

## NATIONAL LABOR UNION, INC., PETITIONER, VS. THE COURT OF INDUSTRIAL RELATIONS AND MANILA GAS CORPORATION, RESPONDENTS.

*G.R. No. 46598. October 14, 1939*

Ponente: VILLA-REAL, J.

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### VILLA-REAL, J.:

This is an appeal by certiorari taken by the National Labor Union, Inc., praying that, after proper proceedings, a judgment be rendered declaring null and void the decision of the Court of Industrial Relations of December 20, 1938, its resolution of January 30, 1939, denying the motion for the reconsideration of the aforesaid decision, and its order of March 7, 1939, on the ground that the said decision and resolution are contrary to law and to the weight of the evidence and, moreover, that they violate the rights of the petitioner.

The errors of law which the said petitioner alleged to have been committed by the respondent court in its decision and resolution are the following: (a) in not finding the respondent company in contempt; (b) in not ordering the said company to permit the strikers to continue in their work under the terms and conditions existing before the dispute arose between the said company and the said strikers; and (c) in not ordering the strikers to return to their work, knowing, as it did know, that the dispute could not be promptly settled and decided.

The contemptuous act which the petitioner alleged to have been committed by the respondent company and which the Court of Industrial Relations did not want to punish, consists in the employment by the respondent company of strike breakers within the fifteen days following the declaration of the strike and during the pendency of the present dispute before the said Court, without the latter's permission, which constitutes a violation of the prohibition contained in section 19, penalized by section 24 of Commonwealth Act No. 103.

The aforesaid section 19 of Commonwealth Act No. 103, in the portion thereof referring to the employment of strike breakers, has been amended by section 1 of Commonwealth Act No. 355, by excepting from said prohibition employers engaged in the operation of public services or in businesses coupled with a public interest. The said prohibition, being intended to maintain and protect the authority and dignity of the Court and to preserve public peace and order, is penal in nature, and any law amending that which establishes it, containing a provision favorable to an offender, has a retroactive effect (*Escalante vs. Santos*, 56 Phil., 483; *People vs. Alcaraz*, 56 Phil., 520; *People vs. Parel*, 44 Phil., 437; *U. S. vs. Macasaet*, 11 Phil., 447; *Samilin vs. Court of First Instance of Pangasinan*, 57 Phil., 298; *People vs. Leynez*, 38 Off. Gaz., 1228; *Philippine Railway Co. vs. Paredes*, 34 Off. Gaz., 2009). As the respondent company, Manila Gas Corporation, is an enterprise engaged in the exploitation of a public service, namely, the supply of gas used in houses and factories for fuel and heating purposes, and, as such public utility, is subject to the jurisdiction of the Public Service Commission, it is exempt from the aforesaid prohibition, and in employing strike breakers in its plants in place of the strikers within fifteen days following the declaration of the strike and pending the decision by the Court of Industrial Relations and amicable settlement by the conflicting parties of the dispute which gave rise to the said strike which had been certified to the said court by

the Department of Labor, the aforesaid respondent, Manila Gas Corporation, did not commit any contempt, and the said court has committed no error in not finding it in contempt.

The second question to be decided is whether or not the Court of Industrial Relations erred in not ordering the respondent company to permit the strikers to continue in their work under the terms and conditions existing before the dispute between them arose.

According to the facts found established by the Court of Industrial Relations "from the first days of the strike until recent date, acts of sabotage have been committed against the service of gas, such as the introduction of water into the pipes for the purpose of stopping the flow of gas; the closing of the connecting valves in the streets and in the houses by the strikers who still had in their possession equipment and identification badges; breaking of meters, etc., and there was even an attempt to dynamite the factory itself and its distributing pipes. It is also established that many workers who remained loyal to the Company were attacked by the strikers some of whom have already been sentenced by final judgment of ordinary courts, among them the vice-president of the 'Barangay' of the National Labor Union, Inc., in the Manila Gas Corporation, Angel Decena."

Article 1586 of the Civil Code provides that "Field hands, mechanics, artisans, and other laborers hired for a certain time and for a certain work cannot leave or be dismissed without sufficient cause, before the fulfillment of the contract." The inference from this legal provision is that salaried laborers for a certain time and for a certain work may leave or be dismissed before the fulfillment of the contract, for just cause. Now, then, what is meant by just causes? The law neither defines nor enumerates them, wherefore, their appreciation is for the courts. In entering into the contract of employment with the respondent company, Manila Gas Corporation, the strikers expressly bound themselves not only to do the work specified therein, but also impliedly and by natural right to respect, the person and property of their employer, to take care of the machineries, apparatus, utensils, equipment and materials which said employer had to furnish them in connection with the manufacture of the product in which the respondent company was engaged, without which articles the strikers would be unable to carry out the work which they had undertaken. They further bound themselves impliedly to behave in a manner that would insure the efficient and orderly functioning of the factory to the end that the company may comply with its obligation to the public consumer of its product. In committing the acts of sabotage just mentioned, by destroying properties of the respondent company and thereby exposing not only its customers to the risk of being deprived of the use of the customary fuel in their kitchens and factories, but also the inhabitants of the City of Manila to the loss of their lives due to the escape of the deadly gas, they went back upon the implied obligation which they had assumed under the contract of employment, by interfering with the regular functioning of the factory and injuring the property right of their employer. All these prejudicial and illegal acts constitute without doubt the just causes for their dismissal provided by the codal article above-cited.

In impliedly recognizing in section 19 of Commonwealth Act No. 103 the right of the laborers to declare a strike and in granting to the Court of Industrial Relations the discretionary power to order the return of the strikers to their work when it finds after an investigation that public interest so requires or when, in its opinion, the dispute cannot be promptly decided or settled, the legislator has not and could not have intended to countenance the acts of violence which the strikers may commit upon the property of their employers and of intimidation which they may employ against the co-workers who, in the exercise of their property right guaranteed by the Constitution, like the right to earn their daily bread and that of their family, remain loyal to said employers. Neither could it have been the legislator's intention to compel the Court of Industrial Relations to order the return of the strikers to their work and the employer to admit them, although the said strikers had committed vandalic acts against the employer, because such intention, if any, would go against the constitutional mandate that social justice be promoted to insure the welfare of all the people.

In *National Labor Relations Board vs. Fansteel Metallurgical Corporation* (59 Sup. Ct., 490; 83 L. ed Adv. Ops., 469), the Supreme Court of the United States, speaking through Chief Justice Charles E. Hughes, said:

"We think that the true purpose of Congress is reasonably clear. Congress was intent upon the protection of the right of employees to self-organization and to the selection of representatives of their own choosing for collective bargaining without restraint or coercion. (*National Labor Relations Board v. Jones & Laughlin Steel Corporation*, supra, p. 33.) To assure that protection, the employer is not permitted to discharge his employees because of union activity or agitation for collective bargaining. (*Associated Press v. National Relations Board*, supra.) The conduct thus protected is lawful conduct. Congress also recognizes the right to strike that the employees could lawfully cease work at their own volition because of the failure of the employer to meet their demands. Section 13 provides that nothing in the Act 'shall be construed so as to interfere with or impede or diminish in any way the right to strike.' It plainly contemplates a lawful strike,—the exercise of the unquestioned right to quit work. As we said in *National Labor Relations Board v. Mackay Radio & Telegraph Company* (304 U. S., 333, 347), 'if men strike in connection with a current labor dispute their action is not to be construed as a renunciation of the employment relation and they remain employees for the remedial purposes specified in the Act.' There is thus abundant opportunity for the operation of section 2 (3) without construing it as countenancing lawlessness or as intended to support employees in acts of violence against the employer's property by making it impossible for the employer to terminate the relation upon that independent ground.

"Here the strike was illegal in its inception and prosecution. As the Board found, it was initiated by the decision of the Union Committee 'to take over and hold two of the respondent's key buildings'. It was pursuant to that decision that the men occupied the buildings and the work stopped. This was not the exercise of 'the right to strike' to which the Act referred. It was not a mere quitting of work and statement of grievances in the exercise of pressure recognized as lawful. It was an illegal seizure of the buildings in order to prevent their use by the employer in a lawful manner and thus by acts of force and violence to compel the employer to submit. When the employees resorted to that sort of compulsion they took a position outside the protection of the statute and accepted the risk of the termination of their employment upon grounds aside from the exercise of the legal rights which the statute was designed to conserve."

The Court of Industrial Relations did not, therefore, err in not ordering the strikers to return to their work and the respondent company to allow said strikers to continue in their employment under the same terms and conditions existing before the dispute between them arose.

As to whether the contract entered into on May 1, 1938 between the respondent company and the Philippine Labor Union, Inc., put an end to the dispute between the petitioner and the said company, the appealed decision shows that said contract was signed by a total of 355 of the 458 workers of the respondent company and was approved by the Department of Labor; that the strikers had committed illegal acts to achieve their unjust and inequitable demands; that they had repeatedly informed the Court that they would not return to their work unless all their demands were met, despite the fact that the respondent company had acceded to one-half thereof and the Court of Industrial Relations had decided the conflict equitably and impartially.

We have stated, in deciding the question of whether or not the Court of Industrial Relations erred in not ordering the strikers to return to their work and the respondent company to permit them to continue in their employment, that the said strikers violated not only one implied condition of their contract, namely, to exercise proper care in the use of the materials which they needed to be able to comply with said contract, but also the property right of the respondent company, by committing acts punished by law and for which they were prosecuted. Every right ends where abuse begins. By their illegal acts the strikers ipso facto lost their right to continue working in the factory of the respondent company, and the latter was not only free to contract the services of other workers, but, in view of the public interest with which its business is coupled, was bound to do so, otherwise it would incur the

liability established by the Public Service Act if it did not comply with the conditions specified in its certificate of public convenience, unless such noncompliance is due to force majeure.

Moreover, the Court of Industrial Relations approved the arrangement reached by the great majority of the workers of the company and the company itself and gave an opportunity to the strikers to be able to accept said arrangement; but they did not wish to avail of or accept it and adopted an uncompromising attitude by asking that all their demands be met. Such an attitude made impossible any understanding with them by the respondent company. As we have said, the Constitution guarantees the free exercise of the right of property, and the freedom to contract is such right, of which the possessor cannot be deprived without due process of law. It is not, therefore, the contract entered into between the Philippine Labor Union and the Manila Gas Corporation which put an end to the dispute between the respondent company and the National Labor Union, Inc., representing the strikers, but the latter themselves who, by their illegal conduct and uncompromising attitude, made impossible any understanding and useless the intervention of the court of arbitration, the principal mission of which is to settle controversies by mutual concessions based upon equity and justice for the general good and harmony which should always exist between employers and employees.

In view of the foregoing considerations, we are of the opinion and so hold: First, that the respondent company, Manila Gas Corporation, being a public utility enterprise, is not only exempt from the prohibition contained in section 19 of Commonwealth Act No. 103, as amended by section 1 of Commonwealth Act No. 355, but is bound by its certificate of public convenience to maintain the regular operation of its factory so as not to prejudice the public consumer of its product; second, that while the laborers have a right to go on a strike for just causes, they cannot avail of this right through acts of sabotage to the injury of the property rights of the employer; and, third, that the contract of employment having been rescinded due to the breach of its implied conditions and to the repeated acts of sabotage committed by the strikers, the employer was free to enter into a contract, individually or collectively, with other laborers in the manner and to the extent provided by law.

Wherefore, finding no error in the decision sought to be reversed, the same is affirmed in all its parts, with the costs to the petitioner. So ordered.

Avanceña, C. J., Imperial, Diaz, Laurel, Concepcion, and Moran, JJ., concur.

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