

PAMPANGA BUS COMPANY, INC., PETITIONER, VS. PAMBUSCO EMPLOYEES' UNION, INC., RESPONDENT.*G.R. No. 46739. September 23, 1939*

Ponente: MORAN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-46739/>**MORAN, J.:**

On May 31, 1939, the Court of Industrial Relations issued an order, directing the petitioner herein, Pampanga Bus Company, Inc., to recruit from the respondent, Pambusco Employees' Union, Inc., new employees or laborers it may need to replace members of the union who may be dismissed from the service of the company, with the proviso that, if the union fails to provide employees possessing the necessary qualifications, the company may employ any other persons it may desire. This order, in substance and in effect, compels the company, against its will, to employ preferentially, in its service, the members of the union.

We hold that the court has no authority to issue such compulsory order. The general right to make a contract in relation to one's business is an essential part of the liberty of the citizens protected by the due-process clause of the Constitution. The right of a laborer to sell his labor to such person as he may choose is, in its essence, the same as the right of an employer to purchase labor from any person whom it chooses. The employer and the employee have thus an equality of right guaranteed by the Constitution; "If the employer can compel the employee to work against the latter's will, this is servitude. If the employee can compel the employer to give him work against the employer's will, this is oppression." (*Mills vs. United States Printing Co.*, 99 App. Div., 605; 91 N. Y. S., 185, 189-192.)

Section 2 of Commonwealth Act No. 213 confers upon labor organizations the right "to collective bargaining with employers for the purpose of seeking better working and living conditions, fair wages, and shorter working hours for laborers, and, in general, to promote the material, social and moral well-being of their members." The term "collective bargaining" denotes, in common usage as well as in legal terminology, negotiations looking toward a collective agreement. This provision in granting to labor unions merely the right of collective bargaining, impliedly recognizes the employer's liberty to enter or not into collective agreements with them. Indeed, we know of no provision of the law compelling such agreements. Such a fundamental curtailment of freedom, if ever intended by law upon grounds of public policy, should be effected in a manner that is beyond all possibility of doubt. The supreme mandates of the Constitution should not be loosely brushed aside. As held by the Supreme Court of the United States in *Hitchman Coal & Co. vs. Mitchell* (245 U. S., 229; 62 Law. ed., 260, 276):

"* * * Whatever may be the advantages of 'collective bargaining,' it is not bargaining at all, in any just sense, unless it is voluntary on both sides. The same liberty which enables men to form unions, and through the union to enter into agreements with employers willing to agree, entitles other men to remain independent of the union, and other employers to agree with them to employ no man who owes any allegiance or obligation to the union. In the latter case, as in the former, the parties are entitled to be protected by the law in the enjoyment of the benefits of any lawful agreement they may make. This court repeatedly has held that the employer is as free to make non-membership in a union a condition of employment, as the working man is free to join the union,

and that this is a part of the constitutional rights of personal liberty and private property, not to be taken away even by legislation, unless through some proper exercise of the paramount police power. (*Adair vs. United States*, 208 U. S. 161, 174; 52 Law. ed., 436, 442; 28 Sup. Ct. Rep., 277; 13 Ann. Cas., 764; *Coppage vs. Kansas*, 236 U. S., 1, 14; 59 Law. ed., 441, 446; L. R. A., 1915C, 960; 35 Sup. Ct. Rep., 240.)"

The freedom of contract guaranteed by the Constitution may be limited by law through a proper exercise of the paramount police power. Thus, in order to promote industrial peace, certain limitations to the employer's right to select his employees or to discharge them, are provided in section 21 of Commonwealth Act No. 103 and section 5 of Commonwealth Act No. 213, which read as follows:

"It shall be unlawful for any employer to discharge or to threaten to discharge, or in any other manner discriminate against, any laborer or employee because such person has testified or is about to testify, or because such employer believes that he may testify in any investigation, proceeding or public hearing conducted by the Court or any board of inquiry." (Sec. 21, Commonwealth Act No. 103.)

"Any person or persons, landlord or landlords, corporation or corporations or their agents, partnership or partnerships or their agents, who intimidate or coerce any employee or laborer or tenant under his or their employ. with the intent of preventing such employee or laborer or tenant from joining any registered legitimate labor organization of his own choosing, or, who dismiss or threaten to dismiss such employee or laborer or tenant from his employment for having joined, or for being a member of, any registered legitimate labor organization, shall be guilty of a felony and shall be punished by imprisonment of not exceeding one year or a fine not exceeding one thousand pesos, or both, at the discretion of the court." (Sec. 5, Commonwealth Act No. 213.)

These two provisions were, however, patterned after the Wagner Act, and the Supreme Court of the United States, in the case of *National Labor Relations Board vs. Jones & Laughlin Steel Corporation* (301 U. S., 1; 81 Law. ed., 893, 916), said: "The Act (Wagner Act) does not compel agreements between employers and employees. It does not compel any agreement whatever. It does not prevent employer 'from refusing to make a collective contract and hiring individuals on whatever terms' the employer 'may by unilateral action determine.' The Act expressly provides in sec. 9 (a) that any individual employee or a group of employees shall have the right at any time to present grievances to their employer. The theory of the Act is that free opportunity for negotiation with accredited representatives of employees is likely to promote industrial peace and may bring about the adjustments and agreements which the Act in itself does not attempt to compel. As we said in *Texas & N. O. R. Co. vs. Brotherhood of R. & S. S. Clerks* (281 U. S., 548; 74 Law. ed., 1034; 50 S. Ct., 427, *supra*), and repeated in *Virginian R. Co. vs. System Federation*, R. E. D. (300 U. S., 515, ante, 789; 57 S. Ct., 592), the cases of *Adair vs. United States* (208 U. S., 161; 52 Law. ed., 436; 28 S. Ct., 277; 13 Ann. Cas., 764), and *Coppage vs. Kansas* (236 U. S., 1; 59 Law. ed., 441; 35 S. Ct., 240; L. R. A. 1915C, 960), are inapplicable to legislation of this character. The Act does not interfere with the normal exercise of the right of the employer to select its employees or to discharge them. The employer may not, under cover of that right, intimidate or coerce its employees with respect to their self-organization and representation, and, on the other hand, the board is not entitled to make its authority a pretext for interference with the right of discharge when that right is exercised for other reasons than such intimidation and coercion."

This ruling was reiterated and confirmed in the *Associated Press vs. National Labor Relations Board* (301 U. S., 103; 81 Law. ed., 953, 960, 961).

Thus considered, the order appealed from is hereby reversed, with costs against respondent Pambusco Employees' Union, Inc.

Avanceña, C. J., Villa-Real, Imperial, Diaz, Laurel, and Concepcion, JJ., concur.

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.