

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**ELISCO-ELIROL LABOR UNION
(NAFLU) and its OFFICERS AND
MEMBERS OF THE BOARD OF
DIRECTORS,**

Petitioners,

-versus-

**G.R. No. L-41955
December 29, 1977**

**CARMELO NORIEL, in his capacity as
Director of the Bureau of Labor
Relations, ELIZALDE STEEL
CONSOLIDATED, INC. and NATIONAL
FEDERATION OF LABOR UNIONS
(NAFLU),**

Respondents.

X-----X

DECISION

TEEHANKEE, J.:

The Court sets aside respondent director's appealed resolution and rules in accordance with the prevailing law and settled jurisprudence that the petitioner union consisting of the members employees of respondent corporation is the principal party to the collective bargaining agreement (rather than the respondent mother union which is merely its agent) and is therefore entitled to be recognized as the sole and exclusive bargaining representative entitled to administer and enforce the collective bargaining agreement with the employer corporation.

The undisputed antecedent facts which gave rise to the present petition are stated in the petition as follows:

- “2. That sometime on February 1974, petitioner-Elisco Elirol Labor Union (NAFLU), negotiated and executed a collective bargaining agreement with respondent-Elizalde Steel Consolidated, Inc.^[1]
- “3. That upon verification by individual petitioners at the Registration division, Bureau of Labor Relations, Department of Labor, the Elisco-Elirol Labor Union (NAFLU), the contracting party in said collective bargaining agreement, was not then registered and therefore not entitled to the benefits and privileges embodied in said collective bargaining agreement; thus on March 3, 1975, the members of petitioner-appellant union in a general membership meeting decided in a resolution to register their union to protect and preserve the integrity and inviolability of the collective bargaining agreement between the Elisco-Elirol Labor Union (NAFLU) and the Elizalde Steel Consolidated, Inc.
- “4. That said resolution of the members of petitioner-appellant union was passed upon by the officers and members of the Board of Directors on May 20, 1975, at a special meeting called for the purpose, resolution No. 6, s. 1975 was approved requesting the Acting Directors, Registration Division, Bureau of Labor Relations, to register the union Elisco-Elirol Labor Union (NAFLU).

- “5. That by virtue of resolution No. 6, Petitioner-appellant union applied for registration with the Bureau of Labor Relations, hence on May 28, 1975, Certificate of Registration No. 8511-IP was issued by said Office.
- “6. That with the issuance of the certificate of registration petitioner-appellant acquired a personality separate and distinct from any other labor union.
- “7. That steps were taken by petitioner-appellant to enforce the collective bargaining agreement as the principal party to the same representing the workers covered by such agreement immediately after the issuance of the certificate of registration.
- “8. That on June 10, 1975, at a special meeting called for the purpose, the general membership of petitioner union decided that their mother union, the National Federation of Labor Unions, can no longer safeguard the rights of its members insofar as working conditions and other terms of employment are concerned and that the interest and welfare of petitioner can be served best if it will stay independent and disaffiliated from said mother union, hence, the general membership adopted a resolution to disaffiliate from the National Federation of Labor Unions.
- “9. That on June 11, 1975, petitioner, acting through its President Hilario Riza informed respondents of said disaffiliation by means of a letter, and subsequently requested respondents to recognize petitioner as the sole and exclusive bargaining representative of the employees thereof.
- “10. That respondent without any justifiable reason refused and continues to refuse to recognize petitioner as the sole and exclusive bargaining representative of its employees, and, now actually dismissed the petitioner union’s officers and board members.^[2] In this connection, a complaint for unfair labor practice was filed by petitioners against

respondent for the latter's refusal to bargain collectively with petitioner, which complaint is presently docketed as Case No. LR-RO4-6-1662.

"11. That by virtue of said refusal of respondent company to recognize petitioner as the sole and exclusive bargaining representative of the employees, petitioners filed a petition before the Bureau of Labor Relations, Department of Labor on July 2, 1975, with Case No. LR-861 against respondent Elizalde Steel Consolidated, Inc. and the National Federation of Labor Unions be ordered to stop from presenting itself as the collective bargaining agent and pursuant thereto, a writ of preliminary mandatory and prohibitory injunction be issued.

"12. That on August 19, 1975. the Bureau of Labor Relations, through Med-Arbiter Reynaldo B. Carta, before whom the case was heard, issued an Order dismissing the petition for lack of merit."

On appeal to respondent Director of the Bureau of Labor Relations, said respondent issued his Resolution of October 30, 1975 affirming the dismissal of petitioner-union's petition as follows:

"On February, 1974 the members of the petitioner union who were then yet affiliated with the National Association of Free Labor Union negotiated and executed with the respondent company a collective bargaining agreement with expiry date in November, 1976.

"On May 28, 1975, after the same members, by valid resolution of the Board of directors and approved by the general membership, have formed themselves into an independent organization and applied for registration as a union, a certificate of registration was issued by the Department of Labor. And on June 10, 1975 again by a valid resolution the same members disaffiliated with the NAFLU.

"The issue for resolution is —

“Which of the two unions should be recognized as the sole and exclusive bargaining representative of the employees and ultimately recognized to administer and supervise the enforcement of the collective bargaining agreement.

“Petitioner-union contends that it having the necessary interest and being the real party must be the sole union to be recognized and given authority to bargain with the company.

“Setting aside jurisprudence and the collective bargaining agreement of the parties, the appellant is correct. For to grant to the former mother union (NAFLU) the authority to administer and enforce their collective bargaining agreement without presumably any members in the bargaining unit is quite absurd. But to transfer also the authority to the newly formed union although the members of the same were the same members who composed then the local chapter of the mother union is also in violation of the CBA particularly article IV which is the union security clause, wherein it is a condition for a continued employment in the company to maintain membership in the Union. Theoretically therefore, when the employees disaffiliated from the mother union and formed themselves into a new union, their status as employees was also terminated. As such they could not therefore absolutely and legally claim that they still comprise the majority of the bargaining unit.

“Secondly, to vest, upon the new union the authority to bargain is in violation of the whole CBA, under the theory that when the mother union (NAFLU) entered and executed the same in its separate and distinct personality aside from the people composing the same. In fine, the CBA then was executed by and between the company and the (NAFLU) with the latter as an entity having its own capacity and personality different from the members composing the same.

“Lastly, to preserve and avoid unstability and disorder in the labor movement as correctly ruled by the med-arbiter, the status quo should be preserved, there being no compelling reason to alter the same.”^[3]

Hence, the petition at bar. We find the petition to be clearly meritorious and reverse the appealed resolution.

1. Respondent director correctly perceived in his Resolution that “to grant to the former mother union (NAFLU) the authority to administer and enforce their collective bargaining agreement without presumably any members in the bargaining unit is quite absurd” but fell unto the grave error of holding that “when the employees disaffiliated from the mother union and formed themselves into a new union, their status as employees was also terminated.”

His error was in not perceiving that the employees and members of the local union did not form a new union but merely registered the local union as was their right. Petitioner Elisco-Elirol Labor Union-NAFLU, consisting of employees and members of the local union was the principal party to the agreement. NAFLU as the mother union” in participating in the execution of the bargaining agreement with respondent company acted merely as agent of the local union, which remained the basic unit of the association existing principally and freely to serve the common interest of all its members, including the freedom to disaffiliate when the circumstances so warranted as in the present case.

2. Contrary to respondent director’s misimpression, our jurisprudence fully supports petitioner’s stand. In *Liberty Cotton Mills Workers Union vs. Liberty Cotton Mills, Inc.*,^[5] the Court expressly cited and affirmed the basic principle that “(T)he locals are separate and distinct units primarily designed to secure and maintain an equality of bargaining power between the employer and their employee-members in the economic struggle for the fruits of the joint productive effort of labor and capital; and the association of the locals into the national union (as PAFLU) was in furtherance of the same end. These associations are consensual entities capable of entering into such legal relations with their members. The essential purpose was the affiliation of the local unions into a common enterprise to increase by collective action the common bargaining power in respect of the terms and

conditions of labor. Yet the locals remained the basic units of association, free to serve their own and the common interest of all, subject to the restraints imposed by the Constitution and By-Laws of the Association, and free also to renounce the affiliation for mutual welfare upon the terms laid down in the agreement which brought it into existence.”

Corollarily, the “substitutionary” doctrine likewise fully supports petitioner’s stand. Petitioner union to whom the employees owe their allegiance has from the beginning expressly avowed that it “does not intend to change and/or amend the provisions of the present collective bargaining agreement but only to be given the chance to enforce the same since there is a shift of allegiance in the majority of the employees at respondent company.” As was stressed by the Court in *Benguet Consolidated Inc. vs. BCI Employees & Workers Union-PAFLU*^[5] —

“This principle, formulated by the NLRB as its initial compromise solution to the problem facing it when there occurs a shift in employees’ union allegiance after the execution of a bargaining contract with their employer, merely states that even during the effectivity of a collective bargaining agreement executed between employer and employees thru their agent, the employees can change said agent but the contract continues to bind them up to its expiration date. They may bargain however for the shortening of said expiration date.

“In formulating the ‘substitutionary’ doctrine, the only consideration involved as the employees’ interest in the existing bargaining agreement. The agent’s interest never entered the picture. In fact, the justification for said doctrine was:

“That the majority of the employees, as an entity under the statute, is the true party in interest to the contract, holding rights through the agency of the union representative. Thus, any exclusive interest claimed by the agent is defeasible at the will of the principal.”

3. It need only be mentioned finally that the Secretary of Labor in his decision of April 23, 1976 and order of January 10, 1977 denying reconsideration in the sister unfair labor practice case and ordering respondent corporation to immediately lift the suspension and reinstate the complainant officers and board members of petitioner union^[6] has likewise adhered to the foregoing basic principles and settled jurisprudence in contrast to respondent director (as well as therein respondent NLRC which similarly adhered to the archaic and illogical view that the officers and board members of petitioner local union committed an “act of disloyalty” in disaffiliating from the mother union when practically all its members had so voted to disaffiliate and the mother union [as mere agent] no longer had any local union or members to represent), ruling that (G)ranting arguendo that the disaffiliation from the NAFLU is a legal cause for expulsion and dismissal, it could not detract from the fact that only 13 individual complainants out of almost 700 members who disaffiliated, were singled out for expulsion and recommended for dismissal. The actuation of NAFLU conclusively constitute discrimination. Since the suspension of the complainants was effected at the instance of NAFLU, it should be held liable to the payment of back wages.”

The Presidential Assistant for Legal Affairs Ronaldo B. Zamora has likewise dismissed as untenable in a similar case respondents’ views that “such maintenance of membership” clause be distorted as intended for the security of the union rather than the security of tenure for the workers”, ruling that “(W)hat is paramount, as it is expressly and explicitly emphasized in an exacting language under the New Constitution, is the security of tenure of the workers, not the security of the union. To impress, therefore, such ‘maintenance of membership’ — which is intended for the security of the union rather than the security of tenure of the workers — as a bar to employees’ changing their affiliation is not only to infringe on the constitutional right of freedom of association, but also to trample upon the constitutional right

of workers to security of tenure and to render meaningless whatever 'adequate social services' the State may establish or maintain in the field of employment 'to guarantee the enjoyment by the people of a decent standard of living.'"^[7]

It is expected that with this decision, any suspension or lay-off of the complainants officers and board members or employees of petitioner union arising from the respondents' misconception of the clearly applicable principles and jurisprudence upholding the primacy of the employees and their freely chosen local union as the true party in interest to the collective bargaining agreement will be forthwith rectified and set aside.

ACCORDINGLY, the petition is granted and the appealed resolution is set aside and petitioner local union is declared to be the sole and exclusive bargaining representative of the employees of respondent corporation entitled to administer and enforce any subsisting collective bargaining agreement with said employer corporation. This decision shall be immediately executory upon its promulgation.

Makasiar, Muñoz Palma, Fernandez and Guerrero, JJ., concur.

Martin, J., took no part.

[1] The term of the agreement is for three years until November 1976, and thereafter to be "deemed renewed from year to year, unless either party gives written notice of its desire to introduce changes."

[2] The names of petitioner union's officers and members as taken from the decision of April 23, 1976 of the Secretary of Labor in the unfair labor practice case, (NLRC Case No. RB-1735-75) which arose out of the same facts and respondents' suspension of the local union's officers and board members are: Hilario Riza, Gumercindo Macapugas, Juanito Anacta, Rodolfo Herrera, Antonio Samaneda, Senen Garcia, Alfredo Gavia, Renato Millama, Jaime Pagkalinawan, Francisco Remegio, Rodolfo Camerino, Conrado Gutierrez and Francisco Sarmiento.

[3] Emphasis supplied.

[4] 66 SCRA 512, 519, Emphasis copied.

[5] 23 SCRA, 465, 471.

[6] See fn. 2 and paragraph 10, page 2 hereof.

[7] Union Chemicals, Inc. vs. National Federation of Labor Unions, UCI Labor Union-NAFLU Aquilino Candelita, et al., NLRC Case No. LR-1045, Office of the President Decision by Presidential Assistant for Legal Affairs Ronaldo B. Zamora, Oct. 5, 1977.

Philippine Copyright © 2005
ChanRobles Publishing Company
www.chanrobles.com