CHANROBLES PUBLISHING COMPANY

SUPREME COURT
SECOND DIVISION

PEPSI-COLA SALES AND ADVERTISING UNION,
***Petitioner*,**

-versus-

G.R. No. 97092
July 27, 1992

HON. SECRETARY OF LABOR and ROBERTO ALISASIS,
***Respondents*.**
x---x

D E C I S I O N

NARVASA, *C.J.*:

In its Decision in G.R. No. 80587 (Wenphil Corporation vs. NLRC), promulgated on February 8, 1989,[1] this Court[2] laid down the doctrine governing an illegal dismissal case where the employee satisfactorily establishes that his employment was terminated without due process — i.e., without written notice to him of the charges

against him and without according him opportunity to defend himself personally or through a representative — but the employer nevertheless proves the existence of just cause for the employee's dismissal. The controlling principle in such a case is that since the employee's dismissal was for just cause, he is entitled neither to reinstatement or back wages nor separation pay or salaries for the unexpired portion of his contract, being entitled only to the salaries earned up to the last day of employment; at the same time, however, as a general proposition, the employer is obliged, on account of its failure to comply with the requirements of due process in terminating the services of the employee, to pay damages to the latter fixed at P1,000.00, a sum deemed adequate for the purpose.

This doctrine, which has since been reaffirmed by this Court,[3] applies in the case at bar, in resolution of the issue of whether or not the private respondent, Roberto Alisasis, may be considered to have been dismissed for just cause within the meaning of the charter papers organizing and governing a mutual aid program of which he was a participant.

From 1964 until sometime about 1985, Alisasis was an employee of the Pepsi-Cola Bottling Co., Inc. and later, of the Pepsi-Cola Products (Philippines) Inc., after the latter had bought out the former.[4] He was also a member of the labor organization of all regular route and truck salesman and truck helpers of the company — the Pepsi Cola Sales & Advertising Union (PSAU) — from June 1, 1965 up to the termination of his employment in 1985.[5] As a member of the PSAU, he was also a participant in the "Mutual Aid Plan" set up by said union sometime in 1980. During the entire period of his employment, there were regularly deducted from his wages the amounts corresponding to union dues as well as contributions to the fund of the Mutual Aid Plan.[6]

On May 7, 1986, Alisasis filed with the NLRC Arbitration Branch, Capital Region, Manila, a complaint for illegal dismissal against Pepsi-Cola, Inc.[7] This resulted in a judgment by the Labor Arbiter dated January 25, 1988 declaring him to have been illegally dismissed and ordering the employer to reinstate him "to his former position without loss of seniority rights and with full backwages for one (1) year from the time he was not allowed to report for work."[8] The

judgment was subsequently affirmed with modification by the Fourth Division of the NLRC dated December 29, 1989,[9] disposing of the appeal as follows:[10]

> "In view therefore of the foregoing considerations, the decision appealed from is hereby modified in the sense that the order for respondent to reinstate complainant is hereby set aside. The rest of the decision shall stand."

The deletion of the relief of reinstatement was justified by the NLRC in the following manner:[11]

> "Certainly, with the actuations of complainant, respondent had ample reason or enough basis then to lose trust and confidence in him. Complainant, being a salesman, should be considered to have occupied a position of responsibility so that, if respondent had lost trust and confidence in him, the former could validly and legally terminate the services of the latter (Lamaan Trading, Inc. vs. Leodegario, Jr., G.R. 73245, September 30, 1986).
>
> However, although there was valid and lawful cause in the dismissal of complainant by respondent, the manner in which it was effected was not in accordance with law. Complainant was not given written notice by respondent but was only verbally advised, thru its Field Sales Manager, sometime in May 1985 that he should not report for work anymore, obviously, because there was a charge against him. And this is what makes the dismissal of complainant arbitrary and illegal for failure to comply with the notice requirement under Batas Pambansa Blg. 130 on termination of employees.
>
> Ordinarily, when the dismissal of an employee is declared unjustified or illegal, he is entitled to reinstatement and backwages (Art. 279 of the Labor Code). However, in the instant case, considering that respondent had already lost trust and confidence in complainant which is founded on a reasonable ground, as discussed earlier, there is no point in requiring respondent to reinstate complainant to his former position. To do so would be tantamount to compelling the management to

> employ someone whom it can no longer trust, which is oppressive."

It appears that both Alisasis and Pepsi-Cola, Inc. accepted the NLRC's verdict and complied therewith; that Pepsi-Cola gave Alisasis back wages for one (1) year; and that Alisasis issued the corresponding quitclaim and considered himself separated from his employment.

Alisasis thereafter asked his labor organization, PSAU, to pay him monetary benefits in accordance with Section 3, Article X of the "Amended By-Laws of the Mutual Aid Plan of the Pepsi-Cola Sales & Advertising Union (U.O.E.F.),[12] in an amount equal to "One (P1.00) Peso per year of service multiplied by the number of member(s)."[13] PSAU demurred, invoking in its turn Section 1, Article XII of the same amended by-laws, declaring as disqualified from any entitlement to the PLAN and (from any) Benefit or return of contributions under any circumstances," inter alia, "(a)ny member dismissed for cause."[14]

Alisasis thereupon filed a complaint against the union, PSAU, with the Med-Arbitration Unit, National Capital Region, Department of Labor and Employment, to compel the latter to pay him his claimed benefits.[15] The principal defenses alleged by PSAU were that Alisasis was disqualified to claim any benefits under the Mutual Aid Plan, supra; and that the Med-Arbiter had no original jurisdiction over the case since Alisasis' claim for financial assistance was not among the cases cognizable by Med-Arbiters under the law "such as representation cases, internal union and inter-union disputes (or) a violation of the union's constitution and by-laws and the rights and conditions of membership in a labor organization."[16] After due proceedings, the Med-Arbiter promulgated an Order on April 16, 1990, ruling that he had jurisdiction and "ordering respondent (PSAU) to pay complainant Roberto Alisasis his claim for financial assistance under the Mutual Aid Fund of the union." PSAU appealed to the Secretary of Labor and Employment who, by Resolution dated July 25, 1990, denied the appeal but reduced the Med-Arbiter's award from P18,669.00 to P17,886.00.[17] Nullification of the Med-Arbiter's Order of April 16, 1990 and the respondent Secretary's Resolution of July 25, 1990 is the prayer sought by the petitioner in the special civil action of certiorari at bar.

Resolving first the issue of whether or not the case at bar is within the original jurisdiction of the Med-Arbiter of the Bureau of Labor Relations, the Court holds that it is.

The jurisdiction of the Bureau of Labor Relations and its Divisions is set forth in the first paragraph of Article 226 of the Labor Code, as amended, viz.:

> "ART. 226. Bureau of Labor Relations. — The Bureau of Labor Relations and the Labor Relations Divisions in the regional offices of the Department of Labor shall have original and exclusive authority to act, at their own initiative or upon request of either or both parties, on all inter-union and intra-union conflicts, and all disputes, grievances or problems arising from or affecting labor-management relations in all workplaces whether agricultural or non-agricultural, except those arising from the implementation or interpretation of collective bargaining agreements which shall be the subject of grievance procedure and/or voluntary arbitration.

x x x

It is evident that the case at bar does not concern a dispute, grievance or problem "arising from or affecting labor-management relations." So, if it is to be deemed as coming within the Med-Arbiter's jurisdiction, it will have to be as either an "intra-union" or "inter-union" conflict.

No definition is given by law of these precise terms, "intra-union and inter-union conflicts." It is known, however, that intra-" and "inter-" are both combining forms, prefixes — the first, "intra-," meaning "within, inside of [intramural], intravenous];" and the other, "inter-," denoting "1. between or among: the second element is singular in form [interstate] 2. with or on each other (or one another), together, mutual, reciprocal, mutually, or reciprocally [interact]."[18] An intra-union conflict would therefore refer to a conflict within or inside a labor union, and an inter-union controversy or dispute, one occurring or carried on between or among unions. In this sense, the controversy between Alisasis and his union, PSAU — respecting the former's rights under the latter's "Mutual Aid Plan" — would be an intra-union

conflict under Article 226 of the Labor Code and hence, within the exclusive, original jurisdiction of the Med-Arbiter of the Bureau of Labor Relations whose decision, it may additionally be mentioned, is appealable to the Secretary of Labor.

Certainly, said controversy is not one of those within the jurisdiction of the Labor Arbiters in accordance with Article 217 of the Code, it not being an unfair labor practice case, or a termination dispute, or one involving wages, rates of pay, hours of work and other terms and conditions of employment (which is "accompanied with a claim for reinstatement"), or one for damages arising from the employer-employee relations, or one for a violation of Article 264 of the Code, or any other claim arising from employer-employee relations, or from the interpretation or implementation of a collective bargaining agreement or of company personnel policies.

The second issue relates to the character of Alisasis' dismissal from employment. The Court holds that Alisasis had indeed been "dismissed for cause." His employer had established this factual proposition by competent evidence to the satisfaction of both the Labor Arbiter and the National Labor Relations Commission. In the latter's view, and in its own words, "Certainly, with the actuations of complainant, (Alisasis' employer) had ample reason or enough basis then to lose trust and confidence in him, considering that (said employer) had already lost trust and confidence in complainant which is founded on reasonable ground, as discussed earlier, (and therefore) there is no point in requiring respondent to reinstate complainant to his former position (as to) do so would be tantamount to compelling the management to employ someone whom it can no longer trust, which is oppressive."

It was merely "the manner in which such a dismissal from employment was effected (that was deemed as) not in accordance with law, (there having been) failure to comply with the notice requirement under Batas Pambansa Blg. 130 on termination of employees." That imperfection is, however, a circumstance quite distinct from the existence of what the NLRC has clearly and expressly conceded to be a "valid and lawful cause in the dismissal of complainant by respondent." And this is precisely the reason why, as already pointed out, the NLRC declined to accord to Alisasis all the

remedies or reliefs usually attendant upon an illegal termination of employment — e.g., reinstatement, award of damages — although requiring payment by the employer of the sum of P1,000.00, simply on account of its failure "to comply with the notice requirement under Batas Pambansa Blg. 130 on termination of employees." The situation is on all fours with that in the Wenphil Corporation Case,[19] cited in this opinion's opening paragraph, in which the following pronouncements, among others, were made:

> "Thus in the present case, where the private respondent, who appears to be of violent temper, caused trouble during office hours and even defied his superiors as they tried to pacify him, should not be rewarded with re-employment and back wages. It may encourage him to do even worse and will render a mockery of the rules of discipline that employees are required to observe. Under the circumstances the dismissal of the private respondent for just cause should be maintained. He has no right to return to his former employer.
>
> However, the petitioner (employer) must nevertheless be held to account for failure to extend to private respondent his right to an investigation before causing his dismissal. Thus, it must be imposed a sanction for its failure to give a formal notice and conduct an investigation as required by law before dismissing (respondent) from employment. Considering the circumstances of this case petitioner (employer) must indemnify the private respondent (employee) the amount of P1,000.00. The measure of this award depends on the facts of each case and the gravity of the omission committed by the employer."

The petitioner union (PSAU) was therefore quite justified in considering Alisasis as a "member dismissed for cause," and hence disqualified under its amended by-laws to claim any "Benefit or return of contributions under any circumstances." The ruling to the contrary of the Med-Arbiter and the Secretary of Labor and Employment must thus be set aside as tainted with grave abuse of discretion.

WHEREFORE, the petition is granted and the writ of certiorari prayed for issued, **NULLIFYING** and **SETTING ASIDE** the

challenged **ORDER** of the Med-Arbiter dated April 16, 1990 and the Resolution of the respondent Secretary of Labor and Employment dated July 25, 1990, and **DIRECTING THE DISMISSAL** of Alisasis' complaint in NLRC Case No. NCR-Od-M-90-01-037, without pronouncement as to costs.

SO ORDERED.

Padilla, Regalado and Nocon, *JJ.*, concur.
Paras, *J.*, took no part *(retired)*.

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[1] 170 SCRA 69.
[2] First Division, per Gancayco, J., who has since retired.
[3] SEE Seahorse Maritime Corp. vs. NLRC, 173 SCRA 390 (1989); Kwikway Engineering Works vs. NLRC, 195 SCRA 526 (1991).
[4] Rollo, pp. 37-38.
[5] Id., pp. 25, 32-33.
[6] Id., pp. 25, 55.
[7] Docketed as NLRC NCR Case No. 5-1794-86.
[8] Rollo., p. 37.
[9] Id., pp. 37-44.
[10] Italics supplied.
[11] Rollo, pp. 42-43 - Italics supplied.
[12] Id., pp. 45-54.
[13] Id., p. 51.
[14] Id., p. 52.
[15] The complaint was filed on January 17, 1990, and was docketed as Case No. NCR-Od-M-90-01-037.
[16] Rollo, p. 6.
[17] Id., p. 26, Annex D, petition.
[18] Webster's New World Dictionary of the American Language, Second College Edition. Webster's Third New International Dictionary, 1986 ed., describes "inter-" as a "prefix (signifying) 1: between, among, in the midst [intermediate] [interspace] 2: mutual, reciprocal [intermarry] [intermesh] [interrelation] [intertwine] 3: between or among the parts of [intercostal] [interdental] 4: carried on between [intercollegiate] [intercommunication] [international] 5: occurring between: intervening [interglacial] [intertidal] 6 : shared by or derived from two or more [interdepartmental] [interfaith] 7: between the limits of: within [intertropical] — "intra" as another prefix meaning 1 a: within — esp. in adjectives formed from adjectives [intraglacial] [intravaginal] [intracellular] [intra-European] [intracosmical]."

[19] 170 SCRA 69, 76; italics and parenthetical insertions supplied. The doctrine has since been applied to other cases: SEE footnote 3, supra.

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