that its investigation may disclose that the employer was, in effect, committing an unfair labor practice." [11] This is how the matter was expressed by Justice Teehankee in *Alhambra Industries, Inc. vs. Court of Industrial Relations*, [12] decided the same year: "Failure on petitioner's part to live up in good faith to the terms of its collective bargaining agreement by denying the privileges and benefits thereof to the fifteen drivers and helpers through its device of trying to pass them off as 'employees' of its salesmen and propagandists was a serious violation of petitioner's duty to bargain collectively and constituted unfair labor practice in any language." [13] In the language of Justice Dizon, for the labor court to possess jurisdiction, all that is necessary is that the contemplated proceeding is "intended to prevent the commission of an act which would constitute an unfair labor practice." [14] It is conceivable, of course, that there may be cases of enforcement of a collective bargaining agreement devoid of an unfair labor practice aspect, where the jurisdiction of a court of first instance may not be successfully assailed. So it was held in a 1967 decision, *Seno vs. Mendoza*, [15] promulgated two months after the *Republic Bank* case, this Court speaking through Justice Makalintal. There cannot be any dispute though that the prevailing doctrine as set forth by the Chief Justice in the very recent case of *Mindanao Rapid Co., Inc. vs. Omandam* [16] is that "whenever the existence of such dispute and of other facts placing the issue within the exclusive jurisdiction of the Court of Industrial Relations has been duly established, this Court has not hesitated to declare that the court of first instance has no authority to hear and decide the case." [17] If deference be paid to the above pronouncement, as it ought to be, the very allegations in the petition in the *Philippine American Managements Financing Company, Inc.* [18] case, the allegation of noncompliance with the terms of a collective bargaining agreement could plausibly be maintained by respondent and appellant Managers and Supervisors Association. In the certiorari proceeding filed by the *Philippine Virginia Tobacco Administration Employees Association*, [19] it is undeniable that as far back as August 7, 1967, the allegation of bad faith by way of a retaliatory action for union activity, the basis of an unfair labor practice charge, had already been made. The petition then for declaratory relief dated March 18, 1968 filed before respondent Judge by someone from management came much later and certainly furnished no basis for the court of first instance acting thereon. It is thus easily discernible why our decision could not be but to sustain the order of dismissal in the appeal in the *Philippine American Management Financing Company, Inc. vs. Managers and Supervisors Association*, and to grant certiorari and prohibition in *Philippine Virginia Tobacco Administration Employees Association vs. Masakayan*.

2. In reaching the above conclusion, there is no thought of disregarding the traditional line separating judicial and administrative competence the former being entrusted with the determination of legal questions and the latter being limited as a result of its expertise to the ascertainment of the decisive facts. So it is in American law. [20] Nonetheless, a sense of realism compels the admission that at times the line has been wavering or blurred. This is only to recognize, as was pointed out by Justice Cardozo, that juridical conceptions are seldom, if ever, carried to the limit of their logic. For there are countervailing policy considerations. Often, they have a stronger claim to judicial approbation. This is so especially in labor law matters, for if it were otherwise, there might be less than unswerving fidelity to the constitutional mandate of protection to labor. [21] What was said in the *aforecited Security Bank* case as to the Court of Industrial Relations being "better equipped by training, experience and background to handle labor controversies * * *" [22] comes to mind. Moreover, there is the view emphasized by Justice Laurel in *Ang Tibay vs. Court of Industrial Relations*, [23] decided before World War II, that unlike a court of justice "which, is essentially passive, acting only when its jurisdiction is invoked and deciding only cases that are presented to it by the parties litigant, the function of the Court of Industrial Relations, as will appear from perusal of its organic law, is more active, affirmative and dynamic." [24] There is greater probability therefore, not only because of the proficiency, background and temperament of the personnel of the Court of Industrial Relations, but likewise because of its sworn duty to enforce the Industrial Peace Act, that in an appraisal of the

meaning to be accorded stipulations in the collective bargaining agreement, the result arrived at is likely to be more in conformity with the wishes of the parties. It would be contrary to the concept of the collective bargaining agreement, which is a manifestation of industrial democracy at work, labor and management being allowed to establish the rules for their day-to-day relations, if thereafter, in the event of disagreement or even prior to one, an ordinary court which is geared to the strict application of juridical norms is to be entrusted with such a task. There is, moreover, the ever-present probability in view of its normally crowded docket of the petitions dragging on for months and even years — a situation far from conducive to industrial peace. At any rate, proper respect is accorded the fundamental principle of the judiciary having the final say on questions of law when on a showing that the Court of Industrial Relations has failed to decide a legal issue, the way it ought to be, this Court is not likely to let the matter go uncorrected in an appropriate proceeding for review.

WHEREFORE, in Philippine American Management Financing Company, Inc. vs. Managers and Supervisors Association of Philippine Management Financing Company, Inc.,^[25] the order of the lower court of February 13, 1967, granting the motion to dismiss is affirmed and in Philippine Virginia Tobacco Administration Employees Association vs. Masakayan,^[26] the petition for certiorari and prohibition is granted and respondent Judge, or anyone acting in his place, is declared without jurisdiction to act on Civil Case No. Q-11961 and to desist from any further proceeding thereon except to dismiss the same. Without pronouncement as to costs.

Concepcion, C.J., Makalintal, Castro, Teehankee, Barredo, Makasiar, Antonio, and Esguerra, JJ., concur.

Zaldivar, J., took no part.

[1] G. R. No. L-27953.

[2] Record on Appeal, 51.

[3] G. R. No. L-29538.

[4] 102 Phil. 292.

[5] L-28536, April 30, 1968, 23 SCRA 503.

[6] Ibid, 513.

[7] L-20303, September 27, 1967, 21 SCRA 226.

[8] Ibid, 234-235.

[9] L-21803, December 17, 1966, 18 SCRA 946. Justice Sanchez could predicate the conclusion reached on Gomez vs. North Camarines Lumber Company, Inc., Phil 294 (1958) and Price Stabilization Corp. vs. Court of Industrial Relations, 108 Phil. 134 (1960).

[10] L-24314, September 28, 1970, 35 SCRA 96.

[11] Ibid, 100.

[12] L-25984, October 30, 1970, 35 SCRA 550.

[13] Ibid, 555

[14] Espanilla vs. La Carlota Sugar Central, L-23722, March 31, 1971, 38 SCRA 186, 188. Cf. Shell Oil Workers' Union vs. Shell Company, L-28607, May 31, 1971, 39 SCRA 276; Mindanao Rapid Co., Inc. vs. Omandam, L-23058, November 27, 1971, 42 SCRA 250; DBP Employees Union vs. Perez, L-22584, May 30, 1972, 45

SCRA 179.

[15] L-20565, November 29, 1967, 21 SCRA 1124.

[16] L-23058, November 27, 1971, 42 SCRA 250.

[17] Ibid, 262.

[18] G. R. No. L-27953.

[19] G. R. No. L-29538.

[20] Cf. 1 Davis, Administrative Law Treatise, 53-64 (1958); Jaffe, Judicial Control of Administrative Action, 87-94 (1965); Parker, Administrative Law, 257-259 (1952).

[21] According to Art. XIV, Sec. 6 of the Constitution:

"The state shall accord protection to labor, especially to working women and minors, and shall regulate the relations between landowner and tenant, and between labor and capital in industry and agriculture."

[22] Security Bank Employees Union vs. Security Bank & Trust Co., L-28536, April 30, 1968, 23 SCRA 503, 513.

[23] 69 Phil. 635 (1940).

[24] Ibid, 640.

[25] G. R. No. L-27953.

[26] G. R. No. L-29538.

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