SUPREME COURT
EN BANC

VALENTIN GUIJARNO, HERMINIGILDO DE JUAN, NICOLAS CASUMPANG, ELEUTERIO BOBLO, BENITO GUAVEZ, ARSENIO JEMENA, DIMAS BOCBOCILA, NICOLAS ALAMON, ISMAEL BILLONES, RAYMUNDO ALAMON, SANTIAGO BAÑES, SOFRONIO CONCLARA, ADRIANO BIÑAS, AURELIO ALAMON, SIMEON BERNIL, RESURRECION DIAZ, FELICIANO BELGIRA, FEDERICO BOSQUE, and AGOSTO PULMONES,

***Petitioners*,**

-versus-

G.R. Nos. L-28791-93
August 27, 1973

COURT OF INDUSTRIAL RELATIONS, CENTRAL SANTOS LOPEZ CO., INC. and UNITED SUGAR WORKERS UNION-ILO,

***Respondents*.**

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D E C I S I O N

FERNANDO, *J.*:

The failure of respondent Court of Industrial Relations to order the reinstatement of petitioners to their employment gave rise to this appeal by way of *certiorari*. The need for resort to this Court could have been obviated had there been no such marked inattention to the authoritative principle that a closed-shop provision of a collective bargaining contract is not to be applied retroactively for, at the time the decision was rendered on November 2, 1967 and its affirmance by a resolution of respondent Court en banc on January 22, 1968, such a doctrine was controlling and did call for application. So it was indicated in the leading case of Confederated Sons of Labor vs. Anakan Lumber Co.,[1] a 1960 decision. As a matter of law then, the stand of petitioners is well-nigh impregnable. It would follow that their appeal must be sustained and respondent Court must be reversed.

Three unfair labor practice cases for unlawful dismissal allegedly based on legitimate union activity were filed against respondent Central Santos Lopez Co., Inc. and respondent United Sugar Workers Union-ILO, with eight of the present petitioners as complainants in the first,[2] six of them in the second,[3] and five, in the third.[4] There was a consolidated hearing and a consolidated decision not only for convenience, but also due to there being hardly any difference as to the nature of the alleged grievance and the defense of management. There was no question about the expulsion from respondent labor union of the former. In view of a closed-shop provision in the then existing collective bargaining contract, respondent Central Santos Lopez Co., Inc. assumed it had to dismiss them. So it was noted in the decision of the then associate Judge Joaquin M. Salvador of respondent Court. Thus: "The respondent company, in its answer, alleged that the only reason for the dismissal of the complainants herein is because their said dismissal was asked by the USWU-ILO of which union respondent company has a valid and existing collective bargaining contract with a closed-shop provision to the effect that those laborers who are no longer members of good standing in the union may be dismissed by the respondent company if their dismissal is sought by the union; that respondent company has never committed acts of unfair labor practice against its employees or workers much less against the complainants herein but that it has a

solemn obligation to comply with the terms and conditions of the contract; and that a closed-shop agreement is sanctioned under this jurisdiction for such kind of agreement is expressly allowed under the provisions of Republic Act 875 known as the Industrial Peace Act and the dismissal of complainants is merely an exercise of a right allowed by said law."[5] There was no question, however, as to petitioners having been employed by such respondent Company long before the collective bargaining contract, the first instance noted being that of Resurrecion Diaz, who was in the service as far back as 1928;[6] Santiago Bañez, as far back as 1929;[7] Dimas Bocbocila, as far back as 1933;[8] Simeon Bernil, as far back as 1935;[9] Aurelio Alamon, as far back as 1936;[10] Valentin Guijarno, as far back as 1937;[11] Benito Guavez, as far back as 1938;[12] Raymundo Alamon, as far back as 1939;[13] Eleuterio Boblo, Nicolas Alamon, Sofronio Conclara, Adriano Biñas and Federico Bosque, as far back as 1947;[14] Herminigildo de Juan and Nicolas Casumpang, as far back as 1948;[15] Agosto Pulmones, as far back as 1949;[16] and Feliciano Belgira, as far back as 1954.[17]

In the decision of respondent Court, there was an acknowledgment of the prior existence of such employment relationship. Nonetheless, the conclusion reached, both by the trial judge and then by respondent Court en banc was that the dismissal was justifiable under the closed-shop provision of the collective bargaining agreement. Hence, this petition for review, which, as noted at the outset, is impressed with merit.

1. The authoritative doctrine that a closed-shop provision in a collective bargaining agreement is not to be given a retroactive effect so as to preclude its being applied to employees already in the service, is traceable, as set forth in the opening paragraph of this opinion, to the leading case of Confederated Sons of Labor vs. Anakan Lumber Co.[18] decided in April of 1960. In discussing the particular stipulation in the contract, it was made clear in the opinion of the then Justice, later Chief Justice, Concepcion: "In order that an employer may be deemed bound, under a collective bargaining agreement, to dismiss employees for non-union membership, the stipulation to this effect must be so clear and unequivocal as to leave no room for doubt thereon. An

undertaking of this nature is so harsh that it must be strictly construed, and doubts must be resolved against the existence of 'closed shop'."[19] Less than a year later, to be more precise, on January 28, 1961, in Freeman Shirt Manufacturing Co., Inc. vs. Court of Industrial Relations,[20] this Court, speaking through Justice Gutierrez David, went further. Thus: "The closed-shop agreement authorized under sec. 4, subsec. a(4) of the Industrial Peace Act above quoted should however, apply to persons to be hired or to employees who are not yet members of any labor organization. It is inapplicable to those already in the service who are members of another union. To hold otherwise, i.e., that the employees in a company who are members of a minority union may be compelled to disaffiliate from their union and join the majority or contracting union, would render nugatory the right of all employees to self-organization and to form, join or assist labor organizations of their own choosing, a right guaranteed by the Industrial Peace Act (sec. 3, Rep. Act No. 875) as well as by the Constitution (Art. III, sec. 1[6])."[21] Thereafter, in Kapisanan Ng Mga Mangagagawa Ng Alak vs. Hamilton Distillery Company,[22] this Court, again speaking through the former, minced no words in characterizing a stipulation that would allow a dismissal of those already employed as "null and void."[23] In 1967, this time already elevated to his position as head of the Court, Chief Justice Concepcion in Salunga vs. Court of Industrial Relations[24] did stress that while "generally, a state may not compel ordinary voluntary associations to admit thereto any given individual, because membership therein may be accorded or withheld as a matter of privilege, the rule is qualified in respect of labor unions holding a monopoly in the supply of labor, either in a given locality, or as regards a particular employer with which it has a closed-shop agreement."[25] He continued: "Consequently, it is well settled that such unions are not entitled to arbitrarily exclude qualified applicants for membership, and a closed-shop provision would not justify the employer in discharging, or a union in insisting upon the discharge of, an employee whom the union thus refuses to admit to membership, without any reasonable ground therefor. Needless to say, if said unions may be compelled to

admit new members, who have the requisite qualifications, with more reason may the law and the courts exercise the coercive power when the employee involved is a long standing union member, who, owing to provocations of union officers, was impelled to tender his resignation, which he forthwith withdrew or revoked. Surely, he may, at least, invoke the rights of those who seek admission for the first time, and can not arbitrarily be denied readmission."[26]

Nothing can be clearer therefore than that this Court looks with disfavor on a provision of this character being utilized as an excuse for the termination of employment. To complete the picture, mention should be made of Elegance, Inc. vs. Court of Industrial Relations,[27] where this Court, through the present Acting Chief Justice Makalintal, harked back to Freeman Shirt Manufacturing Co., Inc. vs. Court of Industrial Relations[28] to stress the point of non-retroactivity. What should be immediately apparent, but unfortunately respondent Court seemed to have closed its eyes to it, is that when the decision was rendered by the trial judge on November 2, 1967 and affirmed with the Court sitting en banc on January 22, 1968, the controlling doctrine to which deference ought to have been paid was that petitioners should not have been dismissed.

2. Nor is there anything unusual in this Court's adherence with remarkable consistency to such a basic doctrine. The obligation was categorically imposed on the State, under the 1935 Constitution, to "afford protection to labor, especially to working women and minors."[29] That is to carry out the purpose implicit in one of the five declared principles, namely, the promotion of social justice "to insure the well-being and economic security of all the people."[30] It is then the individual employee, as a separate, finite human being, with his problems and his needs, who must be attended to. He is the beneficiary of the concern thus made manifest by the fundamental law. The present Constitution is even more explicit on the matter. The principle that the State shall promote social justice is categorically based on the concept of insuring "the dignity, welfare, and security of all the

people."[31] Insofar as the provision on the State affording protection to labor is concerned, it is further required to "promote full employment and equality in employment, ensure equal work opportunities regardless of sex, race, or creed, and regulate the relations between workers and employers. The State shall assure the rights of workers to self-organization, collective bargaining, security of tenure, and just and humane conditions of work."[32] Where does that leave a labor union, it may be asked. Correctly understood, it is nothing but the means of assuring that such fundamental objectives would be achieved. It is the instrumentality through which an individual laborer who is helpless as against a powerful employer may, through concerted effort and activity, achieve the goal of economic well-being. That is the philosophy underlying the Industrial Peace Act.[33] For, rightly has it been said that workers unorganized are weak; workers organized are strong. Necessarily then, they join labor unions. To further increase the effectiveness of such organizations, a closed-shop has been allowed.[34] It could happen, though, that such a stipulation which assures further weight to a labor union at the bargaining table could be utilized against minority groups or individual members thereof. There are indications that such a deplorable situation did so manifest itself here. Respondent Court, it would appear, was not sufficiently alert to such a danger. What is worse, it paid no heed to the controlling doctrine which is merely a recognition of a basic fact in life, namely, that power in a collectivity could be the means of crushing opposition and stifling the voices of those who are in dissent. The right to join others of like persuasion is indeed valuable. An individual by himself may feel inadequate to meet the exigencies of life or even to express his personality without the right to association being vitalized. It could happen though that whatever group may be in control of the organization may simply ignore his most-cherished desires and treat him as if he counts for naught. The antagonism between him and the group becomes marked. Dissatisfaction if given expression may be labeled disloyalty. In the labor field, the union under such circumstances may no longer be a haven of refuge, but

indeed as much of a potential foe as management itself. Precisely with the Anakan doctrine, such an undesirable eventuality has been sought to be minimized, if not entirely avoided. There is no justification then, both as a matter of precedent and as a matter of principle, for the decision reached by respondent Court.

3. Now as to the remedy to which petitioners are entitled. Clearly, they should be reinstated with back pay. In Salunga vs. Court of Industrial Relations,[35] reinstatement was ordered but it was the labor union that was held liable for the back wages. That is a rule dictated by fairness because management, in this case respondent Central Santos Lopez Company, Inc., would not have taken the action it did had it not been for the insistence of the labor union seeking to give effect to its interpretation of a closed shop provision. As we decided then, so do we now. These words of the Chief Justice in Salunga carry persuasion: "Just the same, having been denied readmission into the Union and having been dismissed from the service owing to an unfair labor practice on the part of the Union, petitioner is entitled to reinstatement as member of the Union and to his former or substantially equivalent position in the Company, without prejudice to his seniority and/or rights and privileges, and with back pay, which back pay shall be borne exclusively by the Union. In the exercise of its sound judgment and discretion, the lower court may, however, take such measures as it may deem best, including the power to authorize the Company to make deductions, for petitioner's benefit, from the sums due to the Union, by way of check off or otherwise, with a view to executing this decision, and, at the same time effectuating the purposes of the Industrial Peace Act."[36]

WHEREFORE, the decision of respondent Court of November 2, 1967 and the resolution of respondent Court en banc sustaining the same of January 2, 1968 are hereby reversed. Respondent Central Lopez Co., Inc. is hereby ordered to reinstate petitioners to the positions they occupied prior to their illegal dismissal, with back wages to be paid by respondent United Sugar Workers Union-ILO,

deducting therefrom whatever wages they may have earned in the meanwhile. With costs against private respondents.

Makalintal, *Acting C.J.*, Castro, Teehankee, Makasiar, Antonio and Esguerra, *JJ* ., concur.
Barredo, *J.*, did not take part.
Zaldivar, *J.*, is on official leave.

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[1] 107 Phil. 915.
[2] The eight complainants in Case No. 81-ULP-Iloilo now L-28791, are the following: Valentin Guijarno, Herminigildo de Juan, Nicolas Casumpang, Eleuterio Boblo, Benito Guavez, Arsenio Jemena, Dimas Bocbocila and Nicolas Alamon.
[3] The six complainants in Case No. 88-ULP-Iloilo, now L-28792, are the following: Ismael Billones, Raymundo Alamon, Santiago Baries, Sofronio Conclara, Adriano Billas and Aurelio Alamon.
[4] The five complainants in Case No. 89-ULP-Iloilo, now L-28793, are the following: Simeon Bernil, Ressurrecion Diaz, Feliciano Belgira, Federico Bosque and Agosto Pulmones.
[5] Decision, Annex A of Petition, 3-4.
[6] Ibid, 27.
[7] Ibid, 19.
[8] Ibid, 11.
[9] Ibid, 20.
[10] Ibid, 18.
[11] Ibid, 5.
[12] Ibid, 6.
[13] Ibid, 15.
[14] Ibid, 8, 12, 13, 17 and 24.
[15] Ibid, 4 and 12.
[16] Ibid, 25.
[17] Ibid, 23. Petitioner Arsenio Jemena did not specify his date of employment, and petitioner Ismael Billones was not presented as a witness, but it would appear that no question as to their having been in the employment at the time of the collective bargaining contract could seriously be raised.
[18] 107, Phil. 915.
[19] Ibid, 919.
[20] L-16561, January 28, 1961, 1 SCRA 353.
[21] Ibid, 356.
[22] L-18112, October 30, 1962, 6 SCRA 367.
[23] Ibid, 372. Cf. Findlay Millar Timber Com. vs. Phil. Land-Air-Sea Labor Union, L-18217 and L-18222, September 29, 1962, 6 SCRA 227; United States Lines Co. vs. Associated Watchmen & Security Union, L-15508, June 29, 1963, 8 SCRA 326; National Brewery & Allied Industries Labor Union of

the Phil. vs. San Miguel Brewery, Inc., L-18170, August 31, 1963, 8 SCRA 805; Phil. Steam Navigation Co. v Phil. Marine Officers Guild, L-20667 and L-20669, October 29, 1965, 15 SCRA 174; Rizal Labor Union vs. Rizal Cement Co., Inc., L-19779, July 30, 1966, 17 SCRA 858.

[24] L-22456, September 27, 1967, 21 SCRA 216.

[25] Ibid, 222-223.

[26] Ibid, 223. Cf. Seno vs. Mendoza, L-20565, November 29, 1967, 21 SCRA 1124.

[27] L-24096, April 20, 1971, 38 SCRA 382.

[28] L-16561, January 28, 1961, 1 SCRA 353.

[29] Art. XIV, Sec. 6.

[30] Art. II, Sec. 5 of the 1935 Constitution.

[31] Art. Il, Sec. 6 of the revised Charter reads in full: "The State shall promote social justice to ensure the dignity, welfare, and security of all the people. Towards this end, the State shall regulate the acquisition, ownership, use, enjoyment, and disposition of private property, and equitably diffuse property ownership and profits."

[32] Art. II, Sec. 9 of the revised Constitution.

[33] Republic Act No. 875 (1953).

[34] A proviso in Sec. 4, par. (a)(4) reads as follows: "That nothing in this Act or in any other Act or statute of the Republic of the Philippines shall preclude an employer from making an agreement with a labor organization to require as a condition of employment membership therein, if such labor organization is the representative of the employees as provided in Section twelve, but such agreement shall not cover members of any religious sects which prohibit affiliation of their members in any such labor organization." As amended by Republic Act No. 3350 (1961).

[35] L-22456, September 27, 1967, 21 SCRA 216.

[36] Ibid, 225.