

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
THIRD DIVISION**

**GENERAL RUBBER AND FOOTWEAR
CORPORATION**

Petitioner,

-versus-

**G.R. No. 76988
January 31, 1989**

**THE HON. FRANKLIN DRILON IN HIS
CAPACITY AS THE MINISTER OF
LABOR & EMPLOYMENT and THE
GENERAL RUBBER WORKERS
UNION-NATU,**

Respondents.

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RESOLUTION

FELICIANO, J.:

The present Petition involves the question of whether or not union members who did not ratify a waiver of accrued wage differentials are bound by the ratification made by a majority of the union members.

On 26 December 1984, Wage Order No. 6 was issued, increasing the statutory minimum wage rate (by P2.00) and the mandatory cost of living allowance (by P3.00 for non-agricultural workers) in the private sector, to take effect on 1 November 1984. Petitioner General

Rubber and Footwear Corporation applied to the National Wages Council (“Council”) for exemption from the provisions of Wage Order No. 6. The Council, in an Order dated 4 March 1985, denied petitioner’s application, stating in part that:

“You are hereby ordered to pay your covered employees the daily increase in statutory minimum wage rate of P2.00 and living allowance of P3.00 effective November 1, 1984.

This Decision is final.”^[1] (Emphasis supplied)

Petitioner filed a Motion for Reconsideration of this Order on 27 May 1985.

On 25 May 1985, some members of respondent General Rubber Workers’ Union — NATU, led by one Leopoldo Sto. Domingo, declared a strike against petitioner.^[2] Three (3) days later, on 28 May 1985, petitioner and Sto. Domingo, the latter purporting to represent the striking workers, entered into a Return-to-Work Agreement (“Agreement”), Article 4 of which provided:

“4. The COMPANY agrees to implement in full Wage Order No. 6 effective May 30, 1985, and agrees to withdraw the Motion for Reconsideration which it filed with the National Wages Council in connection with the Application for Exemption. In consideration, the UNION, its officers and members, agrees not to demand or ask from the COMPANY the corresponding differential pay from November 1, 1984 to May 29 1985 arising out of the non-compliance of said wage order during the said period.”^[3] (Emphasis supplied)

This agreement was subsequently ratified on 30 July 1985 in a document entitled “Sama-samang Kapasyahan sa Pagpapatibay ng Return-to-Work Agreement”^[4] by some two hundred and sixty-eight (268) members of respondent union, each member signing individually the instrument of ratification.

Before the ratification of the Agreement, petitioner filed, on 5 June 1985, a Motion with the Council withdrawing its pending Motion for Reconsideration of the Council’s Order of 4 March 1985. By a letter

dated 13 June 1985, the Council allowed the withdrawal of petitioner's Motion for Reconsideration, which letter in part stated:

“In view of your compliance with Wage Order No. 6 effective May 30, 1985 pursuant to the Return to Work Agreement, this Council interposes no objection to your Motion to Withdraw.”^[5]
(Emphasis supplied)

Meanwhile, there were some one hundred (100) members of the union who were unhappy over the Agreement, who took the view that the Council's Order of 4 March 1985 had become final and executory upon the withdrawal of petitioner's Motion for Reconsideration and who would not sign the instrument ratifying the Agreement. On 10 July 1985, these minority union members with respondent union acting on their behalf, applied for a writ of execution of the Council's Order.^[6] Petitioner opposed the Motion for a writ of execution, contending that the Council's approval of its deferred compliance with the implementation of the Wage Order,^[7] together with the majority ratification of the Agreement by the individual workers,^[8] bound the non-ratifying union members represented by respondent union.

Respondent union countered that the Agreement — despite the majority ratification — was not binding on the union members who had not consented thereto, upon the ground that ratification or non-ratification of the Agreement, involving as it did money claims, was a personal right under the doctrine of *Kaisahan ng Manggagawa sa La Campana vs. Honorable Judge Ulpiano Sarmiento and La Campana*.^[9]

Finding for the Union members represented by respondent union, the then Ministry (now Department) of Labor and Employment, in an order dated 20 September 1985 issued by National Capital Region Director Severo M. Pucan, directed the issuance of a writ of execution and required petitioner to pay the minority members of respondent union their claims for differential pay under Wage Order No. 6, which totalled P90,090.00.^[10]

Petitioner then moved to quash the writ of execution upon the ground that the Council's order could not be the subject of a writ of execution,

having been superseded by the Agreement.^[11] In another Order dated 15 January 1986. Director Pucan, reversed his previous order and sustained petitioner's contention that the minority union members represented by respondent union were bound by the majority ratification, holding that the Council's 20 September 1985 Order sought to be enforced by writ of execution should not have been issued.^[12]

Respondent union filed a Motion for Reconsideration, which was treated as an appeal to the Minister of Labor. In a decision dated 19 December 1986, the Minister of Labor set aside the appealed Order of Director Pucan. The Minister's decision held that:

“It is undisputed that the 100 members did not sign and ratify the Return-to-Work Agreement and therefore they cannot be bound by the waiver of benefits therein. This, in essence, is the ruling of the High Tribunal in the La Campana case. Accordingly, the benefits under Wage Order No. 6 due them by virtue of the final and executory Order of the National Wages Council dated March 4, 1985 subsists in their favor and can be subject for execution.

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The writ of execution dated September 20, 1985 was clearly based on the final Order of the National Wages Council sought to be enforced in a Motion for Execution filed by the union. While the Return-to-Work Agreement was mentioned in the writ, the respondent allegedly failing 'to comply with the above-stated Agreement which had become final and executory,' we find the Agreement indeed not the basis for the issuance of the writ.

WHEREFORE, the Order of the Director dated January 15, 1986 is hereby set aside. Let a writ of execution be issued immediately to enforce the payment of the differential pay under Wage Order No. 6 from November 1, 1984 to May 29, 1985 of the 100 workers who did not sign any waiver, in compliance with the final Order of the National Wages Council.

The entire record is hereby remanded to the Regional Director, National Capital Region for this purpose.

SO ORDERED.”^[13] (Emphasis supplied)

Not pleased with the adverse decision of the Minister, petitioner filed the instant Petition for Certiorari.

Petitioner argues once again that the National Wages Council’s Order of 4 March 1985 did not become final and executory because it had been superseded by the Return-to-Work Agreement signed by petitioner corporation and the union. At the same time, petitioner also argues that the Return-to-Work Agreement could not be enforced by a writ of execution, because it was a contractual document and not the final and executory award of a public official or agency. Petitioner’s contention is more clever than substantial. The core issue is whether or not Article 4 of the Return-to-Work Agreement quoted above, could be deemed as binding upon all members of the union, without regard to whether such members had or had not in fact individually signed and ratified such Agreement. Article 4 of that Agreement provided for, apparently, a quid pro quo arrangement: petitioner agreed to implement in full Wage Order No. 6 starting 30 May 1985 (and not 1 November 1984, as provided by the terms of Wage Order No. 6) and to withdraw its previously filed Motion for Reconsideration with the National Wages Council; in turn, the union and its members would refrain from requiring the company to pay the differential pay (increase in pay) due under Wage Order No. 6 corresponding to the preceding seven-month period from 1 November 1984 to 29 May 1985.

Thus, *Kaisahan ng Manggagawa sa La Campana vs. Sarmiento*, (supra) is practically on all fours with the instant case. In *La Campana*, what was at stake was the validity of a compromise agreement entered into between the union and the company. In that compromise agreement, the union under-took to dismiss and withdraw the case it had filed with the then Court of Industrial Relations, and waived its right to execute any final judgment rendered in that case. The CIR had in that case, rendered a judgment directing reinstatement of dismissed workers and payment of ten (10) years backwages. The Secretary of Labor held that compromise

agreement was void for lack of ratification by the individual members of the union. The Supreme Court upheld the decision of the Secretary of Labor, stating among other things that:

“Generally, a judgment on a compromise agreement puts an end to a litigation and is immediately executory. However, the Rules [of Court] require a special authority before an attorney can compromise the litigation of [his] clients. The authority to compromise cannot lightly be presumed and should be duly established by evidence. (Esso Philippine, Inc. vs. MME, 75 SCRA 91).

As aptly held by the Secretary of Labor, the records are bereft of showing that the individual members consented to the said agreement. Now were the members informed of the filing of the civil case before the Court of First Instance. If the parties to said agreement acted in good faith, why did they not furnish the Office of the president with a copy of the agreement when they knew all the while that the labor case was then pending appeal therein? Undoubtedly, the compromise agreement was executed to the prejudice of the complainants who never consented thereto, hence, it is null and void. The judgment based on such agreement does not bind the individual members or complainants who are not parties thereto nor signatories therein.

Money claims due to laborers cannot be the object of settlement or compromise effected by a union or counsel without the specific individual consent of each laborer concerned. The beneficiaries are the individual complainants themselves. The union to which they belong can only assist them but cannot decide for them. Awards in favor of laborers after long years of litigation must be attended to with mutual openness and in the best of faith. (Danao Development Corp. vs. NLRC, 81 SCRA 487-505). Only thus can we really give meaning to the constitutional mandate of giving laborers maximum protection and security. It is about time that the judgment in Case No. 584-V(7) be fully implemented considering the unreasonable delay in the satisfaction thereof. This unfortunate incident may

only weaken the workmen's faith in the judiciary's capacity to give them justice when due.

x x x."^[14]
(Emphasis supplied)

In the instant case, there is no dispute that private respondents had not ratified the Return-to-Work Agreement. It follows, and we so hold, that private respondents cannot be held bound by the Return-to-Work Agreement. The waiver of money claims, which in this case were accrued money claims, by workers and employees must be regarded as a personal right, that is, a right that must be personally exercised. For a waiver thereof to be legally effective, the individual consent or ratification of the workers or employees involved must be shown. Neither the officers nor the majority of the union had any authority to waive the accrued rights pertaining to the dissenting minority members, even under a collective bargaining agreement which provided for a "union shop." The same considerations of public policy which impelled the Court to reach the conclusion it did in *La Campana*, are equally compelling in the present case. The members of the union need the protective shield of this doctrine not only vis-a-vis their employer but also, at times, vis-a-vis the management of their own union, and at other times even against their own imprudence or impecuniousness.

It should perhaps be made clear that the Court is not here saying that accrued money claims can never be effectively waived by workers and employees. What the Court is saying is that, in the present case, the private respondents never purported to waive their claims to accrued differential pay. Assuming that private respondents had actually and individually purported to waive such claims, a second question would then have arisen: whether such waiver could be given legal effect or whether, on the contrary, it was violative of public policy.^[15] Fortunately, we do not have to address this second question here.

Since Article 4 of the Return-to-Work Agreement was not enforceable against the non-consenting union members, the Order of the National Wages Council dated 4 March 1985 requiring petitioner to comply with Wage Order No. 6 from 1 November 1984 onward must be regarded as having become final and executory insofar as the non-

consenting union members were concerned. Enforcement by writ of execution of that Order was, therefore, proper. It follows further that the decision of 19 December 1986 of the respondent Minister of Labor, far from constituting a grave abuse of discretion or an act without or in excess of jurisdiction, was fully in accordance with law as laid down in La Campana and here reiterated.

WHEREFORE, the Court Resolved to **DISMISS** the Petition for Certiorari for lack of merit. Costs against petitioner.

Fernan, C.J., (Chairman), Gutierrez, Jr., Bidin and Cortes, JJ., concur.

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- [1] Records on Appeal, p. 168.
 - [2] Id., p. 35.
 - [3] Id., p. 34.
 - [4] Id., pp. 9-15. Copies of these two documents were duly filed with the Bureau of Labor Relations on 1 August and 7 August 1985, respectively. Id., p. 8.
 - [5] Id., p. 5.
 - [6] Id., p. 4. There are actually only ninety-nine (99) members listed by respondent union in its application for a Writ of Execution, Id., pp. 20-22.
 - [7] Id., p. 5.
 - [8] Id., p. 16.
 - [9] 133 SCRA 220 (1984).
 - [10] Records on Appeal, p. 24.
 - [11] Id., p. 43.
 - [12] Id., p. 74.
 - [13] Rollo, pp. 23-24.
 - [14] 133 SCRA at 235-236.
 - [15] See Art. 6, Civil Code.