

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
EN BANC**

**VEDASTO JESALVA, DOMINADOR
MARCOS, and AURELIO MARCOS,
*Petitioner,***

-versus-

**G.R. Nos. 11928-11930
March 24, 1959**

**THE HON. Judge JOSE S. BAUTISTA of
the Court of Industrial Relations, and
PREMIERE PRODUCTIONS, INC.,
*Respondents.***

X-----X

DECISION

LABRADOR, J.:

Appeal by Certiorari against a final Order of dismissal by the Court of Industrial Relations of its cases Nos. 598-V and 598-V(1) to 598-V(16) based on a compromise agreement, copy of which attached to the answer of respondent Premier Productions, Inc., executed by and between the said Corporation and the Philippine Movie Pictures Association, whereby the parties agreed: (1) that the Corporation shall pay to the Union or its employees may have against the Premier Productions, Inc.; (2) that the Corporation leases to the Union its equipment and facilities to enable the Union to produce and process two moving pictures; and (3) that in consideration of the above, all

pending petitions and cases filed by the Union in the Court of Industrial Relations against the Corporation and its officers arising out of a labor dispute, particularly cases Nos. 598-V, 598-V(1), 598-V(3), 598-V(4), 598-V(6), 598-V(8), 598-V(10), 598-V(11), 598-V(12), 598-V(15), and 598-V(16), as well as all their pending incidents, be withdrawn and dismissed, including pending executions, levy, attachment, and garnishment of the properties and equipment of the Corporation, etc.

The petitioner in the above-entitled cases are the same in each and everyone of three appealed cases, namely, CIR No. 598-V in which the Union had an overtime claim for approximately P200,000; CIR No. 598-V(3), in which petitioners therein has secured a judgment for reinstatement and for the payment of back wages, which judgment was already in the process of execution; CIR No. 598-V(6), for claims amounting to P100,000 pending trial and resolution. It is claimed by petitioners in these three cases (1) that the Union which took part in the compromise agreement had lost its personality; (2) that the agreement deprives a worker claiming for unpaid overtime work performed of the payment of the same against his will; (3) that the agreement is illegal insofar as it reduced the fees of their attorneys previously determined by the same court upon a final judgment, against the attorneys' will.

The case between the Premier Productions, Inc. and the Philippine Movie Pictures Workers Association had come to us on three occasions, namely, in cases G. R. Nos. 92 Phil. 843; L-7338, 97 Phil.; and L-8048, June 30, 1955. In the decisions rendered by us in the first two of the above cases, we had ordered the reinstatement of the workers to their former positions in the Corporation, and in the third one, aside from a decision ordering the reinstatement of the workers and the payment of their back wages, execution had issued. It will be seen, however, that the compromise agreement covers not only cases pending trial or appeal but also cases in which orders of execution had been issued, and the question that is posed before the Court is whether at any stage of the proceedings, especially in the last instance, compromise may still be agreed upon by and between the parties.

The settlement of cases in court is authorized and even encouraged by express provision of law (Articles 2028 and 2029, Civil Code; Republic of the Philippines vs. Villarosa, 103 Phil., 631; 54 Off. Gaz., [24] 6249. The law does not limit compromises to cases about to be filed or cases already pending in courts. That a compromise may be effected even after final judgment is impliedly authorized by Article 2040 (Civil Code). The policy of the law contained in the above provisions is also adopted in Section 27 of the Industrial Peace Act which expressly orders “that the Judges of the Court shall call both parties to the dispute and make every attempt to help them reach a just and speedy solution by mutual agreement.”

It is to be noted that there appears to be no limitation on the right to compromise, such as the one claimed by petitioners to exist (that there was already a final executory judgment in favor of the petitioners). We can see no reason for limiting the right of compromise to pending cases, excluding therefrom those already in the process of execution. And when, as in this case, no less than seventeen cases had been filed and were pending between the parties, in different stages of hearing or execution before the court, a compromise of all of them, whether pending or executory, was not practical and convenient. Besides, as the cases are related with each other, it cannot be claimed that that which had already reached the stage of execution should be taken away from the field of compromise. We, therefore, find no legitimate objection to the compromise as entered into, embracing all the seventeen cases pending between the parties even if some of the members of the Union were personally prejudiced by such a compromise agreement. The nature of a compromise agreement is such that a party must give up some of the rights that he has, in consideration of the same act on the part of the other side.

The second argument made on behalf of the petitioners is that the Union had already lost its personality because it has failed to comply with the requirements of Republic Act No. 557. In answer it must be stated that the cases were filed by the Union at a time when it still had legal existence. Petitioners have not shown any reason or ground for their contention that the Union has ceased to have a legal personality because it failed to comply with the provisions of Republic Act No. 875. There is no evidence in the record of any act or fact which may

have operated to deprive the Union of the legal personality that it had at the time it instituted the action. Besides, if the Union had a personality at the time when it brought the cases in court, it is presumed to have continued to have that personality, there being no evidence to the contrary. Furthermore, it would be unjust and unfair to declare the compromise null and void simply because a new law has taken effect which has changed the legal requirements for labor unions to exist. If the Union had a personality at the time it brought the action and during the pendency of the action, the change in the law which may have required the Union to comply with other regulations in order to establish a personality under the new law would not render the acts of the said Union in the pending cases in which it is a party null and void.

The last objection to the agreement was the fact that the rights of the counsel which represented the Union had previously been determined in the final judgment. The rights of lawyers to the fees due them for services in a litigation cannot have a higher standing than the rights of the clients or the parties themselves. Lawyers' rights may not be invoked by some of the parties as a ground for disapproving the compromise. The lawyer affected can enforce his rights in a proper proceeding in accordance with the Rules, but said rights may not be used to prevent the approval of the compromise.

Lastly, the parties in the cases which were the subject of the compromise agreement were the Premier Productions, Inc. and the Union. The petitioners in these cases are merely members of the Union and are bound by the actions of the Union, that is to say, a majority of the members of the Union. If the petitioners feel that they have been deprived of their personal rights under the judgment that they have obtained, which judgments had become executory, because the sums to which they are entitled under the judgments object of the compromise had been reduced, the remedy does not lie in questioning the validity of the compromise agreement, but in compelling the Union of which they are members to give them a share in the proceeds of the compromise agreement equal or equivalent to that recognized in the judgments.

Premises considered, we find that there is not merit in the petitions in the above-entitled cases and the same are hereby dismissed, with costs against petitioners.

Paras, C.J., Bengzon, Padilla, Montemayor, Reyes, Bautista Angelo, Reyes and Endencia, JJ., concur.

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