SUPREME COURT
EN BANC

NATIONAL BREWERY AND ALLIED INDUSTRIES LABOR UNION OF THE PHILIPPINES (PAFLU),
Plaintiff-Appellant,

-versus-

G.R. No. L-19017
December 27, 1963

SAN MIGUEL BREWERY, INC.,
Defendant-Appellee.
x----------x

D E C I S I O N

BAUTISTA ANGELO, *J.*:

On November 25, 1960, the National Brewery and Allied Industries Labor Union of the Philippines (PAFLU) filed before the Court of First Instance of Manila against the San Miguel Brewery, Inc. a complaint alleging, among others, that said union and the company entered into a collective bargaining agreement on October 2, 1959 effective for a period of three years ending on June 30, 1962, Section 7, Article VII of which provides: "The Company agrees to pay the basic daily rates of those workers within the bargaining unit who may participate in the Labor Day parade held on May 1st of every year; that plaintiff's mother union decided to hold its Labor Day parade in the morning of May 1, 1960 at the Balintawak Monument at Grace

Park, Caloocan, Rizal; that about 600 members of the union joined and participated in said parade whose total basic daily wage amounts to P3,900.00; that the company knew that the members of the union participated in the parade and so the union demanded the payment to said members of their basic wages for that day; that the company refused to honor its obligation in bad faith and because of such refusal the union is entitled to collect from the company actual or compensatory damages, as well as moral and exemplary damages. Hence, the union prayed that judgment be rendered against said company for the payment of (a) the sum of P3,900.00, with legal interest thereon from May 1, 1961; (b) the sum of P3,900.00 as actual and compensatory damages; (c) the sum of P100,000.00 as moral damages; (d) exemplary or corrective damages in the discretion of the court; and (e) the sum of P6,000.00 as attorney's fees.

The company in its answer set up special and affirmative defenses. Among the latter, the company alleged that (a) the union has no cause of action against the company, and (b) the court has no jurisdiction over the subject matter of the action. With regard to the first ground, the company contends that the union is not the real party in interest but the individual members whose right to recover the one day's wage is personal to them. As regards the question of jurisdiction, the company argues that not one of the employees to whom the cause of action belongs receives a daily wage of more than P5,000.00, and hence the jurisdiction of the case is determinable on the basis of the total claim of each employee, which does not lie with the court of first instance. And on the basis of the total amount of P113,800.00 claimed in the complaint as damages, and on the allegation that 600 union members had joined the parade, the amount pertaining to each would be only about P189.66, which is still below the jurisdictional sum cognizable by the lower court.

After the parties had submitted memoranda in support of their respective contentions, the court a quo issued an order requiring the complaint to be amended by including as parties plaintiffs the real parties in interest and the amount due to each one of them giving the plaintiff for that purpose ten days to comply with the order. The union submitted a motion for reconsideration. The company in turn moved for outright dismissal of the complaint on the plea that lack of cause of action is not correctible by amendment. The court a quo

denied both motions, but after the company had sought a reconsideration on the ground that the union failed to amend the complaint despite the lapse of the 10-day period given to it to do so, the court a quo issued another order dismissing the complaint without prejudice and with costs against the plaintiff.

Hence the present appeal.

The order of the court a quo dated April 13, 1961 which requires appellant to amend its complaint by including as parties plaintiffs each and every one of the 600 members of the union to which they belong and to state the individual amounts due each of them is predicated on the following findings:

> "What is alleged to have been violated by defendant is the contract of defendant with each and everyone of its employees, individually. That being the case, the real party in interest is the employee who has the right to receive the salary corresponding to one day. Inasmuch as the employees concerned are not made party plaintiffs, there is a defect of the parties plaintiff. Moreover, the amount to which each employee is entitled should be stated to determine whether this Court has jurisdiction to try the case."

Appellant disagreed with the above finding for it contends that the basis of its complaint is not the individual contracts of employment which its members had entered into with the company but the collective bargaining agreement that was concluded between the union and the company insofar as their participation in the Labor Day parade held on May 1, 1960 is concerned wherein it was agreed that those members who should so participate would be paid their daily basic wage. And this is so because, it contends, before the conclusion of said collective bargaining agreement the members of the union did not enjoy the benefit of the provision of the Labor Day parade contained therein and, in fact, if not because of that agreement they would not now be entitled to such basic daily wage even if they had participated in such Labor Day parade.

On the other hand, the company is of the view that since the provision regarding payment is of the basic daily wage to the members of the

union contained in the collective bargaining agreement runs to the benefit of the members concerned, not to the union, said provision confers a right which is unique and personal to the employees with the result that they are the ones who are the real parties in interest with regard to the collection of their individual basic wages. And to bolster up this contention, the company cites several cases decided in the United States.

We are of the opinion that the complaint filed by the union comes under 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.

In this respect, we find pertinent Section 3, 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.

WHEREFORE, the orders appealed from are set aside. The case is remanded to the court a quo for further proceedings. No costs.

Bengzon, *C.J.*, Labrador, Reyes, Barrera, Paredes, Dizon, Regala and Makalintal, *JJ.*, concur.
Padilla, *J.*, took no part.
