The Legal Personality Of Philippine Labor Unions

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I. INTRODUCTION

A. *Definition of Terms*

A labor union has been variously defined as a "combination of workmen usually but not necessarily engaged in the same trade or of several allied trades for the purpose of securing by united action the most favorable conditions as regards wages, hours of labor, etc., for its members" (Stone vs. Textile Examiners and Shrinkers' Employees' Ass'n., 122 NY Supp. 460); or as a "combination by which men bind themselves not to work except under certain conditions and to support one another in the event of being thrown out of employment in carrying out the views of the majority." (Cockburn, J. Ch. in Hornby vs. Close, LR 2 Q 153, cited in Lazo's The Philippine Law on Organized Labor, Lawyers' Journal, Jan. 15, 1940). Commonwealth Act No. 213 gives a definition of a *legitimate* labor union. "For the purpose of this act, a legitimate labor organization is an organization, association, or union of laborers duly registered and permitted to operate by the Department of Labor and governed by a constitution and by-laws not repugnant to or inconsistent with the laws of the Philippines." (Section 1, C. A. 213).

B. *Kinds of Labor Unions in the Philippines*

Observations and study reveal that actually there are in the country only two kinds of labor unions: the legitimate, as defined by C. A. 213, and the unregistered but legal unions. Under present laws there may yet appear a third and more powerful type: the registered incorporated union.

Unions may also be classified into central and branch or local unions.

II. LEGALITY OF LABOR UNIONS

A. *Historical Background*

1. *In General*

At common law, combinations of laborers were first looked upon as criminal conspiracies. Laws were passed imposing severe restrictions on laborers uniting to compel their employers to raise wages. This was especially true in England around the 1800's where a law was passed which made labor compulsory and restricted compensation. In spite of, or should we say, because of such restrictions, English workmen began to form combinations for their protection. With the changes in political, social and economic conditions such combinations were later no longer declared illegal or criminal. But courts still seemed prejudiced against them and where opportunities allowed, they were declared illegal as in restraint of trade. (16 Ruling Case Law, p. 418).

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2. *In the Philippines*

a. *The Old Penal Code*

Article 543 of the old penal code punished persons "who shall combine for the purpose of raising or lowering wages to an abusive extent, or to regulate conditions of labor and who shall have commenced to carry such combinations into effect." Under the above provision there must be overt acts manifested pursuant to the plan of lowering or raising wages to an abusive extent before persons responsible therefor were held criminally liable.

One Dominador Gomez was prosecuted under this provision. He founded the Democratic Labor Union of the Philippines and drafted the constitution and by-laws himself. The union proposed to open stores for its members and also to establish or publish a newspaper. Allegedly in furtherance of such purposes, Gomez published several seditious articles and also committed estafas. In the trial of the cases against him, the dissolution of the union was also asked. The court, however, found that the objects of the union were lawful and ruled that the unlawful acts of an officer of an organization which was otherwise legal did not render the union itself illegal. (U. S. vs. Gomez, 8 Phil. 634).

B. *Contemporary Concept in the Philippines*

1. *The Revised Penal Code*

Article 543 of the old penal code has not been embodied in the present penal code, but article 186 thereof amply covers such deficiency. The pertinent positions of said article whiih was originally passed by the Philippine Legislature as Act No. 3247 provide: "The penalty of prision correccional in its minimum period or a fine ranging from 200 to 6000 pesos or both, shall be imposed upon:

1. Any person who shall enter into any contract or agreement or shall take part in any conspiracy or combination in the form of a trust or otherwise in restraint of trade or commerce or to prevent by artificial means free competition in the market;

2. Any person who shall monopolize any merchandize or object of trade or commerce; or shall combine with any other person or persons to monopolize said merchandize or object in order to alter the prices thereof by spreading the false rumors or making use of any other artifice to restrain free competition in the market . . . it being sufficient for the imposition thereof that the initial steps have been taken toward carrying out the purposes of the combination . . ." Our inquiry will now be directed to finding out whether this article prohibits the formation of labor unions.

Are labor unions combinations in restraint of trade or commerce? Is labor a commodity or merchandize within the purview of this article? Unfortunately no law nor case in point could be found in Philippine jurisprudence; recourse must be made to common-law principles and adjudicated cases thereon. In Hilton vs. Eckersley, 119 English Reprint 789, cited on page 13, Oakes, E. S., Organized Labor and Industrial Conflicts, it was held that "labor unions are to be regarded as combinations in restraint of trade only by reason of some of its rules or purposes, or because the mem-

bers are not free to withdraw therefrom without incurring a penalty." An examination of the constitutions and by-laws of Philippine labor unions shows that members withdrawing from union membership are not punished but are simply deprived of the right of recourse to union instrumentalities deemed more effective and beneficial than individual resourcefulness, which deprivation is but natural and reasonable. Were the above provision standing alone and were unions conceded to be combinations in restraint of trade, still the persons responsible for their organization will not be readily held liable as it must first be shown that the restraint is grossly unfair and unreasonable. (Standard Oil Co. vs. U. S., 221 U. S. 1).

Whether labor is a commodity or merchandize opinions still differ, but the weight of authority and doubtless the better view holds that it is not—unless definitely declared so by statute. In order to do away with all doubts on the point, the Congress of the United States passed the Clayton Act on October 15, 1914 declaring that "labor of human beings is not a commodity or article of commerce and that nothing in the Anti-Trust Law of 1890 be held to forbid the existence and operation of labor, agricultural or horticultural associations." (Ruling Case Law, Vol. 16, p. 422).

On the other hand, there is the well-reasoned opinion of G. Christopher Tiedemann that "so far as these organizations have charitable objects in view, like the care of the sick and indigent members, the dissemination of useful literature, etc., they are lawful. But so far as these are combinations which have for their object the control of trade and the price of labor, they constitute combinations in restraint of trade and all contracts founded on them are void. A successful combination of labor will raise the price of labor and hence the cost of the commodity which it produces above its normal value in the same manner as the combinations of capitalists will increase the cost of the commodity by increasing the return to capital. Free trade is only possible by a prohibition of both classes of combination, which, if successful are equally dangerous to the public safety and comfort." (Tiedemann, Christopher G., in State and Federal Control of persons and Property, Vol. 1, p. 326). Observations, however, of actual dealings between employers and employees in the Philippines rob the quoted statement of its force. For it has not been shown here that products of union labor cost more than those produced by non-union men. Moreover, the spirit of social justice pervading all labor enactments and made a fundamental principle of the constitution surely precludes the application of straight-laced principles of economics to labor and workingmen.

It is therefore submitted that article 186 of the Revised Penal Code is not a legal obstacle to union formation. There is, however, a more fundamental reason for holding unions legal.

2. *The Philippine Constitution*

a. *Section 6, Article III*

Section 6 of Article III of the Philippine constitution declares: "The right to form associations or societies for purposes not contrary to law shall not be abridged." This provision, doubtless inspired

by its counterpart in the Federal constitution of the United States, has been held to be merely declaratory of individual right; and this view has been extended to mean that "a person has the right to work for and with whom he pleases; that he may by lawful means secure employment for himself and for another, and that what he may legally do alone, he may combine with others to do." (24 Cyclopedia of Law and Procedure, 815). Does the phrase "purposes not contrary to law" include regulations issued by administrative officials under authority given them by law? Will the legality of unions which comply with the requisites of laws passed by the Legislature, but not with the regulations issued by the Department of Labor under C. A. 213, be affected?

Sections 4 of C. A. 213 requires legitimate labor unions to keep a record of their members and the minutes of their meetings and to submit a report of their activities once a year to the Secretary of Labor; failure to comply with this requirement is sufficient ground for revocation of their permit. The same section authorizes the Secretary of Labor to make periodic investigations of a union's activities. In no section does the law give the Secretary of Labor power to make administrative regulations that may in any way affect the legality of any applying or registered union; so that, while in making investigations the Secretary may make regulations to make effective his investigations, he may not make any ordinance under the aegis of the power to investigate which may bear on the legality of the union. Illegality can only be declared when the objects of the union are contrary to the laws of the Philippines; revocation only in the cases provided by C. A. 213.

In various cases in the United States, these have been held purposes not contrary to law: to promote their welfare, to elevate their standard of skill, to advance and maintain wages, to fix the hours of labor, to obtain employment for their members, to secure control of work connected with their trade, to secure favorable terms for their employers in the purchase of materials, to contract for such persons as employ members of their society. (24 Cyc. p. 815).

b. The equal-protection-of-the-laws Clause

Under the protection of paragraph 1, Section 1 of the Bill of Rights providing that "no person shall be deprived of life, liberty or property without due process of law, nor shall any person be denied the equal protection of the laws," which provision has long stood in the constitution of the great American Union, conflicts may arise as to the validity of laws giving preferential treatment to labor. The Clayton Act, *supra*, for example was attacked as violative of the above constitutional precept. The idea was that labor is as much a commodity or merchandize as those within the operation of the monopoly laws and that the legislative fiat expressed in said act was void. Extending the logic further, the proponents of this view submitted that labor unions are therefore illegal on that score. It is to be noted though that labor partakes of the aspects of a commodity only insofar as men's dealings with it are con-

cerned; the analogy stops there. Labor can not be manufactured; it can not be stored. (16 RCL, p. 425). It would seem therefore that labor exclusively falls within that sphere of governmental subjects over which the legislature is supreme, and that therefore legislation affecting it whether wise or unwise is purely a matter of policy as to which the courts can not interfere with by passing judgment thereon, unless it violates the constitution distinctly. (Sinco, Philippine Govt. and Political Law, 4th edition, page 346). It was held that the Clayton Act was not inconsistent with the equal-protection-of-the-laws clause of the Federal constitution. (16 Ruling Case Law, p. 426).

III. PERSONALITY OF LABOR UNIONS

A. Laws on the Subject

1. Commonwealth Act 213

This may be said to be the basic law on organized labor in the Philippines. It is entitled "An Act To Define and Regulate Labor Organizations." It requires that labor unions in order to be considered legitimate must be duly registered and permitted to operate by the Department of Labor and gives to said Department the power to determine whether the constitution and by-laws of a union are not repugnant to or inconsistent with the laws of the Philippines. Pursuant to such grant of power, the Department of Labor issued Department Order No. 9, dated January 14, 1937, the main features of which are as follows:

1. Any labor union applying for registration should submit an application therefor together with a copy of its constitution and by-laws and a list of its members and officers duly signed and or thumbmarked after each name. Only those names signed and or thumbmarked are considered members of the union.

2. Upon filing the above application, the Department of Labor conducts an investigation of its purposes and activities to determine if they are not subversive to the constituted authorities.

3. The list in No. 1 above should be sworn to by the president of the applying union as "true and correct and that the signatures and thumbmarks appearing therein are genuine."

4. If the Department is satisfied that its purposes are consistent with law it will issue a permit to operate upon payment of five pesos, the permit being good for two years from issue and renewable for like periods upon payment of three pesos for each renewal permit.

5. The union shall keep a record of its members and its resolutions and shall submit a report once a year to the Secretary of Labor which report shall contain the names of new members admitted since the original registration properly signed and or thumbmarked.

Upon the issuance of the permit the union acquires a personality of its own for the purposes stated in C. A. 213 (infra) and becomes entitled thereafter to the protection granted under the said law. Under the said act therefore the following steps must be taken for the acquisition of personality:

1. Previous organization of the men desiring to form a union, the drawing up of a constitution and by-laws and the election of the proper officers.

2. Filing of application with the Department of Labor together with all other papers required to accompany it. Said application must state the name of the union, the address of its headquarters, whether it is incorporated or not, and a statement to the effect that the decision to register was approved by the members at a meeting.

3. The Department then conducts an investigation and if's shown that the purposes and activities of the applicant are lawful, a permit is issued upon payment of the proper fees.

a. Effect of failure to register

It is interesting to note that in defining a legitimate labor union, Section 1 of C. A. 213 requires registration and permission to operate by the Department of Labor. What is the effect of non-registration on the legality of the union? Does it render the union illegal? Paragraph 6, Section 1 of Article III of the Constitution guarantees that "the right to form associations or societies for purposes not contrary to law shall not be abridged." This phrase, "purposes not contrary to law" must not be confused with laws passed by the National Assembly in every instance, much less with administrative ordinances issued pursuant to any statute. The phrase is designed more to be a check on the legislative power than as a limitation of individual rights, and while the language is admittedly vague, it should receive the same connotation as that ascribed to "due process of law." (Algeyer vs. Louisiana, 165 US 578).

It should not be lost sight of also that the constitutional declaration transcends any legislative enactment. It is therefore maintained that failure to register on the part of labor unions does not affect their legality, although registration has paramount effects on their personality before the law. Thus registered labor unions are given the power of collective bargaining with their employers (Section 2, C. A. 213); they are given protection when their members are discharged by reason of their membership or are prevented from joining with a legitimate labor organization. (Section 5, C. A. 213). It should be noted in this connection as an affirmation of a negative fact that members of unions not registered are not protected by law when so discharged or prevented. (ibid).

2. Commonwealth Act No. 103

The avowed purpose of said act as stated in its title is to give protection to labor. Section 4 thereof reads: "Strikes and lockouts.—The court shall take cognizance for purposes of arbitration, prevention, decision, and settlement of any agricultural or industrial dispute, causing or likely to cause a strike or lockout arising from differences as regards wages, shares of compensation, hours of labor . . . between employers and employees or laborers, and between landlords and tenants or farm laborers, *provided that the number of employees, laborers, or farm-laborers involved exceeds thirty* and such industrial or agricultural dispute is submitted to the Court (of Industrial Relations) by the Secretary of Labor or by any or both parties to the controversy . ." (italics mine).

The proviso is underlined because of its particular significance to union personality before the CIR and to the latter's jurisdiction. The same law does not make

any distinction between unions registered under C. A. 213 and those not registered. It would appear therefore that the Court of Industrial Relations extends itself out to all kinds of unions. What is only required is that the case brought to it should involve more than thirty. Theoretically then it may be claimed that any individual laborer may ask the court to intervene in his trouble with his employer if there are more than thirty of them involved; but it is highly improbable that the court will act on such petition considering that if the others do not join, they can not be bound by any decision or award the court might make. It is clear, however, that even if the thirty involved do not belong to any union, or belong to one not registered, they can go to said court in a joint or representative action. This will be shown when cases of appeal from any decision of CIR to the Supreme Court are considered, *infra*. It is also submitted in this connection that where the more than thirty laborers or employees involved belong to a duly registered labor union, they may "sue" or be "sued" before the said court in their common union name. Of course only those members of the registered union who are involved in the case are affected. The word sue is advisedly used here because the Court of Industrial Relations in exercising its powers does not act in the manner of our ordinary courts. (Section 4 and Section 20, C. A. 103. Ang Tibay v. The Court of Industrial Relations and The National Labor Union, Lawyers' Journal, Vol. VIII, No. 6, page 226).

a. Appeals from Decisions of of the CIR to the Supreme Court as Determinative of personality

Section 14 of C. A. 103 allows appeals from decisions of the Court of Industrial Relations to the Supreme Court within 15 days from date of award. (Section 1, Rule 44, Rules of Court). This provision of said act places the court in an anomalous position investing it with a judicial character when its nature is essentially administrative. (Sinco, Administrative Justice in the Philippines, Phil. Law Journal, March 1940, page 411). Disregarding, however, the question of constitutionality, let us see how such appeals help us to determine the personality of unions.

Only natural and juridical persons can be parties to an action in court. (Section 1, Rule 3, Rules of Court). With regard to registered or to incorporated unions appealing to the Supreme Court from any decision of the CIR, there is no difficulty; it is with respect to unregistered unions where the law is not clear and may thus give rise to a conflict of opinions. C. A. 103 as has been said makes no distinction as to who can be parties in actions before it and seems at first blush to allow unregistered unions to appear before it in its common name also. A labor union acquires personality not only under C. A. 213 but also under the Corporation Law, Act 1459. It can not in any case be a partnership, civil or commercial (Arts. 1665, C.C., and 116 Com. C.), because this has for its principal purpose the obtaining of profits while corporations may or may not be for profit. (Section 1, Act 1459). That being the case, in order to have any stand-

ing before the Supreme Court it can only either register or incorporate. Un-registered unions therefore can not appear before it in its common name; the members must join in their individual capacity or bring a representative suit, *infra*. Since the discussion in this connection is with respect to the personality of unregistered unions to appear before the Supreme Court and since in appeals there is no change of parties, it follows that even in the CIR, unregistered unions do not have a personality of their own. As in the Supreme Court the members must join or bring a representative suit.

3. The Corporation Law

Section 1 of Act 1459 defines a corporation as an "artificial being created by operation of law, having the right of succession, the powers, and properties expressly authorized by law or incident to its existence." It may or may not be a stock corporation. (Section 3, ibid). Under this definition a labor union may therefore incorporate and thus have a personality of its own. (For the proper steps toward incorporation, the reader is requested to read the Corporation law).

It will be noted that in the form provided by the Department of Labor for unions seeking registration, information is desired whether or not the applying union is incorporated. What then is the effect of incorporation? This will best be answered by reference to both C. A. 213 and the Corporation law, Act 1459.

"The registration of, and the issuance of a permit to, any legitimate labor organization shall entitle it to all the rights and privileges granted by law." (Section 2, C. A. 213)

Section 11 of the Corporation law also reads: "The Commissioner of the Securities and Exchange Commission, on the filing of articles of incorporation provided by this act to be filed, shall issue to the incorporators a certificate, under the seal of his office, setting forth that such articles of incorporation have been duly filed in his office in accordance with law, and thereupon the persons signing the articles of incorporation and their associates and successors shall constitute a body politic and corporate, under the name stated in the certificate, for the term specified in the articles of incorporation, not exceeding fifty years, unless otherwise provided in this act." (As amended by Act 2728, Section 3-c).

A corporation does not become a body corporate until the issuance by the Commissioner of the Securities and Exchange Commission of a certificate of incorporation (Merges vs. Altenbrand, 45 Mont. 355, cited in Guevara's The Corporation Law (1937), p. 9): and once it is duly incorporated it can exercise all the powers granted to it by law. Where an applying union is already incorporated, it acquires a personality of its own and registration would seem to be superflous. It is, however, the opinion of the writer that there is no superfluity in such cases because incorporation while giving to the union broad rights does not give its members the protection given under Section 5 of C. A. 213. On the other hand the phrase "shall entitle it to all the rights granted by law" set out in the preceding page refers to those rights enumer-

ated in the first part of the section, namely the right of collective bargaining, the right to demand shorter hours of labor, to improve their conditions, etc.

B. Personality in Suits By or Against Labor Unions

1. In General

The question of a union's personality will best be threshed out by discussing suits by or against labor unions.

In general, voluntary associations which have not been incorporated can not sue or be sued in their common name as they do not have any legal status distinct from that of their members; actions in which they are involved must be brought by or against all of their members. (Cahill vs. Plumbers, 238 Ill. App. 123). But in an American case, a bill filed by an unincorporated union for its members verified by the Secretary and accompanied only by the written consent of its members requesting action thereon was allowed, although later the members consenting were made co-complainants. (Flannery vs. People, 80 NE 60). The issue of want of legal entity is sufficiently raised by the explicit denial of an allegation that the union is a body corporate (Local Union No. 1562 vs. Williams, 49 DLR 578, cited in Oakes, *ante*); but where a case was filed against an unincorporated labor union and then this entered an appearance in the action and itself raised the objection that it was not shown to be a legal entity capable of being sued, the court held that by so pleading it was deemed before the trial of the to be a corporation for purposes of the litigation and compellable to make discovery. (Center Star Mining Co. vs. Roseland Miners Unions, 9 B. C. 190, cited in Oakes, *ante*, p. 115). And the objection of want of legal entity in an unincorporated union which has undertaken to sue or which has been sued in its common name can not be raised for the first time on appeal. (Iron Moulders Union vs. Allis Chalmers Co. 166 Fed. 45). There was in such case a waiver of jurisdiction in the lower court of the person; any objection to a court's jurisdiction over a person can not be raised for the first time on appeal. The same rule holds true in the Philippines.

2. Suability as affected by Commonwealth Acts 213 and 103

The powers given to a legitimate labor union by C. A. 213 are those only of collective bargaining, the promotion of the material, social and moral well-being of their members. (Section 2, C. A. 213). No mention is made anywhere else in said act of the power of any union falling thereunder to sue or be sued in its corporate name. Commonwealth Act No. 103 also, while designed to protect labor, gives to the court it creates jurisdiction only over disputes between employers and employees or laborers and landlords. This considered together with the provisions of C. A. 213 would seem to imply that only with respect to conflicts between capital and labor arising from the causes definitely mentioned in C. A. 103 can laborers and labor unions go to court (the Court of Industrial Relations). The question is, suppose an action for damages against a labor union is brought, against whom should it be brought and what court has jurisdiction to hear it?

In England it has been held that statutory provisions conferring on an association of individuals, which is neither a corporation nor a partnership, a capacity for owning property and acting by its agents, involve in the absence of express enactment to the contrary the necessary corollary of liability to the extent of such property for the acts and defaults of such agents, and that, therefore, a trade union registered under the Trades-Unions Act may be sued for a tort in its registered name. (Taff Vale Railroad Co. v. Amalgamated Society, 1 BRC 832, cited in Oakes, *ante*, p. 117). Commonwealth Act 213 most nearly approaches the English Trades-Unions Act. Although no mention therein is made as to the power of a legitimate union to acquire property, it can be necessarily implied that it has such power provided the acquisition thereof is in the interest of the improvement of their members directly and not for business or profit, unless the union, in the latter case, is also incorporated. (Section 2, C. A. 213 considered with Dept. of Labor Order No. 9 and Section 13, par. 5 of Act 1459). It is submitted that where an action for damages is brought against an unregistered union or an unregistered and at the same time unincorporated union, the members thereof must be joined as parties or a class suit be brought with leave of court.

a. Representative Suits

Speaking of unregistered or unincorporated labor unions, all their members, in the absence of a permissive statute, can not bring an action because of the impracticability of bringing them to court at one time. That is the general rule. Equity, however, allows representative suits. Thus a bill may be brought by members of an unincorporated association by alleging that the members are too many to be joined as plaintiffs or that it is brought in behalf of all members of the association; and a bill brought against such association must allege that the individual defendants are representative of all others of the same class. (Reynolds vs. Davis, 198 Mass. 294). In this jurisdiction there is a clear statutory provision permitting the prosecution of such suits, making it unnecessary to invoke the equity rule. The Rules of Court provides: "When the subject matter of a controversy is one of common interest to many persons and the parties are so numerous so that it is impracticable to bring them all before the court, one or more may sue or defend for the benefit of all. But in such cases the court shall make sure that the parties actually before it are sufficiently numerous and representative so that all interest concerned are fully protected. Any party in interest shall have a right to intervene in protection of his individual interest." (Section 12, Rule 3, Rules of Court).

3. Personality in Contracts Made by Unions for their Members

Thus far discussion of this phase of the problem has been reserved in order to lay down first general principles under which suits by or against labor unions may be maintained. Unions, being organized primarily for the protection and benefit of their members, may enter into contracts with employers for what they may deem beneficial to their members. In such instances doubts may arise as to who can enforce

such contracts—the unions themselves or those members of the unions employed by the employer contracted with by the union, in their private capacity.

With respect to unincorporated unions entering into contracts with employers, American decisions do not seem to agree as to whether such unions can be validly constituted agents of their members even when expressly authorized thereunto. (Edwin S. Oakes, in Organized Labor and Industrial Conflicts, p. 20). Under C.A. 213 unregistered unions do not have the legal right to bargain collectively, and while this does not mean that unregistered unions may not attempt to exercise their influence over employers, the courts will not recognize and give effect to such agreements (Section 2, C.A. 213); so that in case of violation by the employer of the terms thereof, the individual laborers must bring the action themselves, or if there are more than thirty of them involved and the case arises from those causes mentioned in C. A. 103, *supra*, they may join in an action or bring a representative suit before the CIR.

As to registered or incorporated unions entering into contracts with employers for their members, there is no doubt that if they are authorized by their members, they may make contracts in their behalf. (16 RCL, p. 465). They have the right of collective bargaining under our law. In such cases it has been held that there is a mutuality in the agreements between the parties and are therefore valid (Maisel vs. Sigman, 205 NY Supp. 807); and that the union may be held liable for a breach of such contract by refusal of the members to work except for wages higher than that agreed to by the union and the employer. (Nederlandsch Amerikaansche vs. Stevedores and Longshoremen's Benevolent Society, 265 Fed. 397). This, by the way, does not refer to closed-shop agreements, but to ordinary contracts. The authorization given to the union to contract in behalf of the members must be express and clear. Thus it was not held to be given where the members, having knowledge of one such contract entered into by their union purportedly in their behalf, themselves made separate agreements with the same employer even if practically on the same terms as that made by the union. (St. Paul's Typothetae vs. St. Paul's Bookbinders' Union No. 37, 102 NW 725). There is, however, a view which is not entirely contrary to the above to the effect that where a registered union without express authorization enters into contracts with employers as to conditions of work only or as to the minimum of fair and just wages, leaving the specific terms of the performance of work and the terms of payment therefor to the individual members, such stipulations between the union and the employer are deemed incorporated into the contract with the individual members, even if no reference is made thereto, provided membership in the union is shown. (Piercy vs. Louisville and N. R. Co. 198 Ky. 477, cited in Oakes, p. 120, *ante*). In these latter cases although the union has the power to do such things it has no personality to bring action for its enforcement (W. A. Snow Iron Works vs. Chadwick, 227 Mass. 382); nor

can the employer go against the union. (idem).

An exception may be noted as to tort actions, such as suits to recover compensation for injuries under the Workmen's Compensation Act (Act 3428). Aside from the personal nature of damage suits, Section 35 of Act 3428 still provides that "no claim for compensation under the act is transferrable, and all compensation or rights to compensation shall be exempt from creditors' claims." "Every action," it must be remembered, "must be brought in the name of the real party in interest" (Section 2, Rule 3, Rules of Court): the union here can not be said to be the party really interested in the compensation sought to be recovered; it is the laborer himself and his dependents. So that while an action by the union can not be said readily to mean that there was a previous transfer of the right to compensation, the courts will not recognize the personality of the union in such recovery suits. The most the union can do is to give assistance in the proceedings.

C. Personality As Basis of Liability and Powers of Unions

1. Between Unions and Third Persons

a. For Its Own Acts

Personality as we have seen implies the aptitude to be the subject of rights and obligations. The laws giving them distinct juridical existence or allowing them to exist merely without investing them with definite and separate status, while clearly affirmative as to their rights, are silent as to their liabilities. These liabilities are governed by the general body of laws.

A legitimate labor union within the purview of C. A. 213 as well as one incorporated under the Corporation law has a distinct legal standing. Being so, the principles of the Corporation law are applicable to them. Thus in the same manner as the acts of a stockholder do not bind the other members of the corporation so does the act of one member of a union not bind the others without additional proof that there was an associated promotion or ratification of the acts complained of. (Segurheld vs. Friedman, (1922) 193 N.Y. Supp. 128. Cf. with U. S. vs. Gomez, 8 Phil. 630). A union is not responsible for the unlawful acts of individual members which neither its officers nor committees in the proper discharge of their functions directed or approved. (Thomas Russel and Sons vs. Stampers and Gold Leaf Local Union, 107 N. Y. Supp. 303). But acts committed by officers and members pursuant to a common scheme are chargeable to the union. (Schelsinger vs. Altman, 198 N. Y. Supp. 128). And in establishing union liability for the acts of its members or officers, while circumstantial evidence may be used to convict, this must amount to direct proof. (Thos. Russel vs. Stampers and Gold Leaf Union, 107 N. Y. Supp. 303).

A labor union is liable for the acts of its business agents within the scope of their authority. (Clarkson vs. Lublan, 216 SW 1029). Where no justification is shown for the procuring of union men to violate their contract entered into by the union in behalf of the members even if made in good faith, the union is liable. (Southwales Miners Fed. vs.

Glamorgan Coal Co., cited in oakes, *ante*, p. 37). Nor can a union escape liability for unlawful acts arising from a strike it has inaugurated notwithstanding its exhortation to its members to be orderly and to obey the law. (Southern Railroad Co. vs. Mass. Local Union, 111 Fed. 49. To the same effect was the ruling in National Labor Union vs. Phil. Match Co. and the Court of Ind. Rel., VIII LJ No. 14, p. 567). A union may also be held liable for a libel published in a newspaper by its trustees in its interest (Linaker vs. Pilcher, 49 Weeks Rep. 413); and while it has been shown that unions are not affected in their legality by the operation of the anti-trust laws, yet a labor organization or its members are not exempted from accountability for a combination in restraint of trade where it or they depart from the normal or legitimate objects and engage in an actual combination or conspiracy in restraint of trade. (Duplex Printing Press Co. vs. Deering, 254 U. S. 443).

b. Under C. A. 103

The Court of Industrial Relations in controversies submitted to it for decision makes awards which may be either an agreement of the parties to the controversy made in writing and signed and acknowledged by them before the Judge or his representative or a notary public (this being done before there is actual hearing) or one made by the court itself after trial. (Section 4, C. A. 103). Any award becomes final after the lapse of ten days from date thereof if no appeal is taken to the Supreme Court. (Section 15, C. A. 103); Section 1, Rule 44, Rules of Court. But see Goseco vs. CIR, VIII LJ No. 9, p. 354, where Justice Laurel said that the CIR by its power not to be subject to the technicalities of procedure did not go beyond its jurisdiction when it revised its judgment after more than ten days had elapsed from its rendition). In cases where an appeal is taken, the decision of the Supreme Court on the case becomes final five days after the receipt of said certified decision by the Clerk of Court of Industrial Relations. (Section 15, C. A. 103). Non-compliance with the terms of an agreement after it has become final subjects the erring party to civil liability recoverable in an ordinary civil action (Section 23, C. A. 103); while downright violation of the terms of an award or decision renders the malfeasant criminally liable as is also the one who induces any person to violate the terms of the same. (Section 24. C. A. 103).

c. For Acts of Local Branches

Where a union organizes local branches the acts properly chargeable to said local unions are held to be chargeable also to the central union. (Grand Int. Brotherhood vs. Green, 210 Ala. 496 cited in Oakes, *ante*, p. 118). A central union may also be held as co-principal for the wrongful expulsion of a member of a local union (Thompson vs. Grand Int. Bro. 91 SW 834); but a central union can not be held liable for the services of an organizer employed by a subordinate state union, merely because the central union is ultimately benefited thereby. (Crawley vs. Am. Society, 139 NW 734). As to the liability of an international union for the injuries done by union laborers during

a strike at a local plant, it must be clearly shown that what was done was done by its agents in accordance with its fundamental agreement of association (Coronado Coal Co. vs. United Mine Workers, 268 U. S. 295); but where there is a stipulation between the central and local union that the former will not assume responsibility for a strike by the branch unless it expressly agrees to assume it, and the local union goes ahead with the strike, the local union is alone liable (idem); and even where in such cases the Central union's president, having been appraised of such strike reports it to the executive board of the central union or an account of the strike is made in the Union's journal wherein no condemnation of the strike is made, the central union will still be not responsible. (ibid).

2. Between Unions and Members

a. Reciprocal rights and obligations.

The constitution and by-laws of a union constitute a contract between the union and the members and these between themselves. stitution and by-laws can bind the The only test whether such conmembers is their legality; registration or the lack of it, as well as incorporation, has little, if any, effect on their enforceability as a matter of strict theory, although it makes a lot of difference as to when courts will or will not intervene in their acts.

A union may for example discipline its members, but this right is founded principally on the constitution and by-laws of the union rather than on the municipal law. Membership in a union implies consent to the discipline carried out by the union in good faith through the methods provided therefor by the union and in accordance with the principles of natural justice. But a member can not be disciplined for a violation of by-laws improperly adopted. The power to discipline a member for violation of the rules is in its nature penal and must be strictly construed (Blackall vs. National Labor Union, Times LR v. 39 p. 431, cited in Oakes, *ante*, p. 53); hence power to expel a member was not deemed included in a rule providing that any one who may violate its rules shall be dealt with as may be deemed fit. (Clark v. Ferrie [1926], cited in Oakes, *ante*, p. 53).

Like members of a corporation, a member of a union can not claim remuneration for services rendered thereto unless payment therefor was fixed in the by-laws. Both under the Corporation law and under the principles governing labor unions, members of the latter can inspect the books and accounts of the union and this right may be exercised either personally or through an accountant employed for the purpose (Whether v. Keep, 78 L. Ch. J, NS 334) whether desired by a majority of the members or by one of them only; but this does not mean that members may examine them at any time. (Dodd v. Amalgamated Marine Workers Union, 93 NS. 65). A labor union not being a combination in restraint of trade, the courts will lend their assistance to compel an accounting by a former officer for money received by him while in office. (Chase v. Starr, 33 Manitoba LR 233, cited in Oakes, p. 83).

In the absence of a statute, a

member of a union who misappropriates union property can not be criminally liable for theft, but one who embezzles union funds, as where a treasurer absconds with the money entrusted to his care, is liable for misappropriation and he can not set up the illegality of the union as a defense (State v. Skinner, 210 Mo. 373); and an information charging the treasurer with embezzlement of union funds need not set out all the names of the various members. (idem).

b. Judicial Interference with Union affairs

In Grand International Brotherhood vs. Green, 210 Ala. 496, *supra*, it was held that courts will not ordinarily interfere with the internal affairs of a union so as to settle the disputes between the members, nor with questions of policy or management. They will interfere only when civil or property rights are involved and then only when there has been bad faith or fraud or a question of public is involved in the constitution and by-laws of the union and this had violated them by the acts complained of (Carey vs. International Brotherhood, 206 N. Y. Supp. 73): nor will they overrule the decision of a union tribunal merely because of a difference in opinion as to the merits. Every member has of course the right to insist that he be accorded those rights and privileges granted to members in the constitution and by-laws, and where these are denied he can go to court. (Local Union No. 65 vs. Nalty, 7 Fed. 100). So also, in a case where judgment has been rendered by the tribunal of the organization without jurisdiction and there is no other adequate remedy to arrest the effects of the decision, can the courts be called upon for aid (Local Union No. 76 vs. United Brotherhood, 143 LA. 901); but the courts will not interfere with a controversy in the holding of office or election thereto unless property rights are involved (Bennet vs. Kearns, 85 NS 289); nor will the courts lend their aid to enforce the judgment of a tribunal of a voluntary association. But where there is a threatened disruption of local unions by a resolution consolidating such unions alleged to have been passed by the executive board of the general organization in violation of the constitution and by-laws, the courts will restrain enforcement of said resolution pending an appeal within the association. (Powell vs. United Association, 248 SW 1042).

IV. CONCLUSION

In the light of the laws at present obtaining in the Philippines, regarding labor unions, it may be said that the legal personality of Philippine labor unions varies with their compliance or non-compliance with legal requirements and also with the nature and cause of action in which they are involved. By way of resumé, it may be stated that:

1. Unions not registered under Commonwealth Act 213 nor incorporated under Act 1459 do not have a personality distinct and apart from that of the members composing them. Suits brought by or against them must be prosecuted in behalf of all or against all the members by representative suits. Joint action is impracticable because union membership often runs up to thousands.

2. Unions registered under C. A. 213 have a distinct personality of their own but only for the purposes defined therein, such as the power of collective bargaining, recourse to courts in case their members are discharged from work because of membership therein. Such unions can not acquire property for profit but only those necessary for the improvement of their members. Only to that extent are they liable for any tort committed by them or by their members in cases where the unions can be held answerable.

3. Unions which are incorporated but not registered also have a corporate status and hence separate corporate rights, but these, although broad enough, do not include the right to avail of the protection accorded by registration under C. A. 213.

Unions which are incorporated and at the same time registered will be more powerful by reason of the powers they can exercise and the protection they can demand under the law.

4. The act creating the Court of Industrial Relations, in giving facility to the settlement of labor disputes, also recognizes the personality of incorporated and registered labor organizations in cases arising from the relation of employers and employees or landlords and tenants where such disputes are likely to cause strikes, lockouts or riots and where such disputes arise from differences as regards wages, shares or compensation, hours of labor or conditions of tenancy or employment. In cases where civil or property rights are involved between the employers and employees or landlords and tenants, whether arising from the above causes or not, the ordinary courts have jurisdiction.

It is the opinion of the writer that the laws spoken of in the foregoing discussion and the principles applicable are adequate to give protection both to workingmen and to the general public, and to accord full freedom to the laboring classes to improve their lot. It is admitted that laborers usually get the worse in their bargains with the employers and therefore a further readjustment in the relations between capital and labor, not merely in the laws but in their application, is to be desired. But it should be remembered that any change which might lead to any form of economic and political dictatorship, either by capitalists or by the proletariat, should be discountenanced and condemned. Undue indulgence invites abuse; indifference promotes it. Unions specially are inclined sometimes to be unreasonable. The best security for progressive harmony is a live interest, and prompt and proper action on the part of all concerned.