

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
EN BANC**

**INDUSTRIAL – COMMERCIAL –  
AGRICULTURAL WORKERS  
ORGANIZATIONS (ICAWO) and/or  
FEDERICO G. LOZADA, DELIMON  
DIESTRO, SALVADOR AZORES,  
TOMAS BESO, ANTERO BESO,  
DAMIANO DICHOSA, SEBASTIAN  
SALEM TELESFORO BUCAYAN, and  
RICARDO DICHOSA,**

*Petitioners,*

*-versus-*

**G.R. No. L-17422  
February 28, 1962**

**CENTRAL AZUCARERA DE PILAR  
and/or ANTONIO BELZARENA,  
CENTRAL AZUCARERA DE PILAR  
ALLIED WORKERS ASSOCIATION  
(CAPAWA) and/or EMILIO RASCO, and  
COURT OF INDUSTRIAL RELATIONS,**

*Respondents.*

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**DECISION**

**BARRERA, J.:**

The sole controversy involved in this Petition to Review on *Certiorari* the Decision of the Court of Industrial Relations dated December 29, 1959 as well as its resolution en banc dated February 24, 1960 (in CIR Case No. 74-ULP), concerns the interpretation of a so-called union shop clause in the questioned collective bargaining agreement which reads as follows:

“The EMPLOYER agrees that in hiring unskilled employees and laborers, the members of the WORKERS ASSOCIATION should be given preference and the Management should notify accordingly to the WORKERS ASSOCIATION of any vacancy existing in all Departments. New employees and laborers hired who are not members of the WORKERS ASSOCIATION will be on TEMPORARY STATUS and the EMPLOYER agrees that before they will be considered regular employees laborers they have to become members of the CENTRAL AZUCARERA DE PILAR ALLIED WORKERS’ ASSOCIATION within thirty (30) days from the date of employment and if they refuse to affiliate with the said labor organization within this time they will be immediately dismissed by the EMPLOYERS.”

The facts pertinent to the issue presented herein, briefly stated, are:

Petitioners Federico G. Lozada, Delimon Diestro, Salvador Azores, Tomas Beso, Antero Beso, Damiano Dichosa, Sebastian Salem, Telesforo Bucayan and Ricaredo Dichosa, before their dismissal on March 7, 1956, were employed in the Central Azucarera de Pilar located in the municipality of President Roxas, Capiz, even prior to the resumption of its operations in 1947. At that time, petitioners were members of the local chapter of the Allied Workers Association (AWA), a duly registered labor organization with main office in Bacolod, Negros Occidental, and with which the Central had a collective bargaining agreement. Subsequently, or on June 10, 1954, the Central’s workers dissolved the AWA chapter in Capiz, and instead organized the branch into an independent unit known as the Central Azucarera de Pilar Allied Workers Association (CAPAWA). This dissolution of the AWA chapter and the organization of the CAPAWA were approved by a resolution adopted in a meeting of the AWA members by a vote of the majority, by virtue of which the AWA members automatically became members of the CAPAWA.

In October, 1955, the CAPAWA, as the sole collective bargaining agent, and the Central entered into a 2-year collective bargaining agreement containing the union-shop clause hereinabove quoted.

One month thereafter or in November, 1955, some members of the CAPAWA among whom were the herein petitioning workers, organized the petitioner-union Industrial, Commercial, and Agricultural Workers Organization (ICAWO). This new organization then demanded that it be recognized by the Central as the sole collective bargaining agency, and that a collective bargaining agreement be entered into with it. The Central called attention to the existing agreement it had with the CAPAWA and refused the demand of the ICAWO. The members of the latter union thereupon went on strike, but the same was settled and the strikers were allowed to return to work upon agreement that a certification election be requested from the Department of Labor. On the other hand, the CAPAWA, not being agreeable to this settlement, demanded of the Central the enforcement of the "union-shop clause" contained in its collective bargaining agreement and insisted that the petitioners be dismissed unless they re-affiliate with it and disassociate themselves from the ICAWO. As the petitioners refused to do so, the Central was constrained to dismiss them. Hence, the filing of the complaint for unfair labor practice in the Court of Industrial Relations against the Central and the CAPAWA, charging them of causing petitioners ICAWO members' discharge due to union activities.

The Court of Industrial Relations, in its decision and resolution appealed from, found that the provisions of the collective bargaining agreement with the CAPAWA empowered said union to demand, and authorized the Central to order, the dismissal of the petitioners-ICAWO members for having proven disloyal to the CAPAWA, and for losing their status as members of good standing in the latter union.

The issue herein presented is not new. The same has been resolved in the case of *Confederated Sons of Labor vs. Anakan Lumber Company, et al.* 107 Phil., 915, promulgated on April 29, 1960. In said case, the so-called union or close shop agreement is of the following tenor:

“That the UNION shall have the exclusive right, and privilege to supply the COMPANY with such laborers, employees and workers as are necessary in the logging, mechanical, sawmill, office, logponds, motor pools, security guards and all departments in its many phases of operations, excepting such positions which are highly technical and confidential in character and/or such positions which carry the exercise of authority in the interest of the COMPANY which exercise is not merely clerical or routinary within the contemplation of the law, and that the COMPANY agrees to employ or hire in any of its departments only such person or persons who are members of the UNION.”

Construing the import and extent of said clause, this Court ruled that it did not establish a true or complete “close shop”, in the sense that it authorized the dismissal of members of the union who, after the execution of the collective bargaining contract, ceased to be members of such union. It was also held that in order to effect such a result, if intended, there should be a clear and unequivocal statement that the loss of the status of a member of good standing in the union shall be a cause for dismissal:

“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’. Referring particularly to the above-quoted Article II, we note that the same establishes the exclusive right of respondent union to ‘supply’ laborers etc., and limits the authority of the company to ‘employ or hire’ them. In other words, it requires that the laborers, employees and workers hired or employed by the company be members of respondent union at the time of the commencement of the employer-employee relation. Membership in respondent union is not a condition for the continuation of said relation or for the retention of a laborer or employee engaged either before said agreement or while he was a member of said union.”

It should be noted that in the alleged union-shop clause relied upon by the lower court and quoted at the beginning of this opinion, there is absolutely nothing to show that such was the intention of the parties. It merely provides that in the hiring of unskilled employees and laborers, the members of the CAPAWA, should be given preference; and that new employees or laborers who are not members of the CAPAWA would have temporary status; that before they could be considered regular employees, they have to become members of the CAPAWA within 30 days from the date of their employment; and if they refuse to be affiliated with the union, they would be immediately dismissed.

This clause, as may be seen, refers to future or new employees or laborers. Nothing, however, is provided with respect to old employees or laborers already in the employ of the Central, whether members of the CAPAWA or not. There is, likewise, no requirement whatsoever on union members to remain as such under pain of being dismissed.

We find, therefore, the ruling in the Confederated Sons of Labor case, *supra*, controlling in the present controversy.

In the view that we have taken of this case, it becomes unnecessary to discuss the other points raised by the petitioners herein.

We take note of the fact that the dismissal of herein petitioners was upon demand of the CAPAWA and before the promulgation of the decision in the case of Confederated Sons of Labor vs. Anakan Lumber Company, *supra*, and, therefore, was done by the Company in good faith.

**WHEREFORE**, the Decision and Resolution appealed from the hereby reversed, and judgment is entered herein ordering the reinstatement of petitioners-members of the ICAWO to their former positions in the Central. Without costs. So ordered.

**Bengzon, C.J., Padilla, Bautista Angelo, Labrador, Concepcion, Reyes, J.B.L., Paredes, Dizon and De Leon, JJ., concur.**