

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**LIBERTY MANUFACTURING
WORKERS UNION,** *Petitioner,*

-versus-

**G.R. No. L-35252
November 29, 1972**

**THE COURT OF FIRST INSTANCE OF
BULACAN, 5th JUDICIAL DISTRICT,
AND THE LIBERTY MANUFACTURING
CORPORATION,** *Respondents.*

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DECISION

TEEHANKEE, J.:

The issues in this direct appeal from a dismissal order of the court of first instance of Bulacan concern petitioner union's capacity and legal interest to file a single suit to recover termination pay for and on behalf of fifty-seven (57) union members, whose services as rank-and-file workers were allegedly unduly terminated by respondent corporation without the requisite notice effective December 31, 1971, with P5,000. — actual damages and 25% attorney's fees, and whether the court of first instance has jurisdiction over the complaint on the basis of the totality of the sums claimed in the aggregate amount of

P22,189.00 which individually range for each employee from P221.00 to P750.75.

Said issues having been adversely resolved by respondent court which granted respondent corporation's motion to dismiss, petitioner-union filed on July 24, 1972 this petition for review, which the Court ordered treated as a special civil action per resolution of August 1, 1972, Summons was issued and respondent corporation filed its answer in due course.

At the hearing of the case scheduled for September 19, 1972, the parties moved and were granted leave to file their memoranda in lieu of oral argument. Petitioner duly filed its memorandum, and after respondent's failure to do so within its extended period which expired on October 4, 1972, the case was deemed submitted for decision.

Respondent court's order of dismissal of April 22, 1972 recounted that respondent corporation "filed a motion to dismiss on two grounds, namely: First, that the Court has no jurisdiction over the complaint and secondly, that the plaintiff labor union is not the real party in interest," correctly stating that "(T)he complaint lists the (57) employees whose services have been terminated and the amount they are entitled to as their termination pay. However, none of the claims of each individual employee exceeds the amount of P1,000.00, and for this reason defendant maintains that this Court has no jurisdiction over the subject matter it being less than P10,000.00,^[1] and furthermore, the complaint is filed in the name of the labor union and not in the name of each individual employee."^[2]

Respondent court, however, rejected petitioner-union's citation of the precedent of National Brewery & Allied Industries Labor Union (PAFLU) vs. San Miguel Brewery Inc.,^[3] stating that "in that case the Supreme Court made the following observations:

"We are of the opinion that the complaint filed by the union comes the jurisdiction of the court a quo for the same is based upon the collective bargaining agreement concluded between the union and the company. Before the conclusion of said agreement, the members of the union, and for that matter any employee of the company, did not enjoy the benefit of payment

of their basic daily wage even if they should attend or participate in a Labor Day parade held on Labor Day, since this right was only recognized when that agreement was concluded. The basis of the right which is sought to be enforced is the agreement itself and not the wages to be collected. The situation would be different if the purpose of the action were merely to collect wages that ordinarily accrue to members of the union because of work or services rendered in connection with their employment where the union to which the members belong would have no personality to sue for said services in their behalf because in that case the real parties in interest would be the laborers or employees themselves. Not so when the wages accrue mainly on the strength of an agreement entered into between the union and the company, as is the instant case. The action then may be brought in the name of the union that has obliged itself to secure those wages for its members. In this sense, the cases cited by the company are inapplicable.”

Respondent court therefore concluded that “(I)n view of the above ruling of our Supreme Court, inasmuch as the claim in this case is not based on a collective bargaining agreement concluded by the union and the company, but is based on a provision of law and the law grants the benefits to the employees whose services are terminated and not to the labor union, it is obvious therefore that the labor union is not the real party in interest but each individual employee whose service was terminated. Furthermore, inasmuch as the claim of the individual employees as listed in the complaint of the plaintiff is less than P1,000.00,^[4] it is outside the jurisdiction of this Court,” and dismissed the case without costs.

The Court finds merit in petitioner union’s appeal.

Petitioner union in its complaint had duly alleged that it “is the duly recognized bargaining union who has members among the rank and file workers and/or employees of (respondent) corporation;” and that “among those union members of (petitioner) are the fifty-seven (57) employees of (respondent) and who were all unduly terminated effective December 31, 1971, without due notices and causes thereon (sic).” The complaint specifically listed the names of the 57 employees beneficiaries of the suit, their respective “date of employment,”

“length of service rendered” (from 1 to 7 years), “wages” at the basic daily rate of P8.25, and claimed “collectible termination pay” for each of them ranging from P221.00 to P750.75 for total of P22,189.25.

Respondent court’s error was in ruling out any cause of action on the part of petitioner union since “it is not the real party in interest but each individual employee whose service was terminated” and disregarding the plain fact spelled out in the complaint that petitioner union was filing not a personal suit on its own behalf but a representative suit for the benefit of its 57 members expressly named in the complaint in the respective amounts set out opposite their respective names. As held in the recent analogous case of City Council of Cebu vs. Cuizon,^[5] “(T)he lower court’s fundamental error was in treating plaintiffs’ complaint as a personal suit on their own behalf and applying the test in such cases that plaintiffs should show personal interest as parties who would be benefited or injured by the judgment sought. Plaintiffs’ suit is patently not a personal suit, Plaintiffs clearly and by the express terms of their complaint filed the suit as a representative suit on behalf and for the benefit of the city of Cebu.”

Respondent court likewise disregarded the rationale of the very case of San Miguel Brewery, cited by it, supra, wherein the Court therein held that the provisions of Rule 3, section 3, of the Rules of Court authorize a union (like petitioner) to file such a representative suit in the Manila court of first instance for the benefit of its members in the interest of avoiding an otherwise cumbersome procedure of joining all union members in the complaint, even if they number by the hundreds, as follows:

“In this respect, we find pertinent Section 3 of Rule 3 of our Rules of Court, wherein it is provided, among others, that a party with whom or in whose name a contract has been made for the benefit of another may sue or be sued without joining the party for whose benefit the action is presented or defended even if the court may at its discretion order such beneficiary to be made also a party. This provision fittingly applies to this case. The union is the party with whom or in whose name the collective bargaining agreement in question has been entered into for the benefit of its members and, in line with the above

rule, the union may sue thereon without joining the members for whose benefit the action has been presented. This is especially so when to join said members would be cumbersome because they amount to more than 600. Verily, the court a quo erred in ordering the dismissal of the complaint on the grounds invoked by the company.”^[6]

In *Itogon-Suyoc Mines, Inc. vs. Sañgilo-Itogon Workers Union in behalf of Bartolome Mayo, et al.*,^[7] the Court, citing *San Miguel Brewery*, acknowledged that each one of the 107 dismissed employees therein involved “has a cause of action arising from his particular dismissal. And the cause of action of one is separate and distinct from the others. Although, of course, they may be joined and brought in the name of the union” as was precisely done therein.

Rule 3, section 3 thus recognizes the right and capacity of petitioner union to file the herein representative suit for the benefit of its 57 members.^[8] In the case at bar, respondent court need not even exercise the prerogative given it by the Rule “at any stage of the proceedings (to) order such beneficiar(ies) to be made (parties),” since all the 57 employees-beneficiaries are already expressly named in the complaint.

Now, as to the jurisdictional amount, under Rule 2, section 5 on joinder of causes of action, petitioner union, since there was no problem with regard to complying with the “rules regarding jurisdiction, venue, and joinder of parties,” properly joined the separate causes of action of its 57 members against the same respondent corporation, since “the causes of action are for demands for money or are of the same nature and character.” Under the last paragraph of said rule, it is expressly provided that in such cases, “the jurisdiction shall be determined by the aggregate amount of the demands, if for money, or by their nature and character, if otherwise.”

Hence, since the aggregate amount of the demands in the case at bar added up to P22,189.00, the case properly fell within the jurisdiction of respondent court of first instance.

To hold otherwise and compel the 57 union members-employees to file 57 separate cases on their own individual and respective causes of

action before the municipal court rather than through the present single collective action filed by petitioner union on their behalf and for their benefit would be to unduly clog the court dockets and slow down the prompt and expeditious determination of cases by the sheer number, time and volume of paper work that would be involved and required in disposing of 57 identical cases that could be adjudged in a single case such as that filed before the lower court.

What is worse — even though this point has not been raised by the parties — by such an unrealistic approach, the courts would not keep faith with the Constitutional injunction to extend protection to labor.^[9] The filing fees alone would practically bar the workers' access to the courts. As against the P80.-filing fee for the docketing of the present complaint for the recovery of P22,189.00 in respondent court of first instance^[10] the filing fees for 57 separate complaints in the municipal court for amounts ranging from P221.00 to P750.75 would total the staggering and prohibitive sum of P1,520.00 (Nineteen [19] times over the P80.-filing fee payable in the court of first instance.)^[11]

The pertinent Rules of Court hereinabove cited and applied, governing representative suits and for determining jurisdiction by the aggregate amount of the money claims involved, have been promulgated and designed precisely to avoid such absurdly untenable and undesirable consequences.

ACCORDINGLY, the order of dismissal appealed from and herein reviewed is set aside and the case is ordered remanded to respondent court of first instance for due trial and disposition on the merits. With costs against private respondent.

**Concepcion, C.J., Zaldivar, Castro, Fernando, Barredo, Makasiar, Antonio and Esguerra, JJ., concur.
Makalintal, J., took no part.**

[1] CFI's have exclusive original jurisdiction in all cases in which the demand, exclusive of interest, amounts to more than P10,000.00, under section 44(c), Rep. Act 296, as amended by Rep. Act 3828.

[2] Notes supplied.

[3] 9 SCRA 847 (1963).

- [4] Respondent court must refer to claims of P10,000.00 or less which fall within the exclusive original jurisdiction of municipal and city courts under sec. 88 of the Judiciary Act, while claims of over P10,000.00 pertain to its exclusive original jurisdiction under sec. 44(c) of the Act, supra, fn. 1.
- [5] L-28972, Oct. 31, 1972.
- [6] 9 SCRA 847, 851, emphasis supplied. This paragraph follows immediately the portion quoted in respondent court's dismissal order as reproduced, supra, at pp. 2-3.
- [7] 24 SCRA 873, 883. Cf. Cruz vs. CIR, 30 SCRA 917, (1969) where the Court also acknowledged the individual workers' direct material interest in back wages, etc., earned by them "where (however) collective bargaining process is not involved . . . as against the union which has only served as a vehicle for collective action to enforce their just claims."
- [8] "SEC. 3. Representative parties. — A trustee of an express trust, a guardian, executor or administrator, or a party authorized by statute, may sue or be sued without joining the party for whose benefit the action is presented or defended; but the court may, at any stage of the proceedings, order such beneficiary to be made a party. An agent acting in his own name and for the benefit of an undisclosed principal may sue or be sued without joining the principal except when the contract involves things belonging to the principal." (Rule 3, Rules of Court).
- [9] Art, XIV, sec. 6, Philippine Constitution.
- [10] Under Rule 141, sec. 5, item 6, fixing a filing fee of P80.00 where the sum claimed is "P20,000.00 or more but less than P50,000.00."
- [11] Under Rule 141, sec. 6, items (2) and (3), fixing a filing fee of P24 for claims of "P200 or more but less than P600" and of P32 for claims of "P600 or more but less than P3,000," a total of P1,520 filing fees for 57 separate cases would have to be paid as follows:
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| For 19 cases involving between P674.50 (13 cases) and P750.75 (6 cases) @ P32 per case (P32 x 19 cases) | P 608.00 |
| For 38 cases involving between P221 (36 cases) and P442 (2 cases) @ P24 per case (P24 x 38 cases) | 912.00 |
| Total | P1,520.00 |