

MANILA CORDAGE COMPANY, PETITIONER, VS. THE COURT OF INDUSTRIAL RELATIONS AND MANILA CORDAGE WORKERS UNION, RESPONDENTS.

G.R. No. L-27079. August 31, 1977

Ponente: FERNANDEZ, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/dcb2b0bc5855/>

FERNANDEZ, J.:

These are petitions to review the decision dated May 4, 1966[1] and the resolution dated October 19, 1966[2] of the respondent Court of Industrial Relations (CIR) in Case No. 2728-ULP entitled "Manila Cordage Workers Union, complainant, vs. Manila Cordage Company and Manco Labor Union, respondents".

The dispositive part of the decision reads:

"FOREGOING PREMISES CONSIDERED, this Court finds substantial evidence to sustain the charge of unfair labor practice against respondent Manila Cordage Company in violation of Section 4(a), paragraphs 1, 2 and 4 of the Industrial Peace Act, and against respondent Manco Labor Union in violation of Section 4(b), paragraphs 1 and 2 of the same Act and, therefore, orders both respondents, their officials or agents:

1. To cease and desist from restraining and coercing complainants in the exercise of their rights guaranteed by Section 3 of Republic Act No. 875;
2. To cease and desist from further committing the unfair labor practice complained of; and
3. To reinstate complainants Silvino Rabago, Natalio Nisperos and Ricardo Trajano to their former positions and with all the rights and privileges formerly appertaining thereto and to pay jointly and severally their back wages from the time of their respective dismissals on January 27, 1961, February 3, 1961, and May 2, 1961 up to the date of their actual reinstatements, minus their earnings elsewhere, if any.

To facilitate the payment of back wages due the complainants, the Chief of the Examining Division of this Court and/or his duly authorized assistant is hereby directed to examine the payrolls, daily time records and other pertinent documents relative to complainants' services with respondent company and to submit the corresponding report and computation for further disposition.

SO ORDERED.

Manila, Philippines, May 4, 1966.

AMANDO C. BUGAYONG

Associate Judge".[3]

The resolution dated October 19, 1966 denied the two (2) separate motions filed by Manila Cordage Company and Manco Labor Union for the reconsideration of the decision dated May 4, 1966.

On February 1, 1967 the petitioner Manco Labor Union filed the following Motion in G.R. No. L-27080 (Manco

Labor Union [NLU] vs. Manila Cordage Workers Union, et al.):

"MOTION TO CONSOLIDATE THIS CASE WITH G.R. NO. L-27079 AND TO ADOPT THE PETITION THEREIN AS THE PETITION IN THIS CASE

Comes now the petitioner Manco Labor Union (NLU), by the undersigned attorney, and to this Honorable Court, respectfully states:

That in Case No. 2728-ULP of the Court of Industrial Relations, entitled "Manila Cordage Company and Manco Labor Union (NLU), respondents", said Court rendered its Decision and Resolution on May 4, 1966 and October 19, 1966, respectively, against the respondents;

That the Manila Cordage Company had appealed said Decision and Resolution in Case No. 2728-ULP before this Honorable Court by certiorari and in the resolution of this Court dated January 23, 1967, in G.R. No. L-27079 (Manila Cordage Company vs. The Court of Industrial Relations, et al.), the same was given due course by this Court;

That since the issues to be brought by the herein petitioner in this case are similar to the issues raised in the petition for certiorari in G.R. No. L-27079, in order to avoid a multiplicity of cases, it is desirable that the present case be consolidated with the said case;

That in order to avoid repetitions and a voluminous record, herein petitioner is adopting the petition for review filed in G.R. No. L-27079 as its own in the present case, and by reference, is made a part hereof;

That this motion is timely because copy of the resolution of the Court of Industrial Relations in this case was received on January 6, 1967, notice of appeal and a petition for extension for 15 days was filed with this Court on January 16, 1967, which was granted, and today is the last day for the filing of our petition for review in this case.

WHEREFORE, it is respectfully prayed of this Honorable Court:

1. That the present case be consolidated with G.R. No. L-27079, entitled "Manila Cordage Company vs. The Court of Industrial Relations and Manila Cordage Workers Union;
2. That herein petitioner be allowed to adopt the petition for review in G.R. No. L-27079 as its own, and by reference made a part hereof;
3. That upon notice in accordance with the Rules of this Court, herein petitioner will deposit the amount of P80.40 in payment of costs.
4. That in case this motion will be denied, that herein petitioner be given five (5) days from notice to file its own petition for review.

Manila, January 31, 1967.

EULOGIO R. LERUM

Attorney for Petitioner

Manco Labor Union (NLU)

3199 Magsaysay Blvd., Manila"

The Court issued on February 15, 1967 the following resolution:

" 'Considering the motion of attorney for petitioner in L-27080 (Manco Labor Union [NLU] vs. Manila Cordage Workers Union, et al.) praying (a) that this case be consolidated with L-27079 (Manila Cordage

Company vs. The Court of Industrial Relations, et al.); (b) that petitioner be allowed to adopt the petition for review in aforesaid case L-27079 as its own, and by reference made a part thereof; (c) that upon notice in accordance with the Rules of Court, petitioner will deposit the amount of P80.40 for costs; and (d) in case the motion is denied, petitioner be given five days from notice to file its own petition for review, THE COURT RESOLVED to grant the first three prayers of the motion, provided that docket and other fees are paid.'

Very truly yours,

BIENVENIDO EJERCITO

Clerk of Court"

On October 24, 1967 the petitioner Manco Labor Union submitted the following motion:

"MOTION TO ADOPT THE BRIEF OF PETITIONER MANILA CORDAGE CO.

Comes now the petitioner Manco Labor Union (NLU), by the undersigned attorney, and to this Honorable Court, respectfully moves that in view of the fact that said Union could not afford the printing of its brief due to poor finances, that it be allowed to adopt as its own, the brief of the Manila Cordage Co.

That in addition to the arguments contained in said brief, this petitioner would like to emphasize the following:

1. That complainants in the Court below, namely, Silvino Rabago, Natalio Nisperos and Ricardo Trajano, by resigning from the Manco Labor Union (NLU), violated the provision of the collective bargaining agreement then in force, which reads as follows:

TV MAINTENANCE OF MEMBERSHIP

Both parties agree that all employees of the COMPANY who are already members of the UNION at the time of the signing of this AGREEMENT shall continue to remain members of the UNION for the duration of this AGREEMENT' (Exhibits '5-B' and '6-B' Company).

Having violated said agreement, these complainants are liable to dismissal in the same manner as strikers who violate a no-strike clause in a contract could be dismissed although said contract is silent regarding the penalty for breach thereof.

Hence, the Manco Labor Union (NLU) should not be the one penalized for its effort to secure compliance with the terms of its contract with petitioning company.

2. That said agreement could not be susceptible of any other interpretation except that violation thereof would result in dismissal because as found out by the Court below, the said provision was explained to the members before and after the same was signed.

3. Petitioner Manco Labor Union (NLU) could not be held guilty of discriminating against Rabago, Nisperos and Trajano because of their union activities. The record shows that besides these three, Vicente Untalan, Ruperto Balsamo and 40 others resigned. In the case of Untalan and Balsamo, after the Manila Cordage Co. had dismissed them on request of the petitioning Union, this Union was also the one who asked for their reinstatement when they withdrew their resignation from the union. In the case of the other 40 members who resigned (Exhs. 'A', 'A-1' to 'A-49') when they withdrew their resignations, the Manco Labor Union did not do anything to them, although it had full knowledge that they have joined the rival union.

WHEREFORE, considering that Silvino Rabago, Natalio Nisperos and Ricardo Trajano had violated the Collective Bargaining Agreement whereas the action of the petitioner was done in good faith in what it believes to be its right under said contract, we respectfully pray of this Honorable Court that the decision appealed from be set aside and case No. 2728-ULP of the Court of Industrial Relations be ordered dismissed.

Manila, October 24, 1967.

EULOGIO R. LERUM

Attorney for the Petitioner

3199 Magsaysay Blvd., Manila"

The petitioner, Manila Cordage Company, is a corporation duly organized and existing under the laws of the Philippines.

The petitioner, Manco Labor Union, is a legitimate labor organization.

The respondent, Manila Cordage Workers Union, is also a legitimate labor organization. Said respondent union is composed of employees of the petitioner company.

Sometime in 1957, the Manila Cordage Company and the Manco Labor Union, then acting as the exclusive bargaining representative of the former's employees, entered into a collective bargaining agreement which contained, among others, the following stipulations:

"WHEREAS, the parties hereto decided to enter into an agreement relating to the terms and conditions of employment, with reference to those members to whom the provisions of this agreement applies."

x x x

"Both parties agree that all employees of the COMPANY who are already members of the UNION at the time of the signing of this AGREEMENT shall continue to remain members of the UNION for the duration of this AGREEMENT." [4]

The foregoing stipulations were also embodied in the collective bargaining agreement entered into between the Manila Cordage Company and the Manco Labor Union in 1959.

When the collective bargaining agreements were entered into, the employees, Silvino Rabago, Ricardo Trajano and Natalio Nisperos were already members of Manco Labor Union.

Shortly after 1959, some employees of Manila Cordage Company formed the Manila Cordage Workers Union. The usual campaign for membership of the new union took place. Some employees who were members of the Manco Labor Union resigned from said union and joined the Manila Cordage Workers Union. At the instance of the Manco Labor Union, the Manila Cordage Company dismissed those who resigned from the Manco Labor Union, among them, Silvino Rabago, Vicente Untalan, Ruperto Balsamo, Natalio Nisperos, Ricardo Trajano, Roque Ruby and Salvador de Leon. It is alleged that the Manco Labor Union held meetings wherein the members were informed that under the above-quoted stipulations of the collective bargaining agreement, continued membership in the Manco Labor Union was a condition precedent to employment in the Manila Cordage Company. As a consequence, some of those who resigned from the Manco Labor Union withdrew their resignations and were re-employed by the Manila Cordage Company.

At the behest of the Manila Cordage Workers Union, an acting prosecutor of the Court of Industrial Relations filed a complaint dated March 28, 1961 for unfair labor practice against Manila Cordage Company and the Manco Labor Union in behalf of the Manila Cordage Workers Union and its members namely, Silvino Rabago, Vicente Untalan, Ruperto Balsamo and Natalio Nisperos. The complaint was docketed as Case No. 2728-ULP of the Court of Industrial Relations. [5]

The acting prosecutor of the Court of Industrial Relations filed an amended complaint in Case No. 2728-ULP

dated July 14, 1961 adding as complainants Ricardo Trajano and Salvador de Leon.[6]

It was alleged in the amended complaint that the Manco Labor Union, through its President, for no other valid cause except for the resignation of some of its members and the active campaign of the Manila Cordage Workers Union in recruiting members, knowingly and unlawfully influenced and connived with officers of the Manila Cordage Company in the dismissal of Silvino Rabago, Vicente Untalan, Ruperto Balsamo, Natalio Nisperos, Ricardo Trajano and Salvador de Leon, who had resigned from the Manco Labor Union and joined the Manila Cordage Workers Union.

The Manco Labor Union averred in its answer that the complainants were dismissed on the basis of an existing collective bargaining contract between said union and the Manila Cordage Company.[7]

The Manila Cordage Company alleged that said company had entered into a valid collective bargaining contract with the Manco Labor Union, a bona fide legitimate labor organization, then recognized as the sole and exclusive bargaining agent for all the employees of the respondent company; that one of the conditions of employment provided in said collective bargaining agreement is the maintenance-of-membership clause requiring all members of the Manco Labor Union to remain as such members thereof during the life of the contract; that the Manco Labor Union demanded of the Manila Cordage Company the dismissal of the individual complainants from employment for the reason that said complainants had failed to continue and maintain their membership in the union; that acting in good faith and in pursuance of its obligations under the said contract, respondent company had to terminate the employment of said complainants, otherwise the Manila Cordage Company would be charged with contractual breach and confronted with the Manco Labor Union's reprisal.[8]

After trial the respondent Court of Industrial Relations rendered a decision dated May 4, 1966 ordering the petitioner, Manila Cordage Company, and the Manco Labor Union "To reinstate complainants Silvino Rabago, Natalio Nisperos and Ricardo Trajano to their former positions and with all the rights and privileges formerly appertaining thereto and to pay jointly and severally their back wages from the time of their respective dismissals on January 27, 1961, February 3, 1961, and May 2, 1961 up to the date of their actual reinstatements, minus their earnings elsewhere, if any."[9]

The motions for reconsideration of the Manila Cordage Company and the Manco Labor Union were denied by the Court of Industrial Relations in a resolution en banc dated October 19, 1966.[10] However, the Presiding Judge voted for the modification of the decision dated May 4, 1966 by eliminating therefrom the award of back wages. He concurred in the reinstatement of complainants Nisperos, Trajano and Rabago.[11]

The petitioner Manila Cordage Company assigns the following errors:

"I

THE LOWER COURT ERRED IN NOT HOLDING THAT, UNDER THE 'MAINTENANCE-OF-MEMBERSHIP' CLAUSE IN THE COLLECTIVE BARGAINING AGREEMENT BETWEEN THE PETITIONER ('COMPANY') AND MANCO LABOR UNION ('MANCO'), EMPLOYEES OF THE COMPANY WHO ARE ALREADY MEMBERS OF MANCO WHEN SAID AGREEMENT TOOK EFFECT WERE REQUIRED TO REMAIN SUCH MEMBERS AS A CONDITION OF CONTINUED EMPLOYMENT IN THE COMPANY.

II

THE LOWER COURT ERRED IN NOT HOLDING THAT INDIVIDUALS, WHOSE EMPLOYMENT HAS CEASED DUE TO ALLEGED UNFAIR LABOR PRACTICES AND WHO HAVE NOT SOUGHT OTHER

SUBSTANTIALLY EQUIVALENT AND REGULAR EMPLOYMENT, CEASE TO BE 'EMPLOYEES' WITHIN THE MEANING OF SECTION 2(d) OF REPUBLIC ACT NO. 875, AS AMENDED, AND HENCE, ARE NOT ENTITLED TO PROTECTION AND RELIEF UNDER THIS ACT.

III

THE LOWER COURT ERRED IN NOT HOLDING THAT INDIVIDUALS DISMISSED PURSUANT TO A UNION SECURITY CLAUSE ARE NOT ENTITLED TO BACK WAGES, WHEN THEIR EMPLOYER EFFECTED THEIR DISMISSAL IN GOOD FAITH AND IN AN HONEST BELIEF THAT THE CLAUSE AUTHORIZED SUCH DISMISSAL.

IV

THE LOWER COURT ERRED IN NOT DISMISSING THE COMPLAINT."[12]

Anent the first error assigned, the petitioner avers:

"It should be emphasized strongly that this is virtually a case of first impression in this jurisdiction. We are not aware of any decision of this Tribunal squarely determinative of the principal issue in this petition. For this reason, it should be appropriate to consider American jurisprudence which is the source of most of our laws on labor relations. (*Flores vs. San Pedro*, L-8580, September 30, 1957.)

Decisions of American federal and state courts as well as the comments of recognized American treatise writers uniformly define a maintenance-of-membership provision as one which requires all employees who are already members of the union at the time the provision takes effect to remain such members during the life thereof as a condition of continued employment. (*NLRB vs. Eaton Mfg. Co.* [6th Cir. 1949] 175 F2d 292, 16 Lab Cas 75, 761; *Markham & Callow vs. International Woodworkers*, 175 P2d 727, 170 Or 517 [1943]; *Walter vs. State*, 38 So2d 609, 34 AlaApp 268 [1949]; *Colonial Press vs. Ellis*, 74 NE2d 1, 321 Mass 495; *Rothenberg on Labor Relations*, 49-50; *Mathews, Labor Relations and the Law* 448; *Prentice-Hall, Labor Course*, Par. 12, 204, also at 914; 3 CCH Labor Law Reporter [Labor Relations], Par. 4520.)[13]

It is not necessary to consider American jurisprudence. The issue of whether or not the so-called "maintenance-of-membership" clause requires all employees who were already members of the Manco Labor Union at the time the said clause took effect to remain members of the union during the life of the collective bargaining agreement as a condition of continued employment may be resolved under the constitution and relevant Philippine jurisprudence.

It is a fact that the complainants were employees of the Manila Cordage Company and members of the Manco Labor Union when the following stipulation was included in the collective bargaining agreement:

"IV MAINTENANCE OF MEMBERSHIP

Both parties agree that all employees of the COMPANY who are already members of the UNION at the time of the signing of this AGREEMENT shall continue to remain members of the UNION for the duration of this AGREEMENT" (Exhibits '5-B' and '6-B'-Company).[14]

The foregoing stipulation, however, does not clearly state that maintenance of membership in the Manco Labor Union is a condition of continuous employment in the Manila Labor Cordage Company.

In consonance with the ruling in *Confederated Sons of Labor vs. Anakan Lumber Co., et al.*, 107 Phil. 915, in order that the Manila Cordage Company may be deemed bound to dismiss employees who do not maintain their membership in the Manco Labor Union, the stipulation to this effect must be so clear as to leave no room for doubt thereon. An undertaking of this nature is so harsh that it must be strictly construed and doubts must be

resolved against the existence of the right to dismiss.

Apparently aware of the deficiency of the maintenance-of-membership clause, the petitioner urges that the same should be construed together with the "Whereas" provision of the contract which reads:

"WHEREAS, the parties hereto have decided to enter into an agreement relating to the terms and conditions of employment and reference to those employees to whom the provisions of this AGREEMENT apply." (Exhibits '5-A' and '?-A'-Company)[15]

Anent this point, the Court of Industrial Relations through Judge Amando Bugayong ruled:

"But whether read disjunctively or conjunctively, these two provisions would not justify the interpretation which respondent company would want to attribute to the same. For said 'Whereas' proviso neither refers to tenure or duration of employment which is the dispute in the case at bar but only to terms and conditions of employment such as working hours, wages, other benefits and privileges clearly specified therein. We need not stretch our imagination too far to know the difference between or duration of employment from terms and conditions of employment. Besides, even on the assumption that 'terms and conditions of employment' covers continuity or period of employment, the ambiguity of the provision should not adversely affect complainants. Hence, even with the conjunctive interpretation, these two provisions can not supplant the omission of said maintenance of membership clause, let alone cure the defect of the same. This is especially so if the rule which states that in case of inconsistency a particular provision like the disputed 'maintenance of membership' clause prevails over or controls a general provision, such as the 'WHEREAS' proviso, invoked by respondents, is to be applied to the interpretation of this doubtful provision (Rule 130(4), Section 10, New Rules of Court)."[16]

To construe the stipulations above-quoted as imposing as a condition to continued employment in the Manila Cordage Company the maintenance of membership in the Manco Labor Union is to violate the natural and constitutional right of the laborer to organize freely.[17] Such interpretation would be inconsistent with the constitutional mandate that the State shall afford protection to labor.[18]

The respondent Court of Industrial Relations correctly found that the disputed "maintenance-of-membership" clause in question did not give the Manila Cordage Company the right to dismiss the complainants just because they resigned as members of the Manco Labor Union.

There is a showing that the dismissed complainants sought other substantially equivalent and regular employment. They failed to find any.

The contention of the petitioners that they acted in good faith in dismissing the complainants and, therefore, should not be held liable to pay their back wages has no merit. The dismissal of the complainants by the petitioners was precipitate and done with undue haste. Considering that the so-called "maintenance of membership" clause did not clearly give the petitioners the right to dismiss the complainants if said complainants did not maintain their membership in the Manco Labor Union, the petitioners should have raised the issue before the Court of Industrial Relations in a petition for permission to dismiss the complainants.

However, considering the circumstances and equity of the case, the petitioners should be held liable to pay the back wages of the complainants for a period of two years only from the date they were respectively dismissed.[19]

The reinstatement order of respondent Court of Industrial Relations of complainants Silvino Rabago, Natalio Nisperos and Ricardo Trajano to their former positions and with all the rights and privileges formerly appertaining thereto is correct (supra, p. 2). Such reinstatement now is of course subject to said complainants still being within the required physical and age requirements, but any physical or medical examination to which they may be subjected is to be given them as old reinstated workers, but not as a precondition to their reinstatement. Our ruling

in *Davao Free Workers Front vs. CIR*, 60 SCRA 408, 425, is fully applicable *mutatis mutandis* in the case at bar, as follows:

"x x x The filing and pendency of an unfair labor practice case as in the case at bar presuppose a continuing employer-employee relationship and when the case is decided in favor of the workers, this relationship is in law deemed to have continued uninterruptedly notwithstanding their unlawful dismissal or the lawful strike and stoppage of work, and hence, seniority and other privileges are preserved in their favor. To require them to undergo a physical or medical examination as a precondition of reinstatement or return to work simply because of the long pendency of their case which is due to no fault of theirs would not only defeat the purpose of the law and the constitutional and statutory mandates to protect labor but would work to their unfair prejudice as aggrieved parties and give an undue advantage to employers as the offenders who have the means and resources to wage attrition and withstand the bane of protracted litigation.

"Hence, the aggrieved workers may be subjected to periodic physical or medical examination as old reinstated workers, but not as a precondition to their re-instatement or return to work with the important consequence that if they are found to be ill or suffering from some disability, they would be entitled to all the benefits that the laws and company practices provide by way of compensation, medical care, disability benefits and gratuities, etc. to employees and workers."

WHEREFORE, the decision appealed from is hereby affirmed with the sole modification that the backwages which both the petitioners are ordered, jointly and severally, to pay the complainants Silvino Rabago, Natalio Nisperos and Ricardo Trajano are hereby fixed at the equivalent of two years pay without deduction or qualification computed on the basis of their wages at the time of their respective dismissals on January 27, 1961, February 3, 1961 and May 2, 1961. Without pronouncement as to costs.

SO ORDERED.

Teehankee, (Chairman), Makasiar, Muñoz Palma, Martin, and Guerrero, JJ., concur.

[1] Annex K petition, Rollo, p. 86

[2] Annex R petition, Rollo, p. 143

[3] Annex K, Rollo, p. 101

[4] Petition, pp. 8-9, Rollo, pp. 12-13

[5] Annex A of petition, Rollo, pp. 30-33

[6] Annex D of petition, Rollo, pp. 39-42

[7] Annex B, Rollo, pp. 34-35

[8] Annex E, Rollo, pp. 43-46

[9] Rollo, p. 101

[10] Rollo, p. 143

[11] Rollo, pp. 144-146

[12] Petitioner's brief, pp. 1-2, Rollo, p. 166

[13] Petitioner's brief, pp. 8-9, Rollo, p. 166

[14] Annex K, p. 7, Rollo, p. 92

[15] *Idem*, Rollo, p. 92

[16] *Idem*, Rollo, p. 93

[17] Article III, Sec. 1(6), 1935 Constitution

[18] Article XIV, Section 6, 1935 Constitution

[19] Cf. *Feati Univ. Faculty Club vs. Feati Univ.*, 58 SCRA 395, 418 (1974).

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.