

**JAG & HAGGAR JEANS AND SPORTSWEAR CORPORATION,
PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION,
LAKAS MANGGA-GAWA SA JAG, DOMINGO NAMIA, RIZALDE
FLORES, JULIETA ADRIANO, ROB...**

G.R. No. 105710. February 23, 1995

Ponente: QUIASON, J.

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QUIASON, J.:

This is a petition for certiorari to set aside the Decision dated February 26, 1992 of the National Labor Relations Commission (NLRC) in NCR Case No. 00-09-04050-88 and its Resolution dated April 22, 1992, denying petitioner's motion for reconsideration. The decision held that the members of the Union who did not ratify or avail of the benefits under the Compromise Agreement entered into between petitioner and the Union were not bound thereby (Rollo, pp. 32-41). In our Resolution dated June 29, 1992, we issued a temporary restraining order.

I

In September 1988, the Lakas Manggagawa sa Jag (Union) composed of the rank-and-file employees of Jag & Hagggar Jeans and Sportswear Corporation, petitioner herein, staged a strike. Petitioner filed a petition to declare the strike illegal.

On November 29, 1988, Labor Arbiter Eduardo Madriaga rendered a decision, declaring the strike illegal and ordering the dismissal of the officers, as well as the members of the Union who took part in the illegal strike. The dispositive portion of said decision reads as follows:

"WHEREFORE, premises considered, the strike conducted by respondent union and individual respondents on September 22, 1988 and subsisting to date, is hereby declared to be illegal for failure to observe the cooling-off period as agreed upon by the parties and the conduct of the strike vote as required by law, as well as for commission of illegal acts in the staging of the said strike as averred in the affidavits of witnesses for petitioner.

"Accordingly, the officers of the union, to wit:

xxx xxx xxx

are hereby declared to have legally lost their employment status.

"Likewise, for commission of illegal acts as averred in the affidavits of witnesses for petitioner which were not controverted by respondents, the following rank-and-file employees, to wit:

xxx xxx xxx

"are hereby declared to have legally lost their employment status.

"The rest of the striking workers are hereby ordered to immediately dismantle their pickets and barricades and

return to work within seventy-two (72) hours from receipt of copy of this Decision.

"Finally, both parties are hereby enjoined to maintain the status quo prior to the strike staged by respondents" (Rollo, pp. 12-14).

The affected officers and members of the Union appealed the decision to NLRC. On August 31, 1989, NLRC rendered its decision setting aside the Labor Arbiter's decision and ordering the reinstatement of the affected employees (Rollo, pp. 14-15).

Acting on the motion for reconsideration filed by petitioner, NLRC, on May 31, 1990 modified its earlier decision as follows:

"WHEREFORE, premises considered, the Commission's Decision dated 31 August 1989, is hereby modified as follows:

1. The following officers of the Union namely: Norma Jocson-President; Narciso Sinag?Vice President; Gloria Gavis-Treasurer; Luzviminda Guspud-Secretary; and Apolinario Sta. Ana-PRO are hereby declared to have lost their employment;
2. The Union Board Members and Shop Stewards may be dismissed by respondent-appellee subject to the payment of separation pay equivalent to one-half month for every year of service; and
3. The mere union members are directed to report for work within ten (10) days from receipt of this Decision and management is ordered to accept them to their former or equivalent position" (Rollo, p. 15).

Again, the aggrieved officers and members of the Union filed a motion for reconsideration while petitioner filed a Manifestation/Motion for Clarification (Rollo, p. 15).

Pending resolution of the two motions by NLRC, both parties agreed to negotiate a settlement and to defer the enforcement of the decision.

On July 30, 1990, the two motions were dismissed by the NLRC (Rollo, p. 15).

On October 23, 1990, a compromise agreement was executed and signed by petitioner and the Union represented by its officers (Rollo, pp. 16-18). The parties agreed that:

"1. The Company shall pay to the officers and members of the Union named in the aforesaid decision separation pay equivalent to one-half (1/2) month basic pay for every year of service.

"2. Additionally, the Company shall pay to the officers of the Union mentioned in item No. 2 of the Decision, namely the Union Board members, and Shop Stewards financial assistance in the amount of One Thousand (P1,000.00) Pesos.

"3. The Company shall also pay to the members of the Union mentioned in item No. 3 of the Decision, namely those who should be allowed to work, financial assistance in the amount of Two Thousand (P2,000.00) Pesos."

xxx xxx xxx

Out of a total of 114 affected employees, 90 of them availed of the benefits provided for under the Compromise Agreement (Rollo, pp. 16-19).

On May 15, 1991, 24 of the affected employees moved for the execution of the May 31, 1990 Decision of NLRC (Rollo, p. 19).

Petitioner filed an opposition, citing the Compromise Agreement, which had been availed of by 90 of the affected employees (Rollo, p. 19).

On September 12, 1991, Labor Arbiter Salimathar Nambi issued an order, denying the motion for execution (Rollo, p. 19). In the meantime, 12 of the 24 affected employees also availed of the benefits under the Compromise Agreement. The remaining 12 employees appealed to NLRC from the denial of their motion for execution. On February 26, 1992, NLRC set aside the order of Labor Arbiter Nambi and directed petitioner to accept the union members to their former or equivalent position with back wages from July 30, 1990 until they were reinstated (Rollo, p. 40).

A motion for reconsideration was filed by petitioner but this was denied on April 22, 1992 (Rollo, p. 42).

On May 19, 1992, petitioner filed with this Court a petition for certiorari with prayer for issuance of a restraining order and/or writ of preliminary injunction docketed as G. R. No. 105184. However, the petition was dismissed by the First Division in a resolution dated May 27, 1992 for failure to comply with the Revised Rules of Court and Circular Nos. 1-88 and 28-91 (G.R. No. 105184, Rollo, p. 35).

On June 19, 1992, petitioner filed a motion for leave to refile its petition for certiorari (G.R. No. 105710). In a resolution dated June 29, 1992, the Third Division of this Court granted the petition and resolved to issue a temporary restraining order (Rollo, p. 44). The case was reassigned to the First Division.

II

The main issue to be resolved is whether or not the Compromise Agreement entered into by petitioner and the Union is binding upon private respondents.

Petitioner contends that the Compromise Agreement was deemed ratified by the union members considering that 102 out of the 114 affected employees already availed of and received the benefits under the said agreement and that private respondents were represented in all stages of the proceedings without them questioning the authority of their union officers and their counsel. It cites the case of *Betting Ushers Union (PLUM) v. Jai-alai*, 101 Phil. 822 (1957) wherein we ruled that the "will of the majority should prevail over the minority" and which ruling was reiterated in *Dionela v. Court of Industrial Relations*, 8 SCRA 832 (1963) and *Chua v. National Labor Relations Commission*, 190 SCRA 558 (1990).

On the other hand, private respondents allege that for a compromise agreement to be binding upon them, a special power of attorney or their express consent was necessary for what was being waived or surrendered under the agreement was their right to an employment. Such right is protected under the security of tenure provision of the Labor Code of the Philippines and cannot be lost without due process of law (Rollo, p. 62).

"Settlement of disputes by way of compromise whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced, is an accepted, nay desirable practice encouraged by the courts of law and administrative tribunals" (*Santiago v. De Guzman*, 177 SCRA 344 [1989]).

The authority of attorneys to bind their clients is governed by Section 7, Rule IV of the New Rules of Procedure of the National Labor Relations Commission, which provides:

"Authority to bind party. - Attorneys and other representatives of parties shall have authority to bind their clients in all matters of procedure; but they cannot, without a special power of attorney or express consent, enter into a compromise agreement with the opposing party in full or partial discharge of a client's claim (Underscoring supplied).

It will be noted that the Compromise Agreement provides in paragraphs 2 and 3 thereof that:

"2. The union Board Members and Shop Stewards may be dismissed by respondent-appellee subject to the payment of separation pay equivalent to one-half month for every year of service; and

"3. The mere union members are directed to report for work within 10 days from receipt of this Decision and management is ordered to accept them to their former or equivalent position" (Rollo, pp. 16-17).

The Decision dated May 8, 1990 ordered the reinstatement of the union members to their former or equivalent position while in the case of the Union board members and shop stewards, petitioner was given the option to dismiss them subject to the payment of separation pay. However, in the Compromise Agreement, not only the union officers, board members and shop stewards were considered dismissed from the service but also the union members subject to the payment of separation pay and financial assistance.

The waiver of reinstatement, like waivers of money claims, must be regarded as a personal right which must be exercised personally by the workers themselves. "For a waiver thereof to be legally effective, the individual consent or ratification of the workers or employees involved must be shown. Neither the officers nor the majority of the union had any authority to waive the accrued rights pertaining to the dissenting minority members, xxx. The members of the union need the protective shield of this doctrine not only vis-a-vis their employer but also, at times, vis-a-vis the management of their own union, and at other times even against their own imprudence or impecuniousness" (General Rubber and Footwear Corporation v. Drilon, 169 SCRA 808 [1989]).

We have ruled that "xxx when it comes to individual benefits accruing to members of a union from a favorable final judgment of any court, the members themselves become the real parties in interest and it is for them, rather than for the union, to accept or reject individually the fruits of litigation" (Esso Philippines, Inc. v. Malayang Manggagawa sa Esso (MME), 75 SCRA 73 [1977]).

The authority to compromise cannot lightly be presumed and should be duly established by evidence (General Rubber and Footwear Corporation v. Drilon, supra; Kaisahan ng mga Manggagawa sa La Campana v. Sarmiento, 133 SCRA 220, [1984]).

We also find no reason for the union members to enter into a compromise when the decision of NLRC ordering their reinstatement is more advantageous to them than their being dismissed from their jobs under said Compromise Agreement.

The Compromise Agreement does not apply to private respondents who did not sign the Compromise Agreement nor avail of its benefits.

However, while respondents Domingo Namia and Rizalde Flores are not bound by the terms of the Compromise Agreement, they are bound by the amended decision of NLRC rendered on May 3, 1990 which provides that members of the board of directors of the union may be dismissed by petitioner subject to the payment of separation pay. The two respondents did not appeal the amended decision after the denial by NLRC of their motion for reconsideration thereof.

WHEREFORE, the Decision dated February 26, 1992 of the NLRC is AFFIRMED with the modification stated above with respect to respondents Domingo Namia and Rizalde Flores. The temporary restraining order is LIFTED except with respect to aforementioned respondents.

SO ORDERED.

Padilla, (Chairman), Davide, Jr., Bellosillo, and Kapunan, JJ., concur.

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