FILIPINO PIPE AND FOUNDRY CORPORATION, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION, NATIONAL LABOR UNION – TUCP, AND EULOGIO LERUM, RESPONDENTS.

G.R. No. 115180. November 16, 1999

Ponente: PURISIMA, J.

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PURISIMA, J.:

At bar is a Petition for Certiorari under Rule 65 of the Revised Rules of Court seeking to annul and set aside the Decision[1] of the National Labor Relations Commission,[2] dated September 29, 1993, in NLRC NCR CA No. 003806-92, which reversed the Decision[3] of the Labor Arbiter,[4] dated August 31, 1992, in NLRC Case No. 4-1309-86, disposing thus:

> `WHEREFORE, premises considered, the appeal of complainant corporation is hereby dismissed for lack of merit; the appeal of Atty. Lerum and NLU is hereby granted, and the Decision dated August 31, 1992 is hereby annulled and set side, and a new judgment is hereby entered declaring the complaint below dismissed for lack of merit insofar as respondent NLU and Atty. Lerum are concerned.
>
> SO ORDERED."[5]

The antecedent facts can be culled as follows:

On February 10, 1986, respondent National Labor Union-Trade Union Congress of the Philippines (NLU-TUCP), a national federation of labor unions, filed with the then Ministry of Labor and Employment, in behalf of its local chapter, the Filipino Pipe Workers Union-National Labor Union (FPWU-NLU, hereinafter referred to as Union), a notice of strike signed by its national president, Atty. Eulogio R. Lerum, against the petitioner, Filipino Pipe and Foundry Corporation, alleging as grounds therefor union busting and non-implementation of the Collective Bargaining Agreement.[6]

The initial conciliation conference was set on February 24, 1986 but due to lack of notice thereof to petitioner company, as well as the failure of FPWU-NLU to furnish the latter a copy of the notice of strike, the initial conciliation conference was re-set to March 3, 1986.

In the early morning of March 3, 1986, however, without waiting for the outcome of the conciliation conference scheduled on said date, the FPWU-NLU staged the strike in question which lasted until June 13, 1986, when a return to work agreement was reached by the union and petitioner company.[7]

On April 8, 1986, petitioner company interposed before the Arbitration Branch of the then Ministry of Labor and Employment, a petition to declare the strike illegal with prayer for damages against FPWU-NLU, NLU-TUCP and its national president, Atty. Eulogio Lerum.

On December 23, 1988, petitioner company moved for the partial dismissal of the Complaint against forty-three (43) officers and members of FPWU-NLU, but maintained the action against the NLU-TUCP and Atty. Eulogio

Lerum.[8]

On August 31, 1992, the Labor Arbiter came out with a decision for petitioner company, ruling as follows:

> "WHEREFORE, judgment is hereby rendered declaring that the strike staged by respondents from March 3, 1986 to June 13, 1986 was ILLEGAL. Accordingly and in conformity with the Return-to-Work Agreement, respondent National Labor Union-TUCP is hereby directed to pay the complainant company the following:
>
> a) Actual damages in the form of loss of revenue during the duration of the strike which lasted for 100 days or in the amount of ONE MILLION PESOS (P1,000,000.00);
>
> b) Damages to the good business standing and commercial credit of the company in the amount of THREE HUNDRED FIFTY THOUSAND PESOS (P350,000.00); and
>
> c) Exemplary damages to deter others similarly inclined from committing similar acts and to serve as an example for the public good, in the amount of TWO HUNDRED FIFTY THOUSAND PESOS (P250,000.00).
>
> Further, respondent NLU is hereby directed to pay the attorney's fees equivalent to 10% of the actual damages, or the amount of ONE HUNDRED THOUSAND PESOS (P100, 000.00).
>
> For lack of showing that respondent Lerum acted in his personal capacity, he is hereby ABSOLVED from any liability.
>
> Pursuant to the Agreement, the complaint against all the other individual respondents are hereby DISMISSED.
>
> SO ORDERED."[9]

Therefrom, both parties appealed to the NLRC which on September 29, 1993, rendered the assailed decision. Dissatisfied therewith, the petitioner company found its way to this Court via the present petition; theorizing that:

> I
>
> PUBLIC RESPONDENT NATIONAL LABOR RELATIONS COMMISSION ERRED IN LAW, CAPRICIOUSLY AND WHIMSICALLY DISREGARDED THE EVIDENCE SUBMITTED IN THE CASE AND GRAVELY ABUSED ITS DISCRETION AMOUNTING TO LACK AND/OR EXCESS OF JURISDICTION WHEN IT HELD THAT PRIVATE RESPONDENTS NATIONAL LABOR UNION (NLU)-TUCP AND ATTY. EULOGIO LERUM ARE NOT PRIMARILY RESPONSIBLE AND, THEREFORE, NOT LIABLE FOR DAMAGES SUFFERED BY PETITIONER ON ACCOUNT OF THE ILLEGAL STRIKE THEY HAD DIRECTLY AIDED, ASSISTED, ABETTED AND PARTICIPATED IN.
>
> II
>
> PUBLIC RESPONDENT NATIONAL LABOR RELATIONS COMMISSION GRAVELY ABUSED ITS DISCRETION AMOUNTING TO LACK AND/OR EXCESS OF JURISDICTION AND ACTED CAPRICIOUSLY AND WHIMSICALLY IN TOTAL DISREGARD OF THE EVIDENCE PRESENTED IN THE CASE WHEN IT HELD THAT PRIVATE RESPONDENTS MERELY ASSISTED THE LOCAL CHAPTER AND ITS MEMBERS IN STAGING A STRIKE AGAINST PETITIONER AND THAT SUCH ASSISTANCE WAS NOT THE CAUSE NOR WAS IT AN INDESPENSABLE ELEMENT OF THE STRIKE.
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> III
>
> PUBLIC RESPONDENT NATIONAL LABOR RELATIONS COMMISSION GRAVELY ERRED IN LAW AND GRAVELY ABUSED ITS DISCRETION AMOUNTING TO LACK AND/OR EXCESS OF JURISDICTION WHEN IT CONCLUDED THAT PETITIONER LOST ITS CAUSE OF ACTION AGAINST PRIVATE RESPONDENTS AFTER THE LOCAL UNION HIRED A NEW COUNSEL AND

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PETITIONER MOVED FOR PARTIAL DISMISSAL OF ITS COMPLAINT AGAINST THE STRIKING WORKERS INASMUCH AS PRIVATE RESPONDENTS ARE MERE THIRD PARTIES.[10]

Rule XXII, Book V, of the Rules Implementing the Labor Code, provides:

"Section 1. Grounds for strike and lockout. - A strike or lockout may be declared in cases of bargaining deadlocks and unfair labor practices. Violations of collective bargaining agreements, except flagrant and/or malicious refusal to comply with its economic provisions, shall not be considered unfair labor practice and shall not be strikeable. No strike or lockout may be declared on grounds involving inter-union and intra-union disputes or on issues brought to voluntary or compulsory arbitration."

xxx xxx xxx

"Section 3. - Notice of strike or lockout.- In cases of bargaining deadlocks, a notice of strike or lockout shall be filed with the regional branch of the Board at least thirty (30) days before the intended date thereof, a copy of said notice having been served on the other party concerned. x x x"

xxx xxx xxx

"Section 6. Conciliation. - Upon receipt of the notice, the regional branch of the Board shall exert all efforts at mediation and conciliation to enable the parties to settle the dispute amicably. The regional branch of the Board may, upon consultation, recommend to the parties to submit the dispute to voluntary arbitration.

During the proceedings, the parties shall not do any act which may disrupt or impede the early settlement of the dispute. They are obliged as part of the duty to bargain collectively in good faith, to participate fully and promptly in the conciliation meetings called by the regional branch of the board. The regional branch of the Board shall have the power to issue subpoenas requiring the attendance of the parties to the meetings. xxx"

Applying the aforecited provision of law in point to the case under consideration, the Court is of the finding and conclusion that the strike staged by FPWU-NLU was illegal for want of any legal basis. Contrary to the grounds advanced by the union in the notice of strike, it turned out during the March 3, 1986 conciliation conference that the purpose of the strike was to pressure the petitioner company to:

1) include in the salary of the strikers the P3.00 wage increase[11] effective March 1, 1986.

2) compute their backwages covering the period from December 1, 1980 to February 28, 1986, including vacation leave and sick leave.

A thorough sifting of the pertinent records discloses that the alleged union busting was not substantiated and the supposed non-implementation of the collective bargaining agreement was groundless because the demands of FPWU-NLU, at the time the notice of strike was filed and at the time the union actually struck, were the subject of a pending application for a writ of execution filed by the union in Case No. AB-7933-80 (NCR-CA-8-674-80), which application was granted on April 4, 1986 by the Labor Arbiter.[12] Verily, the strike staged by FPWU-NLU was baseless since it was still pre-mature then for the union to insist on the implementation of the adverted provision of the collective bargaining agreement, which was the subject of a pending writ of execution.

Then too, the failure of the union to serve petitioner company a copy of the notice of strike is a clear violation of Section 3 of the aforestated Rules. The constitutional precepts of due process mandate that the other party be notified of the adverse action of the opposing party. So also, the same Section provides for a mandatory thirty (30) day cooling-off period which the union ignored when it struck on March 3, 1986, before the 30th day from the time the notice of strike was filed on February 10, 1986.

What is more, the same strike blatantly disregarded the prohibition on the doing of any act which may impede or

disrupt the conciliation proceedings, when the union staged the strike in the early morning of March 3, 1986, the very same day the conciliation conference was scheduled by the former Ministry of Labor.

In light of the foregoing, it is beyond cavil that subject strike staged by the union was illegal.

Anent the responsibility for the damages allegedly sustained by petitioner company on account of the illegal strike, the latter theorized that the liability therefor should be borne by NLU-TUCP and its national president, Atty. Eulogio Lerum, for having directly participated in aiding and abetting the illegal strike. It is argued that FPWU-NLU is a mere agent of respondent NLU-TUCP, because FPWU-NLU, which was formed by respondent NLU-TUCP is not registered as a local unit or chapter but directly affiliated with the latter and therefore, could not have acted on its own. Otherwise stated, petitioner is of the view that FPWU-NLU, a local union, cannot act as the principal of respondent NLU-TUCP, a mother federation, because it is not a legitimate labor organization.[13] In support of this stance, petitioner cited the following letter of Atty. Lerum to the company, to wit:

> "NATIONAL LABOR UNION
> An Affiliate of the Trade Union of the Philippines
> 3199 Ramon Magsaysay Blvd., Manila, Philippines
> Tel. 61-42-65
>
> March 29, 1983
>
> Dear Sirs:
>
> Please be informed that we have formed a local union in your company and the officers thereof are the following:
>
> President - Virgilio Bernal
>
> Vice-Pres. - Ramon Alborte
>
> Secretary - Ernesto Ballesteros
>
> Treasurer - Arsenio Agustin
>
> Auditor - Genaro Gabule
>
> Board Members:
>
> 1. Eduardo Cenina 4. Felimon Simborio
>
> 2. Dante Canete 5. Joseph Olazo
>
> 3. Reynaldo Adelante 6. Virgilio Elnar
>
> Shop Stewards:
>
> 1. Pablito Fajardo
>
> 2. Ruperto Manlangit
>
> 3. Ruben Bongaos
>
> We have given them full authority to deal with you on all matters covered by our authority as sole collective bargaining representative of your rank and file workers.
>
> Very truly yours,

(Sgd)
EULOGIO R. LERUM
National President"[14]

In Progressive Development Corporation vs. Secretary, Department of Labor and Employment,[15] the Court explained the nature of the relationship between a mother union/federation and a local union, thus:

> "At this juncture, it is important to clarify the relationship between the mother union and the local union. In the case of Liberty Cotton Mills Workers Union v. Liberty Cotton Mills, Inc., 66 SCRA 512 [1975], the Court held that the mother union, acting for and in behalf of its affiliate, had the status of an agent while the local union remained the basic unit of the association, free to serve the common interest of all its members subject only to the restraints imposed by the constitution and by-laws of the association. x x x"[16]

The same is true even if the local union is not a legitimate labor organization. Conformably, in the abovecited case the Court ruled that the mother federation was a mere agent and the local chapter/union was the principal, notwithstanding the failure of the local union to comply with the procedural requirements that would make it a legitimate labor organization.

Evidently, in the case under scrutiny, whether or not FPWU, the local chapter, complied with the procedural requirements that would make it a legitimate labor organization is immaterial. It would not affect its status as the principal and basic unit of the association. The requirement laid down in the Progressive Development case, that the local union must be a legitimate labor organization, pertains to the conditions before a union may file a petition for certification election and to be certified as sole and exclusive bargaining agent. In the present case, there is no dispute that FPWU-NLU is the sole and exclusive bargaining representative of the rank and file employees of petitioner company. The union's status as a legitimate labor organization is therefore of no moment in the resolution of the controversy here. As the local union, it is considered as the principal; the entity which staged the illegal strike and the one responsible for the resulting damages allegedly sustained by petitioner company.

Furthermore, the petitioner company is now estopped from reneging on the recognition it extended to the FPUW-NLU as the bargaining representative of its rank and file workers, by belatedly attacking its status which petitioner company had voluntarily recognized. It should be noted that even as early as 1981, when the collective bargaining agreement sought to be implemented by the union was entered into, the latter was already the bargaining representative of the employees concerned. It is not, therefore, true that it was respondent NLU-TUCP which formed FPWU. At most, the entry into the picture of the private respondent on March 23, 1983, merely affirmed the status of FPWU as the recognized bargaining representative of the rank and file employees of petitioner company.

Evidently, direct and primary responsibility for the damages allegedly caused by the illegal strike sued upon fall on the local union FPWU, being the principal, and not on respondent NLU-TUCP, a mere agent of FPWU-NLU which assisted the latter in filing the notice of strike. Being just an agent, the notice of strike filed by Atty. Eulogio Lerum, the national president of NLU-TUCP, is deemed to have been filed by its principal, the FPWU-NLU. Having thus dismissed the claim for damages against the principal, FPWU-NLU, the action for damages against its agent, respondent NLU-TUCP, and Atty. Lerum, has no more leg to stand on and should also be dismissed.

Premises studiedly considered, the Court is of the ineluctable conclusion, and so holds, that the National Labor Relations Commission did not act with grave abuse of discretion in reversing the Decision of the Labor Arbiter in NLRC CASE No. 4-1309-86.

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WHEREFORE, for lack of merit, the Petition is DISMISSED, and the Decision of the National Labor Relations Commission in NLRC NCR CA No. 003806-92 AFFIRMED. No pronouncement as to costs.

SO ORDERED.

Melo, (Chairman), Vitug, Panganiban, and Gonzaga-Reyes, JJ., concur.

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[1] Annex "A", Rollo, pp. 36-49.

[2] Composed of Commissioners: Rogelio I. Rayala (Ponente); Edna Bonto-Perez (Presiding Commissioner; and Domingo Zapanta.

[3] Annex "S", Rollo, pp. 176-184.

[4] Benigno C. Villarente, Jr.

[5] Annex "A", Rollo, p. 48.

[6] Rollo, p. 64.

[7] Rollo, p. 178.

[8] Rollo, p. 39.

[9] Annex "S", Rollo, pp. 183-184.

[10] Petition, Rollo, p. 11.

[11] Based on Wage Order Nos. 2 and 3 [See Filipino Pipe Workers Union [NLU] vs. Batario, Jr., 163, SCRA 789, p. 797].

[12] Filipino Pipe Workers Union [NLU] vs. Batario, Jr., 163, SCRA 789, p. 792.

[13] Petition, Rollo, pp. 19-20.

[14] Rollo, p. 246.

[15] G.R. No. 96425, February 4, 1992, 205 SCRA 802,

[16] Id., pp. 814-815.

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