LABOR RELATIONS LAW

FROILAN M. BACUÑGAN*

In 1973, the Supreme Court decided some 12 labor cases.[1] Arranged in accordance with the dates when the decisions were promulgated, these cases were:

1. The Philippine American Management Company, Inc. and Philippine American Life Insurance Company, petitioners, v. The Philippine American Management Employees Association (PAMEA-FFW) and Court of Industrial Relations, respondents, G.R. No. L-35254, January 29, 1973. Cited *Philippine American Management Co.*

2. B.F. Goodrich Philippines, Inc., petitioner v. B.F. Goodrich (Marikina Factory) Confidential and Salaried Employees Union-NATU, B.F. Goodrich (Makati Office) Confidential and Salaried Employees Union-NATU, and Court of Industrial Relations, respondents, G.R. Nos. L-34069-70, February 28, 1973. Cited *B.F. Goodrich.*

3. The Philippine American Management Company, Inc. and Philippine American Life Insurance Company, petitioners v. The Philippine American Management Employees Association (PAMEA-FFW) and Court of Industrial Relations, respondents, G.R. No. L-35254, May 25, 1973. Cited *Philippine American Management Co.*

4. Associated Labor Union, petitioners, v. Court of Industrial Relations and Goodyear Textile Mfg. Co., respondents, G.R. No. L-31727, May 30, 1973. Cited *Associated Labor Union.*

---

* *Associate Professor,* U.P. College of Law; *Director,* U.P. Law Center.

1 A very specific way of defining what labor cases are is to read the indices of the *Supreme Court Decisions* published by the Reporter's Office of the Supreme Court. Labor cases could be those that come under headings like "Court of Industrial Relations", "Industrial Peace Act", "Labor and Social Legislation", "Minimum Wage Law", "Strike" and "Workmen's Compensation".

If the U.P. Law Center's *Subject Index of 1973 Supreme Court Decisions* is relied upon, labor cases could be those coming under headings like "Collective Bargaining," "Court of Industrial Relations", "Employer-Employee", "Industrial Peace Act", "Labor and Welfare Legislation", "Overtime Pay", "Reinstatement and Back Wages", "Self Organization", "Termination Pay", "Unfair Labor Practices", "Workmen's Compensation Commission."

Using the *Supreme Court Reports Annotated,* labor cases could be those that come under headings like "Collective Bargaining", "Court of Industrial Relations", "Labor Laws", "Minimum Wage Law", Workmen's Compensation", "Workmen's Compensation Act" and "Workmen's Compensation Commission".

5. Philippine Blooming Mills Employees Organization, Nicanor Tolentino, Florencio Padrigano, Rufino Roxas, Mariano de Leon, Asencion Paciente, Bonifacio Vacuna, Benjamin Pagcu and Rodulfo Munsod, petitioners, v. Philippine Blooming Mills Co., Inc. and Court of Industrial Relations, respondents, G.R. No. L-31195, June 5, 1973. Cited *Philippine Blooming Mills.*

6. Philippine Fiber Processing Company, Inc., petitioner, v. Court of Industrial Relations and PHILFIBCO Employees and Laborers Union, Local 106, (NWB), respondents, G.R. No. L-29770, July 19, 1973. Cited *Philippine Fiber Processing Co.*

7. Valentin Guijarno, Herminigildo de Juan, Nicolas Casumpang, Eleuterio Boblo, Benito Guavez, Arsenio Jemena, Dimas Bocbocila, Nicolas Alamon, Ismael Billones, Raymundo Alamon, Santiago Bañes, Sofronio Conclara, Adriano Biñas, Aurelio Alamon, Simeon Bernil, Resurrecion Diaz, Feliciano Belgira, Federico Bosque, and Agosto Pulmones, petitioners, v. Court of Industrial Relations, Central Santos Lopez Co., Inc. and United Sugar Workers Union-ILO, respondents, G.R. Nos. L-28791-93, August 27, 1973. Cited *Guijarno.*

8. Serafin Catague, Tomas Pido, Ernesto Tesoro, Vicente Libo-on, Ludovico Pamintajon, Manuel Gallano, Benito Lumauag, Lorenzo Buga-ay, Pedro Nuncio, Jose Amedo, Enrique Tizo, Vicente Escalona, Francisco Gicano, Agapito Mangana, Ramon Billones, Basilio Fernandez, Antonio Exija, Cipriano Taño, Igmedio Abanto, Silvestre Escobin, Carlos Nicoyco, Jose Magtubo, Bonifacio Sosombrado, Demetrio Tabausuarez, Nicanor Mangana, Ceferino Sarnicula, Filemon Villaluna, Pablo Casuyon, Rodrigo Casuyon and Fraternal Labor Organization-ALU (FLO-ALU), petitioners, v. The Honorable Judge Ostervaldo Z. Emilia, on his capacity as Presiding Judge of the Court of First Instance of Negros Occidental, 12th Judicial District, Branch VI and the Binalbagan-Isabela Sugar Company, Inc. (BISCOM), respondents, G.R. No. L-37414, October 26, 1973. Cited *Catague.*

9. National Waterworks and Sewerage Authority, petitioner, v. NWSA Consolidated Unions, Simeon Chongco, and Court of Industrial Relations, respondents, G.R. No. L-32019, October 26, 1973. Cited *NAWASA.*

10. Federation of Free Workers, petitioner, v. Hon. Judge Ansberto P. Paredes, in his capacity as Presiding Judge of the Court of Industrial Relations, Hon. Amado Gat Inciong, in his capacity as Undersecretary of Labor and Kapisanan ng mga Manggagawa sa Associated Anglo-American Tobacco Corporation-FOITAF, respondents, G.R. No. L-36466, November 26, 1973. Cited *FFW.*

11. Manuel G. Ferrer, Mariano Lopez, Rafael G. Ferrer, Brigido Huergas, Francisco Espiritu, Antonio Blanco, Antonio J. Esguerra, Federico Pabelico, Antonio Roldan, Isidoro F. Nario, Conchita Romualdez Yap, Ruby V. Precilla, Edilberto Ramatoy, Ben Francisco, Mario Ongpin, Rafael N.

Tayag, Jr., Jimeno V. Bernabe, Marcial Candelario, Castro Borromeo, Nelia de la Paz Lozon, Loreto Reyes, Leticia General, Jose Fulgado, Jose Villamin, Damaceno Fagara, Galicano Espiritu, and other Philippine Airlines, Inc. Employees similarly situated, petitioners, v. The Hon. Samuel F. Reyes, Judge of the Court of First Instance of Rizal, Philippine Airlines Employees Association (PALEA) Enriquez Jimenez, Mariano Ampil, Jr. and the Philippine Air Lines, Inc. (PAL), respondents, G.R. No. L-24552, December 19, 1973. Cited *Ferrer*.

12. Federation of the United Workers Organization (F.U.W.O.), petitioner, v. The Court of Industrial Relations and National Labor Union (NLU), respondents, G.R. No. L-37392, December 19, 1973. Cited *FUWO*.

ISSUES INVOLVED IN 1973 CASES

A cursory review of these 12 labor cases shows that they dealt with a wide range of issues.

Three dealt with Section 12 of the Industrial Peace Act[2] which is the provision that spells out how employees choose their collective bargaining representatives. These cases were the *B.F. Goodrich, FUWO* and *FFW* cases.

Three cases, *i.e.*, the *Guijarno, Philippine Fiber Processing Co.* and *Philippine Blooming Mills* cases, were unfair labor practice cases.[3] The *Guijarno* case dealt specifically with the provision that recognizes the validity of a closed-shop provision in a collective bargaining agreement.[4] The *Philippine Fiber Processing Co.* case dealt with a lockout by an employer. The *Philippine Blooming Mills* case asked the question: Could a mass demonstration by employees be an unfair labor practice?

Three cases, *i.e.*, the two *Philippine-American Management Co.* cases and the *Associated Labor Union* case dealt with Section 16 (c) of the Minimum Wage Law[5] as this provision affects the jurisdiction of the Court of Industrial Relations.

One involved the Eight-Hour Labor Law.[6] This was the *NAWASA* case.

Two cases touched on the role of lawyers in labor disputes; the *Catague* case was on a compromise agreement and the *Ferrer* case involved attorney's fees.

---

[2] Rep. Act No. 875 (1953).
[3] Cases involving secs. 4, 5 and 6 of Rep. Act No. 875 (1953).
[4] Rep. Act No. 875 (1953), sec. 4(a)(4).
[5] Rep. Act No. 602 (1951).
[6] Com. Act No. 444 (1939), as amended.

CASES ON CERTIFICATION ELECTIONS

Three of the 1973 Supreme Court decisions on labor dealt with Section 12 of the Industrial Peace Act. This provision outlines how employees are to choose their collective bargaining representative. After stressing the fact that "[t]he labor organization designated or selected x x x by the majority of the employees in an appropriate collective bargaining unit shall be the exclusive representative of all the employees in such unit for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment", Section 12 of the Industrial Peace Act outlines how such representative may be determined. Thus, the provision continues: "Whenever a question arises concerning the representative of employees, the Court [of Industrial Relations] may investigate such controversy and certify to the parties in writing the name of the labor organization that has been designated or selected for the appropriate bargaining unit. x x x [If after the above investigation] there is any reasonable doubt as to whom the employees have chosen as their representative x x x, the Court shall order a secret ballot election [otherwise known as "certification election"] to be conducted by the Department of Labor, to ascertain who is the freely chosen representative of the employees, x x x. The organization receiving the majority of votes cast in such election shall be certified as the exclusive bargaining representative of such employees."

It is clear from the above-quoted portions of Section 12 of the Industrial Peace Act that a certification election has a very crucial role in ascertaining who shall be the freely chosen representative of the employees.

Aware of this significance, in the *B.F. Goodrich* case, the Supreme Court ruled against an employer who wanted to delay the holding of a certification election on the ground that there was a pending unfair labor practice case consisting of an alleged illegal strike.

In the *FUWO* and *FFW* cases, the Supreme Court reversed decisions of the Court of Industrial Relations that would have prevented the participation of interested labor unions in elections being held to determine who shall be the representative of employees in an appropriate collective bargaining unit.

In the *B.F. Goodrich* case, two labor unions (affiliated with the same labor federation) presented to the employer similar demands seeking recognition as bargaining agents, one labor union, as bargaining agent of the office workers of the employer, and the other, of the factory workers of said employer. The unions sought such recognition because they wanted to negotiate thereafter a collective bargaining agreement with the employer.

Instead of recognizing the unions as bargaining agents of his employees, the employer countered with two petitions for certification election, a move allowed by the Industrial Peace Act which provides:

> "(d) When requested to bargain collectively, an employer may petition the Court for an election if there has been no certification election held during the twelve months prior to the date of the request of the employees, and if the employer has reasonable doubt as to the bargaining representative of the appropriate unit."[7]

Before these petitions for certification election could be resolved, however, the members of the unions went on strike to force recognition of their unions. As a consequence of this, an unfair labor practice case based on an illegal strike was filed against the striking union members.

Soon after the filing of the above unfair labor practice case, the employer moved that the hearings on his petition for certification election be held in abeyance until after the unfair labor practice case was decided. It was the employer's contention that if the unfair labor practice case prospered, *i.e.*, the strike was declared illegal and the individual union members who went on strike were found guilty of unfair labor practice, the latter would consequently lose their status as employees and would be disqualified to vote in the certification election that might be ordered.

The Supreme Court rejected the above contention of the employer and in doing so stressed the following points:

1. The pendency of an unfair labor practice case may indeed be a bar to the holding of a certification election, *i.e.*, the unfair labor practice case should first be resolved before a certification election may be held. But the charge of unfair labor practice should be that of company unionism — that a labor union seeking to participate in the certification election is company - dominated.

The reason for the rule was so aptly stated by Justice J.B.L. Reyes:

> "x x x a complaint for unfair labor practice may be considered a prejudicial question in a proceeding for certification election when it is charged therein that one or more labor unions participating in the election are being aided, or are controlled, by the company or employer. The reason is that the certification election may lead to the selection of an employer-dominated or company union as the employees' bargaining representative, and when the court finds that said union is employer-dominated in the unfair labor practice case, the union selected would be decertified and the whole election proceedings would be rendered useless and nugatory."[8]

Along with the abovequoted statements of Justice J.B.L. Reyes, these words of Justice Enrique M. Fernando also elaborated on why a charge of company unionism must first be resolved before a certification election may be held:

---

[7] Rep. Act No. 875 (1953), sec. 12.

[8] The Standard Cigarette Workers' Union (PLUM) v. CIR, 101 Phil. 126, 128 (1957).

> "x x x It is easily understandable why it should be thus. There would be an impairment of the integrity of the collective bargaining process if a company-dominated union were allowed to participate in a certification election. The timid, the timorous, and the faint-hearted in the ranks of labor could easily be tempted to cast their votes in favor of the choice of management. Should it emerge victorious, and it becomes the exclusive representative of labor at the conference table, there is a frustration of the statutory scheme. It takes two to bargain. There would be instead a unilateral imposition by the employer. There is need therefore to inquire as to whether a labor organization that aspires to be the exclusive bargaining representative is company-dominated before the certification election."[9]

Only for a very strong and valid reason, *e.g.*, a necessary inquiry into the *bona fides* of a labor union, should a certification election be postponed. An unfair labor practice case filed by an employer for illegal strike allegedly engaged in by some of its employees is not such reason. Justice Fernando so persuasively elucidated the reason for this rule in these words:

> "x x x If under the circumstances disclosed, management is allowed to have its way, the result might be to dilute or fritter away the strength of an organization bent on a more zealous defense of labor's prerogatives. The difficulties and obstacles that must be then hurdled would not be lost on the rest of the personnel, who had not as yet made up their minds one way or the other. This is not to say that management is to be precluded from filing an unfair labor practice case. It is merely to stress that such a suit should not be allowed to lend itself as a means, whether intended or not, to prevent a truly free expression of the will of the labor group as to the organization that will represent it. It is not only the loss of time involved, in itself not likely to enhance the prospect of respondent-unions, but also the fear engendered in the mind of an ordinary employee that management has many weapons in its arsenal to bring the full force of its undeniable power against those of its employees dissatisfied with things as they are. x x x
>
> x x x x x
>
> "Nor would any useful purpose be served by such a postponement of the holding of a certification election until after the determination of the unfair labor practice case filed. The time that might elapse is hard to predict, as the matter may eventually reach this Tribunal. In the meanwhile, there is no opportunity for free choice on the part of the employees as to which labor organization shall be their exclusive bargaining representative. The force of such an objection could be blunted if after a final decision to the effect that the employees complained of were engaged in illegal strike, they would

---

[9] B.F. Goodrich Philippines, Inc. v. B.F. Goodrich (Marikina Factory) Confidential & Salaried Employees Union-NATU, G.R. Nos. L-34069-70, February 28, 1973, 49 SCRA 532, 539-540 (1973).

> automatically lose their jobs. Such is not the law, however. It does not necessarily follow that whoever might have participated in a strike thus proscribed has thereby forfeited the right to employment. What will be gained then by holding in abeyance the certification election? There is no certitude that the final decision arrived at in the pending unfair labor practice case would sustain the claim of petitioner. Even if success would attend such endeavor, it cannot be plausibly asserted that its employees adjudged as having been engaged in such illegal strike are *ipso facto* deprived of such status. There is thus an aspect of futility about the whole thing. Why should not respondent Court then decide as it did?"[10]

2. A final point stressed in the *B.F. Goodrich* case was this: The question of whether or not a certification election shall be held may well be left to the sound discretion of the Court of Industrial Relations, considering the conditions involved in the case. This doctrine was reiterated as settled law in the *B.F. Goodrich* case.

The crucial role of a certification election in ascertaining who is the freely chosen representative of the employees was earlier stressed.

In the *FUWO* or *FFW* cases, the Supreme Court showed very great concern that no labor union aspiring to be the representative of the employees was denied the right to participate in a certification election.

In the *FUWO* case, a labor union filed a petition with the Court of Industrial Relations seeking certification as the sole and exclusive bargaining agent of the rank-and-file employees of a certain company. Apparently misled by a pending unfair labor practice case, it manifested a desire to withdraw its petition for certification. The Court acted on this petition by allowing the labor union to withdraw as a party in the representation case that had been commenced. The Court then ordered the holding of a certification election, substituting the above labor union with another which had intervened and had shown sufficient legal basis for its intervention. The former labor union was thus, to use the language of the Supreme Court, "left in the cold, unable because of its ill-advised move, to participate in the certification poll that would be thereafter held."[11]

A petition to allow the organized labor union to participate in this certification election was favorably acted upon by the Supreme Court which said:

> "While it cannot be said that respondent Court was arbitrary considering the ambivalent attitude as well as the apparent lack of a sure footing in the domain of labor law of petitioner union, still to sustain what it did would certainly frustrate a correct ascertainment of the true wishes of the rank-and-file employees. That is not to promote the objective of the Industrial Peace Act.

---

[10] *Id.* at 540-542.

[11] Federation of the United Workers Organization (F.U.W.O.) v. Court of Industrial Relations, G.R. No. L-37392. December 19, 1973, 54 SCRA 305, 307 (1973).

> "The order of respondent Court now challenged is not without plausibility from the standpoint of rigid adherence to the concept of adversary proceedings where parties bear the brunt of their own ineptitude. Such an approach is not controlling in proceedings of this character. What is of the essence is that the sole bargaining representative should be the choice of the majority of the employees concerned. No stone should thus be left unturned to assure a free expression of their choice. As far back as LVN Pictures, Inc. v. Philippine Musicians Guild, a 1961 decision, the then Justice, later Chief Justice Concepcion made clear: 'The absence of an express allegation that the members of the Guild constitute a proper bargaining unit is not fatal in a certification proceeding, for the same is not a "litigation" in the sense in which this term is commonly understood, but a mere investigation of a non-adversary, fact-finding character, in which the investigating agency plays the part of a disinterested investigator seeking merely to ascertain the desires of employees as to the matter of their representation. In connection therewith, the court enjoys a wide discretion in determining the procedure necessary to insure the fair and free choice of bargaining representatives by employees.' The slightest doubt cannot therefore be entertained that what possesses significance in a petition for certification is that through such a device the employees are given the opportunity to make known who shall have the right to represent them. What is equally important is that not only some but all of them should have the right to do so."[12]

In the *FFW* case, a labor union, in a representation case, filed a motion for intervention which if granted would allow it to participate in a certification election. It had shown that it had sufficient legal interest to intervene. Its motion for intervention carried the signatures of more than 100 member employees of the company involved, and witnesses were presented to identify the genuineness of some sixty of them which amounted to 10 per cent of the approximately 580 rank-and-file employees of the company.

The motion for intervention, however, was denied because according to the Court of Industrial Relations, it was filed late, after the certification election order had become final, and was therefore improper under section 2, Rule 12 of the Revised Rules of Court which permits intervention only "before or during trial."

The Supreme Court reversed the above decision of the Court of Industrial Relations. In reviewing the latter, the Supreme Court emphasized:

> "Respondent judge's application of Rule 12, section 2 on intervention in ordinary litigations for its ruling that petitioner's motion for intervention, although timely presented before the scheduled election, was improper as it was not 'presented before or during a trial' but after issuance of the August 18, 1972 order approving the holding

[12] *Id.* at 309-310.

of a consent election ignored the plain fact that no trial was herein involved at all as the parties agreed on a consent election as well as the juridical concept emphasized in *Benguet Consolidated, supra,* that 'what is essential is that every labor organization be given the opportunity in a free and honest election to make good its claim that it should be the exclusive collective bargaining representative. In line with such a sound juridical concept, it has been made clear by this Court x x x that a certification proceeding is not "a 'litigation' in the sense in which this term is commonly understood, but a mere investigation of a non-adversary, fact-finding character, x x x."' Since representation cases are not to be taken as contentious litigations or suits but as mere investigations of a non-adversary, fact-finding character as to which of the competing unions represents the genuine choice of the workers to be their sole and exclusive collective bargaining representative with their employer, the cited Rule of Court on intervention has no application.

"Respondent court had duly verified at the hearing of FFW's motion for intervention that it has a substantial interest in the election proceeding. There having been no certification election held during the twelve months prior to the date of the request of FFW for intervention, and the said FFW having shown itself to represent at least ten percent of the employees, it was as a matter of law mandatory upon the industrial court in accordance with section 12 of Republic Act No. 875 to order a certification election duly participated in by FFW as a contending union.

"Respondent judge's attempt to distinguish the cited cases of *Lakas ng Manggagawang Makabayan (LMM), supra,* from the case at bar by asserting that this Court had therein allowed the intervention of LMM even after the trial because no opposition thereto had been filed by the adverse parties missed the import of this Court's pronouncements thru Mr. Justice Castro in the same case that 'at about the time of the filing of the motion for intervention by the LMM, allegiances and loyalties among the U.S. Tobacco Corporation employees were behaving like shifting sands such as to have a radical effect upon the choice of the appropriate bargaining representative, x x x;' that no evidence in the record 'sufficiently rebuts the claim of the LMM that it has 300 members among the employees of the U.S. Tobacco Corporation;' that 'at the time the motion for intervention was presented by the LMM to the CIR, the latter was still in the process of investigating the possibility of holding a new election since it had, through its associate judge, nullified the election held in February, 1969 and directed the holding of a new one. The CIR *en banc,* in turn, subsequently affirmed the nullity of the February 1969 election x x x;' and that 'the inclusion of the LMM in the new competition for labor representation would, in an appreciable measure, help subserve the declared policies of the Industrial Peace Act.' It is manifest therefrom that even if the other contending unions had actually opposed LMM's intervention, the Court would have allowed LMM's participation in the certification election in order to carry

out its fundamental objective of ascertaining by a majority vote the workers' true choice of their bargaining agent.x x x[13]

x x x x x

"The Court finds that on the strength of section 7 of Commonwealth Act No. 103 which grants the industrial court broad and ample powers to 'direct parties to be joined or striken out from the proceedings, correct, amend or waive any error, defect or irregularity, whether in substance or in form,' the industrial court acted with grave abuse of discretion in denying petitioner FFW's motion to intervene and participate in the certification election rather than granting the same and 'assuring that all labor organizations having a right to take part therein can participate in such certification election' as stressed in *Lakas ng Manggagawang Pilipino vs. Benguet Consolidated, Inc.* and thus 'help subserve the declared policies of the Industrial Peace Act' as in *Lakas ng Manggagawang Makabayan vs. C.I.R.*[14]

x x x x x

"The most important criterion, as therein stressed, is that the bargaining agent be truly representative of the employees and their genuine choice, and hence all labor organizations which have shown a substantial interest at stake in the elections and have timely applied to participate therein *before* the holding of the elections should be so allowed to intervene and be voted for therein. This is but to help subserve the declared policies of the Industrial Peace Act, to accomplish which the industrial court has been freed from the narrow constraints of the technical rules of procedure in order to grant relief according to the justice and equity and substantial merits of the case."[15]

This could also be noted: The Supreme Court acted in this case over what it called a technical objection — that "the instant petition is improper, premature and defective (since) the disputed order of respondent judge is still pending consideration by the court *en banc* by petitioner's filing of a motion of reconsideration."[16]

After observing that the Court of Industrial Relations had taken no further actions on the motion for reconsideration, the Supreme Court declared that "this principal issue should be resolved once and for all now in order to save time, money and effort all around".[17] It also said: "The urgent matter of who of the three competing unions represents the genuine choice of the workers should not be delayed any further.[18]

The question may now be asked: Are the rulings of the Supreme Court enunciated in the three certification election cases decided in 1973

---

[13] Federation of Free Workers v. Paredes, G.R. No. L-36466, November 26, 1973, 54 SCRA 75, 80-82 (1973).

[14] *Id.* at 80.

[15] *Id.* at 82.

[16] *Id.* at 79.

[17] *Ibid.*

[18] *Ibid.*

still useful, taking into account pertinent provisions of the proposed Labor Code?

It should be noted that certification election cases, under the Labor Code, are within the jurisdiction of the Bureau of Labor Relations which is in turn empowered to prescribe rules and regulations regarding certification election.[19]

The ruling clarified in the *B.F. Goodrich* case, that a pending unfair labor practice is not necessarily a bar to a certification election unless the unfair labor practice charged is that of company unionism, is likely a rule that the Bureau of Labor Relations will not ignore, it being a good and logical rule to apply. Of course, an interesting situation may arise: Certification election cases are within the exclusive jurisdiction of the Bureau of Labor Relations,[20] while unfair labor practice cases are to be certified to appropriate labor arbiters by the Bureau if after 15 working days it has failed to resolve these cases.[21] Will this mean that the Bureau cannot proceed to order a certification election until after an unfair labor practice case involving company unionism has been finally resolved by a labor arbiter, whose decisions are appealable to the National Labor Relations Commission, then also to the President of the Philippines or the Supreme Court?[22] In this connection, it should be pointed out that the Labor Code, aiming at the speedy disposal of labor cases, provides that as regards certification election cases the decisions of the Bureau shall be final and executory.[23]

In connection with the *FUWO* and *FFW* cases, the rulings of the Supreme Court have the net effect of allowing all interested labor unions to participate in certification elections, even if such labor union is misled by a pending unfair labor case into withdrawing a petition for certification, as in the *FUWO* case, or requests to participate in a certification election only after the order for such elections has become final but before the election is actually held, as in the *FFW* case. The above rulings are definitely sound, and it is very likely that the Bureau of Labor Relations will adopt these rulings when cases similar to the *FUWO* or *FFW* are before it.

UNFAIR LABOR PRACTICE CASES

Closed-Shop Provision

One of the Supreme Court decisions on labor decided in 1973, *i.e.*, the *Guijarno* case, dealt with Section 4(a)4 of the Industrial Peace Act, par-

---

[19] LABOR CODE, art. 304.
[20] *Ibid.*
[21] *Id.*, art. 272.
[22] *Id.*, art. 302.
[23] *Id.*, art. 307.

ticularly the provision in this Section that allows a closed-shop agreement. This Section declares it an unfair labor practice for an employer "[t]o discriminate in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization." However, this same Section provides that "nothing in this Act or in any other Act or statute of the Republic of the Philippines shall preclude an employer from making an agreement with a labor organization to require as a condition of employment membership therein, if such labor organization is the representative of the employees x x x, but such agreement shall not cover members of any religious sects which prohibit affiliation of their members in any such labor organization."

In the *Guijarno* case, some 19 employees of a sugar central were dismissed pursuant to a demand of the union which had a valid and existing collective bargaining agreement with a closed-shop provision with the sugar central. The closed-shop provision provided that laborers who were not members of good standing in the union could be dismissed by the sugar central if their dismissal was sought by the union.

There was no question that the 19 dismissed employees here were not members of the union. But there was also no question that they had been employed by the sugar central long before the collective bargaining agreement mentioned above was entered into.

The issue thus presented was: Can a closed-shop provision be enforced against persons who were already employed before such closed-shop provision was entered into?

In a very exhaustive review of Supreme Court decisions that dealt with the above issue, Justice Fernando reiterated "[t]he authoritative doctrine that a closed-shop provision in a collective bargaining agreement is not to be given a retroactive effect".[24] The decision thus promulgated by the trial judge of the Court of Industrial Relations and affirmed by this Court *en banc,* that the dismissal of the 19 employees was justifiable under the closed-shop provision, was therefore reversed by the Supreme Court.

It is, quite interesting to note that the closed-shop provision in the *Guijarno* case was considered unenforceable against employees "employed by such respondent Company long before the collective bargaining contract".[25] There was no further allegation that, in addition to their being "already in the service", they were also "members of another union," as was the case of the employees involved in the *Freeman* case[26] cited by Justice Fernando.

---

[24] Guijarno v. Court of Industrial Relations, G.R. Nos. L-28791-93, August 27, 1973, 52 SCRA 307, 310 (1973).

[25] *Id.*, at 309.

[26] Freeman Shirt Manufacturing Co., Inc. v. Court of Industrial Relations, G.R. No. L-16561, January 28, 1961, 1 SCRA 353 (1961).

The *Guijarno* case is also significant because it was the vehicle where Justice Fernando made these very enlightening remarks on labor unions and closed-shop provisions:

> "x x x Where does that leave a labor union, it may be asked. Correctly understood, x x x [A labor union] is the instrumentality through which an individual laborer who is helpless as against a powerful employer may, through concerted effort and activity, achieve the goal of economic well-being. That is the philosophy underlying the Industrial Peace Act. For, rightly has it been said that workers unorganized are weak; workers organized are strong. Necessarily then, they join labor unions. To further increase the effectiveness of such organizations, a closed-shop has been allowed. It could happen, though, that such a stipulation which assures further weight to a labor union at the bargaining table could be utilized against minority groups or individual members thereof. x x x [The] power in a collectivity could be the means of crushing opposition and stifling the voices of those who are in dissent. The right to join others of like persuasion is indeed valuable. An individual by himself may feel inadequate to meet the exigencies of life or even to express his personality without the right to association being vitalized. It could happen though that whatever group may be in control of the organization may simply ignore his most-cherished desires and treat him as if he counts for naught. The antagonism between him and the group becomes marked. Dissatisfaction if given expression may be labeled disloyalty. In the labor field, the union under such circumstances may no longer be a haven of refuge, but indeed as much of a potential foe as management itself. x x x"[27]

Lockout as Unfair Labor Practice

In the *Philippine Fiber Processing Co.* case, the employer was charged with (1) refusing to bargain collectively with a union, which was one of two unions seeking to represent the employees of the employer, and (2) illegally effecting a lockout.

Anent the first issue, the Supreme Court did not disturb the findings of the Court of Industrial Relations that absolved the employer from the charge of refusing to bargain collectively. These findings of the latter Court were found sufficient:

> "x x x (a) prior to the filing of the unfair labor practice case below, there were two contending unions in the petitioner's premises, namely, the herein respondent union and the Philippine Workers Union, each claiming majority representation, and the petitioner had reasonable grounds to doubt which union had the real majority representation among its employees and with whom it should deal, particularly in view of the fact that many of its employees had dual union membership; and (b) although a letter proposal, for bargaining purposes, was received by the petitioner from the respondent union on March 17,

[27] *Supra*, note 24 at 313-314.

> 1956 and was answered only on May 16, 1956, several conferences were, however, held between the parties in the interim. That, according to the industrial court, was substantial compliance with the requirements of section 14 of the Industrial Peace Act."[28]

On the second issue, the finding of the industrial court that the employer illegally effected a lockout was sustained by the Supreme Court because the latter found it proven that at the time the lockout was effected, there were still enough raw materials to keep the employer in operation. These established facts were considered significant: While employer closed its Pandacan Factory (where it effected the questioned lockout), it continued its operation in Ma-ao, Negros Occidental. The employer also subsequently re-opened its Pandacan Factory. As to the claim of the employer that it closed its factory to recover property losses and damages arising from the strike, the Supreme Court quoted with approval the finding of the industrial court that it was not so.

In view of the foregoing, the Supreme Court affirmed the decision of the Court of Industrial Relations directing the employer to reinstate the employees who were illegally locked out. In view of the protracted hearing of the case, the payments of back wages were limited to a period of three years counted from the time the case was submitted for resolution to the Court of Industrial Relations.

Mass Demonstration: Unfair Labor Practice?

In the *Philippine Blooming Mills* case, the Supreme Court was faced with the question: Could a labor union and its members be held guilty of unfair labor practice for having staged a mass demonstration in protest against police abuses against the will of the employer in spite of a no-lockout-no-strike provision in the existing collective bargaining agreement? It appeared that 8 officers and members of the union led some 400 employees of the Company in a mass demonstration at Malacañang in protest against alleged abuses of the police of Pasig, Rizal. The employees proceeded with the demonstration in spite of the Company's appeal to the Union that workers of the first and regular shifts be excused from joining the demonstration and should report to work so as not to prejudice unduly the normal operation of the Company. The employer also warned that all those who would not heed its appeal would be dismissed and that the union officers, being the organizers, would be primarily liable. The Court of Industrial Relations ordered the dismissal of the 8 officers and members of the Union who led the mass demonstration.

The Judge of the industrial court who heard the case found the labor union guilty of bargaining in bad faith, and that those who were directly

---

[28] Philippine Fiber Processing Co., Inc. v. Court of Industrial Relations, G.R. No. L-29770, July 19, 1973, 52 SCRA 110, 115 (1973).

responsible for perpetrating the above unfair labor practice should be considered as having lost their status as employees of the Company. While the said Judge opined that the mass demonstration was not a declaration of strike, he nevertheless concluded that the labor union and the organizers of the mass demonstration were guilty of bargaining in bad faith and hence violated their collective bargaining agreement with the Company.

The Supreme Court did not agree with the above legal conclusion. Justice Felix Makasiar, who penned the majority decision in the case, said:

> "x x x The demonstration held by petitioners on March 4, 1969 before Malacañang was against alleged abuses of some Pasig policemen, not against their employer, herein private respondent firm, said demonstration was purely and completely an exercise of their freedom of expression in general and of their right of assembly and of petition for redress of grievances in particular before the appropriate governmental agency, the Chief Executive, against the police officers of the municipality of Pasig. They exercised their civil and political rights for their mutual aid and protection from what they believe were police excesses. As a matter of fact, it was the duty of herein private respondent firm to protect herein petitioner Union and its members from the harassment of local police officers. It was to the interest of herein private respondent firm to rally to the defense of, and to take up the cudgels for, its employees, so that they can report to work free from harassment, vexation or peril and as a consequence perform more efficiently their respective tasks to enhance its productivity as well as profits. Herein respondent employer did not even offer to intercede for its employees with the local police. Was it securing peace for itself at the expense of its workers? Was it also intimidated by the local police or did it encourage the local police to terrorize or vex its workers? Its failure to defend its own employees all the more weakened the position of its laborers *vis-a-vis* the alleged oppressive police, who might have been all the more emboldened thereby to subject its lowly employees to further indignities.
>
> "In seeking sanctuary behind their freedom of expression as well as their right of assembly and of petition against alleged persecution of local officialdom, the employees and laborers of herein private respondent firm were fighting for their very survival, utilizing only the weapons afforded them by the Constitution—the untrammelled enjoyment of their basic human rights. The pretension of their employer that it would suffer loss or damage by reason of the absence of its employees from 6 o'clock in the morning to 2 o'clock in the afternoon, is a plea for the preservation merely of their property rights. Such apprehended loss or damage would not spell the difference between the life and death of the firm or its owners or its management. The employees' pathetic situation was a stark reality—abused, harassed and persecuted as they believed they were by the peace officers of the municipality. As above intimated, the condition in which the employees found themselves *vis-a-vis* the local police of Pasig, was a matter that vitally affected their right to individual existence

as well as that of their families. Material loss can be repaired or adequately compensated. The debasement of the human being—broken in morale and brutalized in spirit—can never be fully evaluated in monetary terms. The wounds fester and the scars remain to humiliate him to his dying day, even as he cries in anguish for retribution, denial of which is like rubbing salt on bruised tissues."[29]

The Supreme Court did not only absolve the labor union and the organizers of the mass demonstration of the charge of unfair labor practice. It also found the Company guilty of unfair labor practice.

The Supreme Court said:

"The respondent company is the one guilty of unfair labor practice. Because the refusal on the part of the respondent firm to permit all its employees and workers to join the mass demonstration against alleged police abuses and the subsequent separation of the eight (8) petitioners from the service constituted an unconstitutional restraint on their freedom of expression, freedom of assembly and freedom to petition for redress of grievances, the respondent firm committed an unfair labor practice defined in Section 4(a-1) in relation to Section 3 of Republic Act No. 875, otherwise known as the Industrial Peace Act. Section 3 of Republic Act No. 875 guarantees to the employees the right 'to engage in concerted activities for x x x mutual aid or protection'; while Section 4(a-1) regards as an unfair labor practice for an employer 'to interfere with, restrain or coerce employees in the exercise of their rights guaranteed in Section Three.'

"We repeat that the obvious purpose of the mass demonstration staged by the workers of the respondent firm on March 4, 1969, was for their mutual aid and protection against alleged police abuses, denial of which was interference with or restraint on the right of the employees to engage in such a common action to better shield themselves against such alleged police indignities. The insistence on the part of the respondent firm that the workers for the morning and regular shifts should not participate in the mass demonstration, under pain of dismissal, was as heretofore stated, 'a potent means of inhibiting speech.'

"Such a concerted action for their mutual help and protection deserves at least equal protection as the concerted action of employees in giving publicity to a letter complaint charging a bank president with immorality, nepotism, favoritism and discrimination in the appointment and promotion of bank employees. We further ruled in the Republic Savings Bank case, supra, that for the employees to come with the protective mantle of Section 3 in relation to Section 4(a-1) of Republic Act No. 875, 'it is not necessary that union activity be involved or that collective bargaining be contemplated,' as long as the concerted activity is for the furtherance of their interests.

---

[29] Philippine Blooming Mills Employees Organization v. Philippine Blooming Mills Co., Inc., G.R. No. L-31195, June 5, 1973, 51 SCRA 189, 204-205 (1973).

> "As stated clearly in the stipulation of facts embodied in the questioned order of respondent Court dated September 15, 1969, the company, 'while expressly acknowledging, that the demonstration is an inalienable right of the Union guaranteed by the Constitution,' nonetheless emphasized that 'any demonstration for that matter should not unduly prejudice the normal operation of the company' and 'warned the PBMEO representatives that workers who belong to the first and regular shifts, who without previous leave of absence approved by the Company, particularly the officers present who are the organizers of the demonstration, who shall fail to report for work the following morning (March 4, 1969) shall be dismissed, because such failure is a violation of the existing CBA and, therefore, would be amounting to an illegal strike(;)' (p. III, petitioner's brief). Such threat of dismissal tended to coerce the employees from joining the mass demonstration. However, the issues that the employees raised against the local police, were more important to them because they had the courage to proceed with the demonstration, despite such threat of dismissal. The most that could happen to them was to lose a day's wage by reason of their absence from work on the day of the demonstration. One day's pay means much to a laborer, more especially if he has a family to support. Yet, they were willing to forego their one-day salary hoping that their demonstration would bring about the desired relief from police abuses. But management was adamant in refusing to recognize the superior legitimacy of their right of free speech, free assembly and the right to petition for reddress."[30]

But in the *Philippine Blooming Mills* case, the issue was not only about the mass demonstration and the question as to whether or not its staging was an unfair labor practice.

The Supreme Court was also confronted with a prejudicial question: Could it review a decision of the industrial court where the motion for the reconsideration of such decision was filed two days late? The rules of the Court of Industrial Relations provide that a motion for reconsideration shall be filed within five days from receipt of its decision or order.

To the above question, the answer of Justice Antonio Barredo was a very categorical one. He said:

> "[t]he judgment of the industrial court sought to be reviewed in the present case has already become final and executory, nay, not without the fault of the petitioners, hence, no matter how erroneous from the constitutional viewpoint it may be, it is already beyond recall x x x"[31]

A majority of the Supreme Court however concurred with Justice Makasiar who wrote:

---

[30] *Id.* at 207-209.
[31] *Id.* at 245.

"It has been likewise established that a violation of a constitutional right divests the court of jurisdiction; and as a consequence its judgment is null and void and confers no rights. Relief from a criminal conviction secured at the sacrifice of constitutional liberties, may be obtained through habeas corpus proceedings even long after the finality of the judgment. Thus, habeas corpus is the remedy to obtain the release of an individual, who is convicted by final judgment through a forced confession, which violated his constitutional right against self-incrimination; or who is denied the right to present evidence in his defense as a deprivation of his liberty without due process of law, even after the accused has already served sentence for twenty-two years.

"Both the respondents Court of Industrial Relations and private firm trenched upon these constitutional immunities of petitioners. Both failed to accord preference to such rights and aggravated the inhumanity to which the aggrieved workers claimed they had been subjected by the municipal police. Having violated these basic human rights of the laborers, the Court of Industrial Relations ousted itself of jurisdiction and the questioned orders it issued in the instant case are a nullity. Recognition and protection of such freedoms are imperative on all public offices including the courts as well as private citizens and corporations, the exercise and enjoyment of which must not be nullified by a mere procedural rule promulgated by the Court of Industrial Relations exercising a purely delegated legislative power, when even a law enacted by Congress must yield to the untrammelled enjoyment of these human rights. There is no time limit to the exercise of these freedoms. The right to enjoy them is not exhausted by the delivery of one speech, the printing of one article or the staging of one demonstration. It is a continuing immunity, to be invoked and exercised when exigent and expedient—whenever there are errors to be rectified, abuses to be denounced, inhumanities to be condemned. Otherwise, these guarantees in the Bill of Rights would be vitiated by a rule on procedure prescribing the period for appeal. The battle then would be reduced to a race for time. And in such a contest between an employer and its laborer, the latter eventually loses because he cannot employ the best and dedicated counsel who can defend his interest with the required diligence and zeal, bereft as he is of the financial resources with which to pay for competent legal services."[32]

Explaining his concurring vote, Justice Teehankee came out with these enlightening words:

"Respondent court's *en banc* resolution dismissing petitioners' motion for reconsideration for having been filed two days late, after expiration of the reglementary five-day period fixed by its rules, due to the negligence of petitioners' counsel and/or the union president should likewise be set aside as a manifest act of grave abuse of discretion. Petitioners' petition for relief from the normal adverse consequences of the late filing of their motion for reconsideration due

[32] *Id.* at 211-212.

> to such negligence—which was not acted upon by respondent court—should have been granted, considering the monstrous injustice that would otherwise be caused the petitioners through their summary dismissal from employment, simply because they sought in good faith to exercise basic human rights guaranteed them by the Constitution. It should be noted further that no proof of actual loss from the one-day stoppage of work was shown by respondent company, providing basis to the main opinion's premise that its insistence on dismissal of the union leaders for having included the first shift workers in the mass demonstration against its wishes was but an act of arbitrary vindictiveness.
>
> "Only thus could the basic constitutional rights of the individual petitioners and the constitutional injunction to afford protection to labor be given true substance and meaning. No person may be deprived of such basic rights without due process—which is but 'responsivenes to the supremacy of reason, obedience to the dictates of justice. Negatively put, arbitrariness is ruled out and unfairness avoided . . . Due process is thus hostile to any official action marred by lack of reasonableness. Correctly it has been identified as freedom from arbitrariness.' "[33]

Re: The three unfair labor practice cases decided by the Supreme Court in 1973, *i.e.*, the *Guijarno, Philippine Fiber Processing Co.* and the *Philippine Blooming Mills* cases, how are the rulings enunciated in these cases affected by the proposed Labor Code?

The rulings on a closed-shop agreement dealt with in the *Guijarno* case are now statutorily clarified: Article 294(e) of the proposed Labor Code in part provides: "Nothing in this Code or in other law shall stop the parties from requiring membership in a recognized collective bargaining agent as a condition for employment, *except those employees who are already members of another union at the time of the signing of the collective bargaining agreement.*"[34]

Re: The rulings laid down in the *Philippine Fiber Processing Co.* case, a lockout is an unfair labor practice because it is a violation of the duty to bargain collectively. It is interesting to note that the Labor Code increased the list of unfair labor practices.[35] Somewhat related to a lockout, under the Labor Code, it is expressly provided that it shall be an unfair labor practice for an employer to "contract out services or functions being performed by union members when such will interfere with, restrain or coerce employees in the exercise of their right to self-organization."[36]

Re: The rulings of the Supreme Court in the *Philippine Blooming Mills* case, it should be pointed out that there is at present General Order No. 5 which provides:

---

[33] *Id.* at 246-247.
[34] Italics supplied.
[35] LABOR CODE, art. 294.
[36] *Ibid*, art. 294(c).

"NOW, THEREFORE, I, FERDINAND E. MARCOS, Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to the aforesaid Proclamation No. 1081 dated Sept. 21, 1972, do hereby order that henceforth and until otherwise ordered by me or by my duly designated representative, all rallies, demonstrations and other forms of group actions by persons within the geographical limits of the Philippines, including strikes and picketing in vital industries such as in companies engaged in the manufacture or processing as well as in the distribution of fuel gas, gasoline, and fuel or lubricating oil, in companies engaged in the production or processing of essential commodities or products for exports, and in companies engaged in banking of any kind, as well as in hospitals and in schools and colleges, are strictly prohibited and any person violating this order shall forthwith be arrested and taken into custody and held for the duration of the national emergency or until he or she is otherwise ordered released by me or by my duly designated representative."

Article 315(a) of the proposed Labor Code also reads in part:

"ART. 315. *Miscellaneous provisions.*—(a) Pending the restoration of the right to strike and the right to lockout, all strike funds are hereby transformed into labor research and education funds. x x x"

In view of the above legal provisions, the rulings of the Supreme Court dealing with the mass demonstration in the *Philippine Blooming Mills* case may not seem to be of immediate significance. However, the spirit that moved the Supreme Court to review a decision where the motion for reconsideration of such decision was filed two days late could be a source of reassurance: in a labor case, procedural technicalities need not be insurmountable obstacles for the Supreme Court to review a decision that would perpetuate a "monstrous injustice."[37]

CASES ON SECTION 16(c) OF THE MINIMUM WAGE LAW

In three of its 1973 labor decisions, the Supreme Court had occasion to interpret the meaning of Section 16(c) of the Minimum Wage Law as this provision affects the jurisdiction of the Court of Industrial Relations. This above provision reads:

"Where the demands of minimum wages involve an actual strike, the matter shall be submitted to the Secretary of Labor, who shall attempt to secure a settlement between the parties through conciliation. Should the Secretary fail within fifteen days to effect said settlement, he shall indorse the matter together with other issues involved, to the Court of Industrial Relations which will acquire jurisdiction on the case including the minimum wages issue, and after a hearing where the views of the Secretary of Labor will be given,

[37] *Supra*, note 29 at 246.

> will decide the case in the same manner as provided in other cases. The decision shall be rendered by the court *en banc* within fifteen days after the case has been submitted for determination, and its finding of facts shall be conclusive if supported by substantial evidence, and shall be subject only to an appeal by *certiorari*."

In the *Associated Labor Union* case, the Supreme Court categorically emphasized that the Court of Industrial Relations "is not devoid of authority to see to it that its jurisdiction under this provision is not indiscriminately invoked."[38]

In this case, the Secretary of Labor endorsed a labor dispute to the Court of Industrial Relations for adjudication and settlement on the ground that said labor dispute, which had resulted in an actual strike, involved a demand for the payment of the statutory minimum wage of the employees and that despite repeated conciliation efforts by the Department of Labor, the parties failed to reach an amicable settlement.

After hearing, the Court of Industrial Relations dismissed the case upon its finding that the elements of a valid endorsement by the Secretary of Labor were not complied with.

It was contended that "upon mere endorsement by the Secretary of Labor to the effect that there is a demand for minimum wages which is involved in an actual strike the Industrial Court may not disclaim jurisdiction to adjudicate and settle the said demand together with the other issues involved in the strike."[39]

This contention was rejected by the Supreme Court which said:

> "Section 16(c) of Republic Act No. 602 should be viewed in the light of the provisions of the Industrial Peace Act. Section 7 of this Act enunciates a policy of encouraging free enterprise and collective bargaining in the relations of labor and management. Court intervention in the fixing of conditions of employment is held to a minimum, in effect restricting the broad powers of arbitration given to the Court of Industrial Relations under Commonwealth Act No. 103. x x x The Industrial Court is not devoid of authority to see to it that its jurisdiction under this provision is not indiscriminately invoked; otherwise the very exception may render the general rule on non-interference illusory. Section 16(c) states that once jurisdiction is established the Industrial Court "*will decide the case in the same manner as provided in other cases*," including the other issues involved in the strike."[40]

The above statements were based on findings that:

> "x x x Not even a *prima facie* showing was made that a violation of the Minimum Wage Law had been committed, whether in the con-

---

[38] Associated Labor Union v. Court of Industrial Relations, G.R. No. L-31727, May 30, 1973, 51 SCRA 138, 144 (1973).

[39] *Ibid.*

[40] *Ibid.*

> ciliation conferences in the Department of Labor or in the Industrial Court itself. It is pointed out by the private respondents that Section 16(c) was availed of only as a ruse to circumvent the more stringent requirements of the Industrial Peace Act concerning the other more persistent demands of the union, as shown by the following circumstances: *First*, the labor dispute between the parties did not originally involve any demand for minimum wages, but rather charges of union busting, illegal dismissals and union recognition of employee representation, as well as improvement of working conditions of the employees. *Second*, during the conciliation conferences the demand for minimum wages was never taken up because the parties persisted in discussing the issue of union recognition. x x x *Third*, the company presented as exhibit its payroll showing that it had been paying the statutory minimum wages to its employees. In the face of this evidence of compliance with the Minimum Wage Law ALU remained silent and stood pat on its argument that the mere endorsement by the Secretary of Labor necessarily placed the case within the jurisdiction of the Industrial Court, regardless of the absence of any serious attempt to show that a Minimum Wage Law violation was involved. *Fourth*, with respect to the other issues defined by ALU, such as illegal dismissals or union busting and improvement of working conditions, the evidence before the court shows that further hearings would be futile. x x x"[41]

In the *Philippine American Management Co.* cases, (there was actually only one decision here, the other being a resolution on the motion for reconsideration), what was at issue was a return-to-work order issued by the Court of Industrial Relations in a labor dispute endorsed by the Secretary of Labor also under the authority granted to him by Section 16(c) of the Minimum Wage Law.

There was an urgent motion to dismiss on the ground of lack of jurisdiction over the subject matter, alleging that the certification by the Secretary of Labor had no basis in fact since the dispute clearly involved no demand for minimum wages.

The Court of Industrial Relations deferred resolution on this motion to dismiss. Meanwhile it acted favorably on a motion for the issuance of a return-to-work order. Thus, the crucial question which the Supreme Court faced in the *Philippine American Management Co.* cases was: Is the scope of the power of the Court of Industrial Relations under Section 16(c) of the Minimum Wage Law as broad as the power it is authorized to exercise under Section 10 of the Industrial Peace Act? It will be noted that under Section 10 of the Industrial Peace Act, the CIR "may cause to be issued a restraining order forbidding the employees to strike or the employer to lockout the employees, pending an investigation by the Court, and if no other solution to the dispute is found, the Court may issue an order fixing the terms and conditions of employment."

---

[41] *Supra*, note 38 at 145.

In answering the above question, the Supreme Court expressed its continuing concurrence with an earlier ruling about the very broad power of the Court of Industrial Relations under Section 10 of the Industrial Peace Act when it quoted with approval the decision in *Philippine Marine Radio Officers' Association v. Court of Industrial Relations*[42] which provided in part:

> "x x x upon certification by the President under Section 10 of Republic Act 875, the case comes under the operation of Commonwealth Act 103, x x x. The evident intention of the law is to empower the Court of Industrial Relations to act in such cases, not only in the manner prescribed under Commonwealth Act 103, but with the same broad powers and jurisdiction granted by that Act. If the Court of Industrial Relations is granted authority to find a solution in an industrial dispute and such solution consists in the ordering of employees to return back to work, it cannot be contended that the Court of Industrial Relations does not have the power or jurisdiction to carry that solution into effect. x x x[43]

Focusing on the contested return-to-work order in the *Philippine American Management Co.* cases, the Supreme Court also quoted this time the case of *Hind Sugar Co., Inc. v. Court of Industrial Relations*[44] which declared that under Section 10 of the Industrial Peace Act, the jurisdiction of the Court of Industrial Relations was "broad enough to authorize [it] to order the return to work not only of the actual workers who were so at the time of the strike but all other regular workers of the company, even though not actually at work or working during the day of the strike because they are seasonal workers."[45]

After describing what it said was the "wide sweep of discretion"[46] enjoyed by the Court of Industrial Relations under Section 10 of the Industrial Peace Act, the Supreme Court stated that this same broad power as an arbitral tribunal was also vested in the Court of Industrial Relations when it deals with a case endorsed to it under Section 16(c) of the Minimum Wage Law. Did not the Industrial Peace Act, when it spoke of a policy "to prevent undue restriction of free enterprise for capital and labor and to encourage the truly democratic method of regulating the relations between the employer and employee by means of an agreement freely entered into in collective bargaining,"[46a] divest the Court of Industrial Relations of its broad power as an arbitral tribunal except under Section 10 of the Industrial Peace Act? To this question, the Supreme Court

---

[42] 102 Phil. 373 (1957).
[43] *Id.* at 382-383.
[44] 108 Phil. 1026 (1960).
[45] *Id.* at 1032.
[46] The Philippine American Management Co., Inc. v. The Philippine American Management Employees Association (PAMEA-FFW), G.R. No. L-35254, January 29, 1973, 49 SCRA 194, 203 (1973).
[46a] Rep. Act No. 875 (1953), sec. 7.

answered in the negative and ruled: "The *occasion* for the exercise of such jurisdiction is thus limited [by the Industrial Peace Act], but, once invoked, the scope of what may legitimately be done has not been curtailed."[47]

Regarding the rulings enunciated by the Supreme Court in the *Associated Labor Union* and *Philippine American Management Co.* cases, it may be observed that jurisdiction over cases or matters arising from employer-employee relations is vested by the proposed Labor Code in the Bureau of Labor Relations, Labor Arbiters and the National Labor Relations Commission in this manner:

> "ART. 272. *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, except those arising from the implementation or interpretation of collective bargaining agreements which shall be the subject of grievance procedure and/or voluntary arbitration.
>
> "The Bureau shall have fifteen (15) working days to act on all labor cases, subject to extension by agreement of the parties, after which the Bureau shall certify the cases to the appropriate Labor Arbiters. The 15-working-day deadline, however, shall not apply to cases involving deadlocks in collective bargaining which the Bureau shall certify to the appropriate Labor Arbiters only after all possibilities of voluntary settlement shall have been tried.
>
> x x x x x
>
> "ART. 265 *Jurisdiction of the Commission.*—The Commission shall have exclusive appellate jurisdiction over all cases decided by the Labor Arbiters and compulsory arbitrators.
>
> "The Labor Arbiters shall have exclusive jurisdiction to hear and decide the following:
>
> "(a) Unfair labor practice cases;
>
> "(b) Unresolved issues in collective bargaining, including wages, hours of work and other terms and conditions of employment which are usually settled through collective bargaining duly certified by the Bureau of Labor Relations in accordance with the provisions of this Code;
>
> "(c) Claims involving non-payment or under-payment of wages, overtime compensation, separation pay, maternity leave and other money claims arising from employer-employee relations, except claims for workmen's compensation, social security and medicare benefits. The power of the Court of Agrarian Relations to hear and decide representation cases in relation to agricultural workers is hereby transferred to the Bureau;
>
> "(d) Violations of labor standard laws;

[47] *Supra*, note 46 at 201.

"(e) Cases involving household services; and

"(f) All other cases or matters arising from employer-employee relations, unless expressly excluded by this Book."

Even a cursory reading of the above provisions shows that compulsory arbitration has been reinstituted by the proposed Labor Code as the labor relations policy in the country.

CASE ON THE EIGHT-HOUR LABOR LAW

One of the 1973 decisions on labor, promulgated by the Supreme Court — the *NAWASA* case — clarified, among others, two significant issues involving the Eight-Hour Labor Law.

This law provides that "[w]ork may be performed beyond eight hours a day x x x but in all such cases the laborers and employees shall be entitled to receive compensation for the overtime work performed at the same rate as their regular wages or salary, plus at least twenty-five per centum additional."[48]

In applying the above provision, the Supreme Court, in the *NAWASA* case, rejected the contention that "the respondent Court erred in ruling that any service exceeding thirty (30) minutes beyond the official working hours as evidenced in time records is overtime service, as it would make the employer liable for overtime service the moment an employee punches his card late, i.e., thirty (30) minutes from the end of the regular time."[49]

In rejecting the above contention, the Supreme Court said:

> "As applied to respondent Chongco's case, this argument has failed to consider, *first*, that a written authorization to render overtime service is not indispensable, a verbal order being sufficient (National Waterworks and Sewerage Authority vs. NWSA Consolidated Union, et al., L-26894-96, *supra*), and according to the respondent Court, 'thru Resolution No. 561, Series of 1961 (Exh. F) the NWSA Board of Directors itself waived the written authorization requirement and authorized payment of overtime work supported by any official records of the NWSA, such as payrolls, salary index cards, *time cards* . . .'; and *second*, the Chief of the Water Sources & Treatment Division, Balara Filtration Plant, testified that he approved all the services of respondent Chongco reflected in the time cards, including services rendered beyond the regular official working hours."[50]

---

[48] Com. Act No. 444 (1939), sec. 3.

[49] NAWASA v. NWSA Consolidated Unions, G.R. No. L-32019, October 26, 1973, 53 SCRA 432, 440 (1973).

[50] *Ibid.*

In the *NAWASA* case, the Supreme Court also clarified the meaning of the statute of limitations found in the Eight-Hour Labor Law which reads:

> "Any action to enforce any cause of action under this Act shall be commenced within three years after the cause of action accrued, otherwise such action shall be forever barred: *Provided, however,* That actions already commenced before the effective date of this Act shall not be affected by the period herein prescribed."[51]

In this case, it was ruled that the above provision could not bar the claims for overtime services for while "[i]t is true that respondent Chongco filed on October 23, 1967, his claim for payment of overtime service rendered prior to October 23, 1964, x x x the controlling date should be the date of the filing of the petition in the main case"[52] since the decision in the main case[53] declared that "the benefits must be conferred to all similarly situated and not to be withheld from some," and claimant being similarly situated as the movants in this main case, the Supreme Court also held the statute of limitation as not applicable to him.

The above rulings in the *NAWASA* case are not going to be changed by the proposed Labor Code. Its statute of limitations reads:

> "ART. 330. *Money Claims.*—Civil actions involving nonpayment or underpayment of wages, overtime compensation, separation pay, maternity benefits, and other money claims and benefits arising from employer-employee relations, may be commenced within three (3) years from the time the cause of action accrued. Such actions shall be forever barred unless commenced within such period."

THE CASE ON COMPROMISE AGREEMENTS

In the *Catague* case, some 40 workers filed a complaint against their employer, alleging that they had been dismissed, laid off or retired without termination or separation pay.

In connection with this complaint, the workers and their employer, assisted by their respective counsels, entered into an amicable settlement which provided for the payment by the employer to the complaining workers of a total amount of ₱28,054.26. This amicable settlement was approved by the Court of Industrial Relations which then rendered judgment pursuant to and in accordance with the terms and conditions of said agreement.

---

[51] Com. Act No. 444 (1939), sec. 7-A, as amended.

[52] *Supra*, note 49 at 439.

[53] National Waterworks & Sewerage Authority v. NWSA Consolidated Union, G.R. Nos. L-26894-96, February 28, 1969, 27 SCRA 227 (1969).

Twenty-nine of the 40 workers, however, while having received the amounts provided for them in the amicable settlement, filed, through a new counsel, a motion for reconsideration. They assailed the decision of the Court of Industrial Relations on the ground that the amounts paid to each of them were very much less than those provided by the Termination Pay Law.[54] As against the total amount of ₱20,108.28 actually received by them, the 29 petitioners presented a total claim of ₱126,773,63 as the termination pay justly due them based on their length of service with the employer.

The respondent judge denied the motion for reconsideration. Taking note of petitioners' former counsel's manifestations that he had duly informed petitioners of the contents and implications of the amicable settlement which they voluntarily executed, the judge ruled that the amicable settlement had the effect and authority of *res judicata,* and that the suit was "a simple money claim" fully subject to compromise which could not be set aside in the absence of fraud, even on the ground of mistake on the part of petitioners-workers.

Laying aside the above conclusions of the lower court, the Supreme Court favorably acted on the petition for review, saying:

> "Petitioners raised a fundamental factual question in their motions for reconsideration that they had been paid much less than mandated as a matter of public policy by the Termination Pay Act and respondent court manifestly acted arbitrarily and with grave abuse of discretion in summarily denying reconsideration and holding that 'the allegations of facts in both the complaint and answer do not form part of the evidence, and thus the inevitable conclusion is that the only findings of fact which should be considered as the established evidence are those stipulated in the "AMICABLE SETTLEMENT" dated January 25, 1973, duly signed by all the parties, assisted by their respective counsel,' instead of receiving the evidence of the parties to enable it to determine the truth of petitioners' allegations and resolve the same accordingly—by denying reconsideration if petitioners failed to substantiate their allegations as to the long years of service allegedly rendered by them *or* setting aside its original decision and granting petitioners the larger amounts justly claimed by them as their evidence warranted, and deducting therefrom the amounts already received by them under the amicable settlement."[55]

The Supreme Court further stated:

> "In *Cariño v. ACCFA,* the Court held that acceptance of separation pay benefits by the worker under the stress of necessity would not place him in estoppel since '"(E)mployer and employee, obviously, do not stand on the same footing. The employer drove the employee

[54] Rep. Act No. 1052 (1954), as amended.

[55] Catague v. Emilia, G.R. No. L-37414, October 26, 1973, 53 SCRA 487, 491-492 (1973).

to the wall. The latter must have to get hold of some money. Because, out of job he had to face the harsh necessities of life. He thus found himself in no position to resist money proferred. His, then, is a case of adherence, not of choice. One thing sure, however, is that petitioners did not relent on their claim. They pressed it. They are deemed not to have waived any of their rights."'

"All the foregoing considerations serve but to stress the right of petitioners to a day in court—to an opportunity to present their evidence in support of their motions for reconsideration that the amicable settlement executed by them through their former counsel was null and void for having deprived them of the termination pay they were entitled to under the Act in accordance with their length of service—since section 2 of the Act expressly ordains as a matter of public policy and in pursuance of the constitutional mandate to afford protection to labor that 'any contract or agreement contrary to the provisions of section 1 of this Act shall be null and void' and consequently, any judgment approving such a null and void settlement would carry the same fatal flow of nullity.

"Whether petitioners would be entitled to such a declaration of nullity depends entirely upon the evidence they may present and the counter-evidence that may be in turn submitted by respondent BISCOM. But respondent court erred grievously in assuming the validity of the amicable settlement and refusing to inquire beyond the text thereof—when precisely such validity had been timely and squarely put in issue by petitioners at bar when they assailed the settlement as having unjustly deprived them of the full benefits to which they are entitled under the Termination Pay Act and therefore were entitled to be heard and to present their evidence thereon."[56]

The rulings of the Supreme Court in the *Catague* case may no longer be applicable after the Labor Code becomes effective. It has this very significant provision:

"ART. 273. *Compromise agreements.*—Any compromise settlement, including those involving labor standard laws, voluntarily agreed upon by the parties with the assistance of the Bureau or the regional office of the Department of Labor, shall be final and binding upon the parties. The National Labor Relations Commission or any court shall not assume jurisdiction over issues involved therein except in case of non-compliance thereof or if there is prima facie evidence that the settlement was obtained through fraud, misrepresentation, or coercion."

[56] *Id.* at 493-494.