SUPREME COURT
SECOND DIVISION

TALISAY EMPLOYEES' & LABORERS' ASSOCIATION (TELA) and or FELIPE B. LACSON, as President and CLAUDIO MOCON and Others,
***Petitioners-Appellants*,**

-versus-

G.R. No. L-39844
July 31, 1986

THE COURT OF INDUSTRIAL RELATIONS (Now NATIONAL LABOR RELATIONS COMMISSION), TALISAY-SILAY MILLING CO., INC. and/or ALFREDO BAÑAS, as Resident Manager, and the FREE VISAYAN WORKERS (TASIMICO CHAPTER), JOSE TREYES, as President, and TALISAY-SILAY INDUSTRIAL COOPERATIVE ASSOCIATION (TASICA), AMADO ARANETA,
***Respondents-Appellees*.**
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D E C I S I O N

PARAS, *J.*:

This is a Petition for *Certiorari* and/or Review (Rollo, pp. 14-34) of the October 30, 1974 En Banc Resolution of the Court of Industrial Relations in CIR Case No. 3768-ULP (Talisay Employees & Laborers' Association, et al. vs. Talisay-Silay Milling Company, Inc., et al.) which modified the Decision of the trial court with the finding that only respondent Talisay-Silay Industrial Cooperative Association (TASICA) was guilty of unfair labor practice and liable for the backwages of petitioners-appellants while Talisay-Silay Milling Co., Inc. (TASIMICO) and J. Amado Araneta although virtually absolved from liability were directed to re-admit on a preferred basis individual complainants who were members of the complaining union TELA (Rollo, pp. 44-46).

Talisay-Employees Laborers Association (TELA), a legitimate labor organization is the petitioner and complainant union in this case with Felipe B. Lacson as its president. Free Visayan Workers (FVW) another legitimate organization is the respondent with its president Jose Treyes, later succeeded by Amado F. Rivera. Another respondent is the Talisay Silay Milling Co., Inc. (TASIMICO) a domestic corporation duly organized under the laws of the Philippines with office and sugar central at Talisay, Negros Occidental, engaged in the manufactures of centrifugal sugar from the sugarcanes of its adherent planters milling with it, while other respondents, J., Amado Araneta, and Alfredo Bañas are its president and resident manager, respectively. On the other hand respondent Talisay Silay Industrial Cooperative Association (TASICA) is composed of workers of respondent TASIMICO and duly registered with the Cooperative Administrative Office (CAO). (Decision, CIR, Rollo, pp. 53-54.)

Petitioner TELA and respondent FVW are rival unions working in Talisay Silay Milling Co., Inc. On February 22, 1963, a certification election was held at the Central. Respondent FVW won over petitioner TELA and was certified as the Collective Bargaining Unit. The result of the election was not challenged. (Answer of TASIMICO, pp. 2-5; Decision, CIR, Rollo, pp. 53-54).

Among the demands of FVW to the company was the lease of the Central to TASICA which was organized and registered a year earlier on April 2, 1962. Due to prolonged failure of TASIMICO to act on the demands of FVW, the latter struck on April 15, 1963. The members of

TELA did not join the FVW strike. Picket lines were established and maintained by members of the FVW during the strike. Meanwhile TASIMICO had not terminated its milling operations for the 1962-63 crop year when FVW struck. Two conciliation conferences, presided over and/or attended by representatives of the Department of Labor, were held between the striking FVW union and respondent TASIMICO and Bañas. To completely terminate the strike TASIMICO entered into a contract of lease with TASICA on April 18, 1963. It was only on April 29, 1963 when the strike was finally settled. Members of both TELA and FVW were paid their wages for the period from April 1 to 14, 1963, but only FVW members were paid their strike duration pay for the period from April 15 to 29, 1963. (Decision, CIR, Rollo, pp. 53-54).

On May 2, 1963, the Central of respondent TASIMICO was placed under the control of the Armed Forces of the Philippines under Major General Pedro Q. Molina by authority of Presidential Proc. No. 106 issued by President Diosdado Macapagal, while on May 3, 1963, the Solicitor General filed a petition with the Court of First Instance of Negros Occidental for the appointment of an Administrator of the Central, said petition was docketed as Civil Case No. 6980, entitled Republic of the Philippines vs. Talisay Silay Milling Co., Inc. and Talisay-Silay Industrial Coop. However, on May 4, 1963, Judge Jose F. Fernandez of the Court of First Instance of Negros Occidental denied the petition of the Solicitor General in said Civil Case but ordered the respondents TASIMICO AND TASICA to resume milling ten (10) days thereafter. The Central and above-named respondents resumed operations on May 14, 1963 under the supervision and control of the Armed Forces of the Philippines but pursuant to the resolution of the Supreme Court, Judge Fernandez of the Court of First Instance of Negros Occidental appointed Sugar Quota Administrator Conrado Manalansan as Administrator of the Central of respondents on May 31, 1963. Finally, on June 5, 1963, the milling operations of respondents' Central under Manalansan's Administration terminated. (Decision, CIR, Rollo, pp. 53-54).

On July 19, 1963, the Acting Prosecutor, in behalf of petitioner TELA filed a complaint with the Court of Industrial Relations, docketed as Case No. 3768-ULP charging TASIMICO; TASICA and Amado Araneta with unfair labor practice as follows: (a) having aided

financially, materially and morally FVW in the certification election so that it would garner the majority votes; (b) having discriminated against members of complainant union with regard to the implementation of 15% salary increases, collection of union dues, by virtue of check off, rice rations, etc.; (c) having abetted the consummation of a token negotiation regarding the formation of a cooperative known as TASICA; (d) having leased to TASICA by pretext respondent TSM's central to do away with complainant union, (e) having instigated the staging of a strike to stall the milling of the sugar canes of planters; (f) having prevented TELA through security guards from entering the compound to work although they did not join the strike; (g) having discriminated against TELA by denying them to work after the strike unless identification cards issued by TASICA is shown; and (h) having discriminated against TELA by denying them work during off-season. (Complaint; Rollo, pp. 84-89; Decision, Rollo, p. 48).

Finding the Report of the Hearing Examiner to be substantially in accordance with the record, the trial court dismissed all the charges for insufficiency of evidence, except the alleged unfair labor practice committed after the strike, more particularly the refusal to admit individual employees-workers-complainants who were members of the TELA back to their work because of their union affiliation for which respondents are declared guilty of unfair labor practice and ordered to reinstate individual complainants with backwages from April 15, 1963 when the strike began, up to November 24, 1967 when the case was last heard. (Decision, Rollo, pp. 82-83).

On motions for reconsideration, the CIR, sitting en banc, affirmed the findings of facts of the trial court but modified the decision of the trial court, finding only respondent TASICA guilty of unfair labor practice and ordering it to pay the workers their backwages but only for a period of three (3) years from April 29, 1963, the period of actual effectivity of the lease agreement, while TASIMICO although absolved was directed to re-admit, on a preferred basis, the individual complainants. (Resolution of CIR, pp. 44-46).

Hence, this petition.

In compliance with the Resolution dated February 7, 1975 (Rollo, p. 205) of the First Division of this Court, the comments filed by respondents J. Amado Araneta and TASIMICO on March 8, 1975 (Rollo, pp. 212-217) and respondent TASICA (Rollo, pp. 221-224) on March 2, 1975, all alleged that the issues raised in the petition are purely questions of fact which have been finally decided by the Court of Industrial Relations for failure of petitioner to appeal and prayed that said petition be denied for being frivolous, immaterial, improper and irrelevant. Respondent FVW did not file any comment.

In a Resolution dated July 9, 1975 (Rollo, p. 236), the First Division of this Court resolved to give due course to the petition. After the petitioners deposited the costs, respondents were required to answer the petition. (Rollo, pp. 242-244).

Respondents filed their answers: TASICA on September 10, 1975 (Rollo, pp. 257-263); J. Amado Araneta and TASIMICO on October 2, 1975 (Rollo, p. 280); denying the charges levelled against them and praying that the petition be dismissed for being unfounded and without basis in law and in fact; and National Labor Relations Commission on October 23, 1975 (Rollo, pp. 286-295) reiterating the basis of the decision of the defunct Court of Industrial Relations.

On October 30, 1975, petitioners filed a Reply to the Answer of TASICA (Rollo, pp. 299-304); and of respondents TASIMICO and J. Amado Araneta (Rollo, pp. 319-336) on November 28, 1975, insisting on the charges alleged in the petition.

On the other hand, TASICA filed a Rejoinder to the Reply of Petitioners on November 15, 1975 (Rollo, pp. 309-316).

Thereafter petitioners and respondents filed their respective briefs (Rollo, pp. 354, 406, 408 and 410) to which petitioners filed a Consolidated Reply (Rollo, pp. 447-477).

Petitioners, in its Brief, submits six (6) assignments of error. They are:

1. THE COURT OF INDUSTRIAL RELATIONS EN BANC ERRED IN NOT FINDING ALL THE RESPONDENTS

GUILTY OF UNFAIR LABOR PRACTICE AND IN HOLDING THAT ONLY THE TASICA IS GUILTY OF UNFAIR LABOR PRACTICE.

2. THE COURT OF INDUSTRIAL RELATIONS EN BANC ERRED IN HOLDING THAT THE LEASE OF THE CENTRAL TO TASICA WAS VALID FOR ALL INTENTS AND LEGAL PURPOSES AND RELIEVED THE CENTRAL FROM LIABILITY FOR BACK WAGES AND FROM THE OBLIGATION TO REINSTATE IMMEDIATELY ALL THE COMPLAINANTS.

3. THE COURT OF INDUSTRIAL RELATIONS EN BANC ERRED IN NOT FINDING THE RESPONDENTS JOINTLY AND SEVERALLY LIABLE FOR THE BACK WAGES OF THE PETITIONERS AND IN HOLDING ONLY TASICA LIABLE THEREFOR.

4. THE COURT OF INDUSTRIAL RELATIONS EN BANC ERRED IN LIMITING THE BACK WAGES DUE THE PETITIONERS TO A PERIOD OF THREE YEARS, THE LIFETIME OF THE ALLEGED LEASE CONTRACT, AND IN NOT HOLDING THAT THE BACK WAGES SHOULD COVER THE ENTIRE PERIOD THAT PETITIONERS WERE DEPRIVED OF WORK FROM THE START OF THE STRIKE ON APRIL 15, 1963 UP TO ACTUAL REINSTATEMENT.

5. THE COURT OF INDUSTRIAL RELATIONS EN BANC ERRED IN NOT ORDERING THE RESPONDENT TASIMICO TO REINSTATE IMMEDIATELY ALL COMPLAINANTS TO THEIR FORMER POSITIONS AND IN MERELY ALLOWING THE TASIMICO TO REINSTATE THEM ON A PREFERRED BASIS TO BE DETERMINED BY SAID RESPONDENT.

6. THE COURT OF INDUSTRIAL RELATIONS EN BANC ERRED IN NOT ORDERING THE DELIVERY TO THE PETITIONERS OF THE AMOUNT CORRESPONDING TO THEIR 15% SALARY INCREASE DEPOSITED WITH THE RESPONDENT COURT.

Petitioners' first three assigned errors, being interrelated, will be discussed simultaneously.

The crucial issue in this case is whether or not the findings of fact of the Court of Industrial Relations can be the subject of review in this petition.

The first three alleged errors refer to the findings of fact of the Hearing Examiner, which were adopted by the trial court and later affirmed by respondent Court of Industrial Relations sitting En Banc.

The records show that the Hearing Examiner went over the exhibits of complainant union, and reviewed the testimonies of its witnesses on record as well as the evidence of all the respondents and put them to the test not only of sufficiency but also of credibility. He went over the testimony of sixty-six (66) witnesses and a total of three thousand four hundred and eighty-eight (3,488) exhibits offered by the parties, during the hearing from January 16, 1964 to November 24, 1967, (Decision, Rollo, p. 60) and finally concluded that uncontroverted evidence of respondents, oral and documentary as well as further admissions of complainants, negate TELA's charges (Rollo, pp. 66-67).

Specifically the conclusion based on such detailed findings of fact are as follows:

> (a) complainant union did not protest the outcome or result of the certification election on February 22, 1963 (Rollo, p. 61); (b) on TELA's own admission, all benefits alluded to were given to FVW and TELA members alike subject to company policy, rules and regulations even to the extent that amounts not received by TELA members were deposited in court (Rollo, pp. 61, 65); (c) the existence of respondent TASICA as a duly organized and registered industrial cooperative association with Registration Certificate No. 000335 issued by the Cooperative Administrative Office, has not been challenged (Rollo, pp. 67-68); (d) neither have complainants proven by competent and unassailable evidence that the lease

> contract was simulated but on the contrary it was shown that it was duly executed with the formalities of law, attended by high ranking officials and well publicized in leading newspapers (Ibid); (e) the strike was declared because of alleged failure of the respondents TASIMICO and TASICA, Araneta and Bañas to deal with FVW as the duly certified collective bargaining representative of the workers (Rollo, pp. 72, 74); (f) it was the pickets established by the strikers that prevented the TELA members from approaching the gates of the Central and not the security guards (Rollo, p. 76); (g) when the strike was settled, the Central gates were thrown open to all returning workers but only a few TELA workers returned despite due notice given to them (Rollo, pp. 77-78) and (h) as to employment during off-season, no discrimination was committed against TELA members and the fact that majority of the workers employed during such period were FVW members was due to the fact that the latter constitute practically 4/5 of the labor force of respondents TASIMICO, Araneta and Bañas. (Rollo, p. 65).

However, the trial court was not in accord with the findings and conclusions of the Hearing Examiner as to certain alleged discriminatory acts of respondents committed after the strike and based its views on the following circumstances: (a) respondent Treyes, the president of FVW, disliked TELA, the rival union, resulting in discriminatory exclusion of TELA members from receiving rice rations, alcohol, bagasse, etc., the distribution of which was placed under the supervision of FVW during the strike; (b) the other respondents abetted these discriminations; and (c) the notice of return to work was not truly intended for TELA members. In fact TELA members who did not join the strike wanted to return to work but were prevented by security guards retained by lessee TASICA, whose president is also Treyes, the president of FVW. Joining the FVW was the pass to re-admission. As a consequence only a handful of alleged TELA members were re-admitted while 200 of them were not. (Rollo, pp. 81-82).

Hence, as previously stated respondents were declared guilty of unfair labor practice for the above reasons but on motions for

reconsideration, the Court of Industrial Relations sitting en banc modified the judgment and held that only the respondent Talisay-Silay Industrial Cooperative Association (TASICA) guilty of said unfair labor practice. (Resolution, CIR, Rollo, pp. 44-45).

In defining the scope of responsibility or liability of the guilty party or parties in the discriminatory acts charged, the respondent court (CIR) ruled:

> "As correctly reasoned out in the Report of the Hearing Examiner, which was approved and apparently adopted by the Trial Court in the decision, now subject of review, considering that no contrary findings specifically on the point in issue were made by it in the same that 'run counter' to what was summarized by it therein (pp. 239-243) of Records), the conclusion becomes inevitable that the lease contract adverted to was valid and effective for all legal intents and purposes, with the respondent TASICA having assumed not only the control, operations and management then of the sugar Central covered by the lease but also the obligations, liabilities and responsibilities arising therefrom." (Resolution, Rollo, p. 42)

In recapitulation, the respondent Court ruled that "whatever discriminatory acts then that were committed against the complainants, more particularly the refusal of the entry or admission of the individual employees-workers-complainants who were members of the TELA back to their work, should and must be the sole and exclusive responsibility of the lessee, respondent TASICA. (Ibid, p. 43).

Indeed it is well settled, in fact, in the language of the Court "too well-settled to need any citation of authorities that the findings of fact of the Court of Industrial Relations, if supported by substantial evidence are binding on the Supreme Court." (Alhambra Industries, Inc., vs. CIR, L-22219, Aug. 28, 1969, 29 SCRA 138; Ease Asiatic Co., et al. vs. CIR, et al., L-17037, Apr. 30, 1966, 40 SCRA 521; Tanglaw ng Paggawa vs. CIR, L-24498, Sept. 21, 1968, 25 SCRA 19; Phil. Educational Inst. vs. MLQSEA Faculty Ass., L-24019, Nov. 29, 1968, 26 SCRA 272; G-Liner vs. National Labor Union, L-24963, Nov. 29, 1968, 26 SCRA 282; De Leon vs. Pampanga Sugar Dev. Co., Inc., L-

26844, Sept. 30, 1969, 29 SCRA 628; Lakas ng Manggagawang Makabayan vs. CIR, L-32178, Dec. 28, 1970, 36 SCRA 600). Thus, in the case of Kapisanan ng Manggagawa sa Camara Shoes vs. Camara Shoes, (112 SCRA 689), and in Manila Hotel Corp. vs. NLRC, et al., (G.R. No. 53453, Jan. 22, 1986) the Court held that the findings of fact of the National Labor Relations Commission are generally entitled to respect, except when there is grave abuse of discretion.

In the instant case, it being beyond dispute that the findings of fact are supported by a " seeming parade of positive credible evidence" (Resolution, CIR, Rollo, p. 41), there appears no cogent reason to disturb such findings of the trial court.

As to the fourth assignment of error, the Court of Industrial Relations En Banc did not err in fixing the maximum backwages due to petitioners to a period of three years.

Firstly, the contract of lease between TASIMICO and TASICA has a term of three years, during which time respondent court held that TASICA had the sole and exclusive responsibility. Secondly, while the Supreme Court ruled in Manila Hotel Corporation vs. National Labor Relations Commission, et al. (G.R. No. 53453, Jan. 22, 1986) that where there was no valid termination, private respondent is entitled under Article 280 of the Labor Code to reinstatement without 1099 of seniority rights and with backwages from the time his compensation was withheld up to the time of his reinstatement, still in a great number of illegal dismissal cases, (Mercury Drug Co., Inc. vs. Court of Industrial Relations, 56 SCRA 694; People's Bank & Trust Co. vs. PBTC Employees Union, 69 SCRA 10; Insular Life Insurance Co., Ltd., Employees Assn. NATU vs. Insular Life Assurance Co., Ltd., 76 SCRA 50; Monteverde vs. Court of Industrial Relations, 79 SCRA 259; Davao Development Corp. vs. National Labor Relations Commission, 81 SCRA 489; L.R. Aguinaldo, Inc. vs. Court of Industrial Relations, 82 SCRA 309, Liberty Cotton Mills Workers Union vs. Liberty Cotton Mills, Inc., 90 SCRA 391; Litex Employees Assn. vs. Court of Industrial Relations, 116 SCRA 459; Associated Anglo-American Tobacco Corp. vs. Lazaro, 125 SCRA 463; PAL, Inc. vs. NLRC, 126 SCRA 223; Union of Supervisors (RB) NATU vs. Secretary of Labor, 128 SCRA 442; Lepanto Consolidated Mining Company vs. Encarnacion, 136 SCRA 256; Panay Railways, Incorporated vs.

National Labor Relations Commission, 137 SCRA 480) this Court in the interest of justice and expediency adopted the policy of granting backwages for a maximum period of three (3) years without qualification and deduction.

It will be recalled that respondent TASIMICO was absolved by the Court en banc from the liability of paying petitioners' backwages because of the existence of a valid lease contract entered into by it with TASICA. As previously mentioned, said Court ruled that the lease contract being valid and effective for all legal intents and purposes, respondent TASICA assumed not only the control, operation and management then of the sugar central covered by the lease but also the obligations, liabilities and responsibilities arising therefrom. Accordingly, whatever discriminatory acts then were committed against the petitioners, more particularly the refusal of entry or admission of the individual members of TELA, should be the sole and exclusive responsibility of the lessee, respondent TASICA.

The findings of the trial court are to the effect that after the strike, TELA members did report for work but were prevented by respondents FVW and TASICA and therefore cannot be faulted. In addition to this, it must be stated that the lease contract has a provision that all management personnel and other employees of respondent TASIMICO in the central would be retained by respondent TASICA; and that the lease contract is only for a period of three (3) years, renewable for another three (3) years. (Petition, Rollo, pp. 21, 44). Hence, had not respondents FVW and TASICA refused, after the strike, to admit the TELA members back to work, they would have been still employees and workers of respondent TASIMICO. For this reason, it is very clear, that TASIMICO cannot be blamed for the serious dislocation in employment, resulting in an imbalance in the social and economic equilibrium in the locality, specially considering that those workers who were hired as replacements for the non-returning TELA workers have become FVW members who in the interregnum have earned the right to employment. (Brief, TASICA, p. 29).

In Columbian Rope Co. of the Phil. vs. Tacloban Association of Laborers and Employees (6 SCRA 428), the Court in ruling in favor of the employer quoted American Jurisprudence as follows:

> "Nor may an employer be compelled by an order of reinstatement to give employment to a greater number of persons than the economic operation of his business requires. Thus, if between the time of occurrence of the wrongful discharge and the proposed order of reinstatement, the employer's commercial or financial circumstances have changed, the Board, despite the employers' unfair labor practice, cannot compel the employer to reinstate such a number of employees as may exceed his needs under the altered conditions. While the Board, under such circumstances, may not be empowered to order present reinstatement, it does have the right to order that such employees be given precedence in future hiring." (Rothernberg on Labor Relations, p. 574).

In the instant case, the lower court absolved respondent TASIMICO from responsibility but for humanitarian reasons and in the constitutional viewpoint of a new and compassionate society, required it to reinstate TELA members on a preferred basis. To question the wisdom of such decision and require TASIMICO to reinstate them all at the same time would not only be requiring the impossible but would in effect penalize said respondent for events over which it had no control.

The claim of petitioners that the Court of Industrial Relations En Banc should have ordered the delivery to them of the amount corresponding to their 15% salary increase deposited with respondent Court, is tenable.

That the amount belongs to the workers concerned is not disputed. In fact said salary increases were deposited in court for their safekeeping and to insure their payment to the corresponding owners.

Thus, in the interest of harmony and peace, the case should be finally disposed of and said increase should be paid to petitioners in accordance with company rules and regulations.

PREMISES, **CONSIDERED**, the assailed Resolution of the Court of Industrial Relations is hereby AFFIRMED, and the entity (National Labor Relations Commission) that replaced respondent court, is

hereby ordered to remit to petitioners the amount corresponding to their 15% salary increases deposited with said Court, the same to be paid in accordance with the rules and regulations of respondent Talisay Silay Milling Co., Inc.

SO ORDERED.

Feria, Fernan, Alampay and Gutierrez, Jr., *JJ.*, concur.
