

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**CARLOS P. GALVADORES, ET AL.,
*Petitioners,***

-versus-

**G.R. No. 70067
September 15, 1986**

**CRESENCIANO B. TRAJANO, Director
of the Bureau of Labor Relations,
MANGGAGAWA NG KOMUNIKASYON
SA PILIPINAS (FIWU), PHILIPPINE
LONG DISTANCE COMPANY (PLDT),
and JOSE C. ESPINAS,
*Respondents.***

X-----X

RESOLUTION

MELENCIO-HERRERA, J.:

Petitioner employees of the Philippine Long Distance Telephone Company (PLDT) and members of respondent Free Telephone

Workers Union, now the Manggagawa ng Komunikasyon sa Pilipinas (simply referred to hereinafter as the Union), question the legality of the check-off for attorney's fees amounting to P1 M, more or less, of respondent Atty. Jose C. Espinas (hereinafter referred to as "Respondent Counsel") from the monetary benefits awarded to PLDT employees in a deadlocked collective bargaining agreement negotiations between the PLDT and the Union.

The case stemmed from the following facts:

Respondent Counsel has been the legal counsel of respondent Union since 1964. For his services, he was hired on a case to case contingent fee basis. On September 7, 1983, he received a letter from the Union President reading:

"The Free Telephone Workers Union once again request you to appear as counsel in the on going labor dispute at PLDT. In consideration of your services therein, the union binds itself to compensate you for your fees and expenses therein on a contingent basis. The amount shall be 10% of any improvement, with retroactive effect, of the PLDT's last offer to the deadlock in CBA negotiations which we know will result in a compulsory arbitration. A supporting board resolution will later confirm the letter."^[1]

PLDT's "last offer" referred to on the wage increases was: P230 for the first year of the proposed CBA; P100 for the second year; and P90 for the third year.^[2]

On September 9, 1983, the Minister of Labor and Employment assumed jurisdiction over all unresolved issues in the bargaining deadlock between PLDT and the Union and proceeded to resolve the same by compulsory arbitration.

On October 23, 1983, the Minister of Labor awarded across-the-board wage increases of P330/month effective November 9, 1982; P155/month effective November 9, 1983, and P155/month effective November 9, 1984, in addition to the Christmas bonus of 1-1/2 month pay per employee effective December, 1983, and other fringe benefits.

As will be noted, there were improvements obtained from PLDT's "last offer."

On October 29, 1983, the Executive Board of the Union passed a resolution requesting PLDT to deduct P115.00 per employee for the legal services extended to the Union by Respondent Counsel.

On November 2, 1983, petitioners initially numbering 600 and finally 5,258, filed a letter-complaint before the MOLE through their authorized representative, petitioner Carlos Galvadores, assailing the imposition of P130.00 (later corrected P155.00) per employee as attorney's fees of respondent counsel. Annexed to the complaint were the written statements of the employee authorizing Galvadores to act for and in their behalf. Petitioners took the position that the attorney's fees of respondent counsel were not only unreasonable but also violative of Article 242(o) of the Labor Code; and that the deductions cannot be given legal effect by a mere Board resolution but needs the ratification by the general membership of the Union.

Respondents Union and Counsel, on the other hand, proffered the argument that the attorney's fees being exacted pertained to his services during compulsory arbitration proceedings and cannot be considered as negotiation fees or attorney's fees within the context of Article 242(o) of the Labor Code; and that contrary to petitioners' claim that Respondent Counsel surfaced only as lawyer of the Union when the employees themselves engaged in mass action to force a solution to the deadlock in their negotiations, he appeared continuously from September 8, 1983 until the decision in the case was rendered on October 23, 1983. Petitioners proposed a solution offering to pay P10.00 per employee, but Respondent Counsel refused.

In the meantime, on November 4, 1983, PLDT filed notice that assessment had been withheld from the differential pay due petitioners but that the same would not be turned over to the Union without prior MOLE authority so as not to involve management in the intra-union disagreement.

On February 13, 1984, the Minister of Labor referred the dispute to the Bureau of Labor Relations for being intra-union in nature. Several hearings were held by that Bureau.

On March 22, 1984, the Union filed a Manifestation to the effect that about 6,067 members of the Union ratified the October 29, 1983 resolution of the legislative council in a plebiscite called for that purpose. On the basis thereof, Respondent Counsel moved for the payment of his legal fees under the September 7, 1983 contract.

Petitioners questioned the plebiscite on the ground that question No. 2, which reads:

“Question No. 2. Do you approve of the use of P1 million (P500,000.00 to be withdrawn from PECCI and another P500,000.00 from IBAA) from our CBA negotiation fund together with the attorney’s fees (P1 million) that was collected and to be loaned to the MKP/FTWU, as our counterpart of the seed money to start the housing program as agreed by the PLDT management and our union panel and included in the award of the MOLE?”

was misleading and deceptive as it assumed that there was no dispute regarding the deduction of attorney’s fees from the monetary benefits awarded to PLDT employees.

On February 18, 1985, respondent Director of the Bureau of Labor Relations dismissed petitioners’ complaint for lack of merit reasoning that “the outcome of the plebiscite negates any further question on the right of the union counsel to collect the amount of P115 from each of the employees involved.”

It is this Decision that is assailed by petitioners principally on the ground that the individual written authorization of all the employees must first be obtained before any assessment can be made against the monetary benefits awarded to them pursuant to Article 242(o) of the Labor Code; and that assuming that Respondent Counsel is entitled to attorney’s fees, the same should be taken from Union funds.

In their Comment, respondents Union and Counsel argue that compulsory arbitration is a “mandatory activity” and an exception to Article 242 (o) of the Labor Code, and that the Union members approved the questioned deduction in the plebiscite of January, 1984, under the condition that P1 M of the same would be made available for the Union’s housing project.

In his Comment, the Solicitor General agrees with petitioners that the issue presented is squarely covered by Article 222(b) of the Labor Code, as amended by P.D. No. 1691 so that attorney’s fees, if legally payable, can only be charged against Union funds.

The Court resolved to give due course.

Article 222(b) of the Labor Code provides:

“Article 222. Appearance and Fees.

X x x

“(b) No attorney’s fees, negotiation fees or similar charges of any kind arising from any collective bargaining negotiations or conclusion of the collective bargaining agreement shall be imposed on any individual member of the contracting union; Provided, however, that attorney’s fees may be charged against union funds in an amount to be agreed upon by the parties. Any contract, agreement or arrangement of any sort to the contrary shall be null and void.”

While Article 242 of the same Code reads:

“Art. 242. Rights and conditions of membership in a labor organization. — The following are the rights and conditions of membership in a labor organization:

“X x x

“(o) Other than for mandatory activities under the Code, no special assessment, attorney’s fees, negotiation fees or any other extraordinary fees may be checked off “from

any amount due an employee without individual written authorization duly signed by the employee. The authorization should specifically state the amount, purpose and beneficiary of the deduction.”

The Omnibus Rules Implementing the Labor Code also provide that deductions from wages of the employees may only be made by the employer in cases authorized by law, including deductions for insurance premiums advanced by the employer on behalf of the employees as well as union dues where the right to check-off is authorized in writing by the individual employee himself.^[3]

The provisions are clear. No check-offs from any amounts due employees may be effected without individual written authorizations duly signed by the employees specifically stating the amount, purpose and beneficiary of the deduction. The required individual authorizations in this case are wanting. In fact, petitioner employees are vigorously objecting. The question asked in the plebiscite, besides not being explicit, assumed that there was no dispute relative to attorney’s fees.

Contrary to respondent Union’s and Counsel’s stand, the benefits awarded to PLDT employees still formed part of the collective bargaining negotiations although placed already under compulsory arbitration. This is not the “mandatory activity” under the Code which dispenses with individual written authorizations for check-offs, notwithstanding its “compulsory” nature. It is a judicial process of settling disputes laid down by law. Besides, Article 222 (b) does not except a CBA, later placed under compulsory arbitration, from the ambit of its prohibition. The cardinal principle should be borne in mind that employees are protected by law from unwarranted practices that diminish their compensation without their knowledge and consent.^[4]

ACCORDINGLY, the assailed Decision of February 18, 1985 rendered by respondent Director of the Bureau of Labor Relations, is hereby **SET ASIDE**. The attorney’s fees herein involved may be charged against Union funds pursuant to Article 222(b) of the Labor Code, as may be agreed upon between them.

SO ORDERED.

**Yap, Narvasa, Gutierrez, Jr. and Paras, *JJ.*, concur.
Cruz, *J.*, no part.**

[1] Rollo, p. 51.

[2] Annex "A", Comment.

[3] Section 13, Rule VIII.

[4] Pacific Banking Corp. vs. Clave, 128 SCRA 112 (1984).

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