SUPREME COURT
FIRST DIVISION

ANG MALAYANG MANGGAGAWA NG ANG TIBAY ENTERPRISES, ET AL.,
***Petitioners*,**

-versus-

G.R. No. L-8259
December 23, 1957

ANG TIBAY, ET AL.,
***Respondent-Appellees*.**
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D E C I S I O N

BAUTISTA ANGELO, *J.*:

This is a Petition for *Certiorari* which seeks to set aside the Decision rendered by the Court of Industrial Relations on June 18, 1954, dismissing the complaint for unfair labor practice filed by petitioners against respondents in an attempt to secure the reinstatement of the twenty-two (22) complainants as employees of respondent Ang Tibay, Inc.

On July 30, 1953, Ang Tibay, Inc. and the National Workers Brotherhood, a registered labor union, in representation of its affiliate Pima, Inc., concluded a collective bargaining agreement which was approved by the Secretary of Labor. This agreement provides in part that the labor union may recommend to the employer the dismissal or

separation from service of any member, among several reasons, for any act of disloyalty to the union or to the employer, for any violation of any of the existing rules and regulations of the employer, or for any violation of any provision of the by-laws and constitution of the union. The agreement also provides that the employer recognizes the union as the sole agent of the employees and operators of the factory of the employer "with whom to deal and discuss with matters affecting the relationship of management and labor." The agreement is to run for one year with a right to enter into a new and more beneficial agreement for both parties.

A copy of this agreement was posted on the bulletin board located in the premises of the union at Caloocan, Rizal, so that every member of the union could read it. At that time, the complainant, Ang Malayang Manggagawa ng Ang Tibay Enterprises, was not yet registered with the Department of Labor but it was later registered by Macario Pamintuan, one of its organizers, who later became its vice president. The 22 complainants herein were formerly members of both the Pima, Inc. and the National Workers Brotherhood which concluded the collective bargaining agreement with the employer. Without first resigning from these two unions, they joined in organizing the complainant union. Immediately after the latter was registered with the Department of Labor, it sent a letter to the employer demanding certain concessions in behalf of its members and suggesting that a collective bargaining agreement be entered into between them. The employer answered that it could no longer legally enter into any collective bargaining agreement with said union as it had already concluded one with the National Workers Brotherhood on July 30, 1953.

Because the 22 complainants joined the complainant union without first resigning from the respondent union in violation of the latter's constitution and by-laws which make such an act punishable with expulsion, they were expelled from the Pima, Inc. effective August 1, 1953. And after their expulsion, said union requested the employer to discharge them from their work in accordance with the provisions of paragraph 9 of the collective bargaining agreement. The employer saw no other alternative than to dismiss them as requested. Because of this expulsion, a complaint for unfair labor practice was filed against the employer and the two labor unions with which it

concluded a collective bargaining agreement at the instance of the 22 employees who were separated from the service. After due hearing, the Court of Industrial Relations found the charge unfounded whereupon said employees, assisted by the new union with which they affiliated, interposed the present petition for review.

The question to be determined is whether the collective bargaining agreement concluded between the employer and respondent labor unions contains provisions which can be considered derogatory to the provisions concerning unfair labor practice embodied in our Industrial Peace Act.

The pertinent provisions of the collective bargaining agreement which need to be considered are:

> "9. That the PARTY OF THE SECOND PART may recommend to the PARTY OF THE FIRST PART dismissal or separation from service of any member for any of the following causes: (1) insubordination; (2) acts of immorality; (3) theft or robbery; (4) disloyalty to the PARTY OF THE FIRST PART and to the PARTY OF THE SECOND PART; (5) violation of existing rules and regulations of the PARTY OF THE FIRST PART; (6) violation of the By-Laws and Constitution of the PARTY OF THE SECOND PART; (7) threats and acts of violence committed on the lives and property of any of the officers of the PARTY OF THE FIRST PART and any member of the PARTY OF THE SECOND PART. (Italics supplied.)
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> "10. That the PARTY OF THE FIRST PART agrees to recognize and cooperate with the Board of Directors of the PARTY OF THE SECOND PART to analyze, decide and determine whether or not any employee or operator who is a member of the PARTY OF THE SECOND PART, should be separated from the service for causes, likewise, the PARTY OF THE FIRST PART, agrees not to employ any new employee or operator unless he is a member of the PARTY OF THE SECOND PART and without first submitting their application to the Board of Investigation;

x x x

"17. That the PARTY OF THE FIRST PART recognizes only the PARTY OF THE SECOND PART as the sole agent of the employees and operators OF THE PARTY OF THE FIRST PART with whom to deal and discuss with matter affecting the relationship of management and labor. (Italics supplied.)

"18. That the parties hereto further agree that this agreement shall be for a period of one year from date hereof and further reserve the right after the termination of said period to enter into a new and more beneficial agreement for both parties."

And the pertinent provisions of the Industrial Peace Act which is invoked by complainants is section 4 (a), paragraph 4, of Republic Act 875, which we quote:

"(a) It shall be unfair labor practice for an employer:

x x x

"(4) To discriminate in regard to hire or tenure of employment or any term or condition of employment to encourage membership in any labor organization: Provided, 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 as provided in section twelve."

There is nothing in the above-quoted portion of the collective bargaining agreement that may be considered violative of the provisions of law above-quoted for what is agreed upon therein can be considered as within the framework of the law. Thus, it was stipulated that the employer would recognize the unions as the sole agent of all the employees of the former in all matters which affect the

relationship between management and labor. This it is true may be considered derogatory on the part of the members of any other labor unions of the same employer which may discourage membership in one union as against another and as such destroy the right of any laborer to self-organization, but while this may be true it however finds encouragement in the same law that prohibits it for the law recognizes the conclusion of a closed shop agreement. Thus, it is there provided 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." And this Court has already held that this kind of agreement is valid as it tends to yield group solidarity among the employees of an industrial establishment.

> "With this finding we disagree, for it ignores the specific provisions of our law which precisely recognizes the conclusion of a closed shop agreement. Thus, in section 4, subsection (a), paragraph 4, of Republic Act No. 875, it is expressly provided '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 . . .." And in a similar case where the dismissed employees raised the validity of an agreement of this nature, this Court made the following comment: "The closed-shop contract, it is said is the most prized achievement of unionism. It adds membership and compulsory dues. By holding out to loyal members a promise of employment in the closed-shop, it wields group solidarity." (Handler, Notes, 48 Yale Law Journal, 1053, 1059, Francisco, Labor Laws p. 186.)' (Bacolod-Murcia Milling Co., Inc., et al. vs. National Employees-Workers Security Union, 100 Phil., 516; 53 Off. Gaz., Nos. 3, 615, 619.)
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> "'Closed-shop agreement is an agreement whereby an employer binds himself to hire only members of the contracting union who must continue to remain members in good standing to keep their jobs.' While there are arguments in favor of, and against the closed-shop agreement, Congress, in the exercise of

> its policy-making power, has approved the closed-shop, in section 4, subsection (a) paragraph 4 of Republic Act No. 875." (National Labor Union vs. Aguinaldo's Echague, Inc., 51 Off. Gaz., No 6, 2899.)

Nor can it be said that the stipulation providing that the employer may dismiss an employee whenever the union recommends his separation either for disloyalty or for any violation of its by-laws and constitution is illegal or constitutive of unfair labor practice, for such is one of the matters on which management and labor can agree in order to bring about harmonious relations between them and the cohesion and integrity of their organization. And as an act of loyalty a union may certainly require its members not to affiliate to any labor union and to consider its infringement as a reasonable cause for separation. This is what was done by the respondent union. And the respondent employer did nothing but to put in force their agreement when it separated the 22 herein complainants upon the recommendation of said union. Such a stipulation is not only necessary to maintain loyalty and preserve the integrity of the union but is also allowed by our Magna Carta when it provided that while it is recognized that an employee shall have the right to self-organization and join any labor organization, it at the same time postulated that such right "shall not impair the right of a labor organization to prescribe its own rules with respect to the acquisition or retention of membership therein" [Section 4 (b), paragraph 1, Republic Act 875]. This provision is significant. It is an indirect restriction on the right of an employee to self organization. It is a solemn pronouncement of a policy that while an employee is given the right to join a labor organization, such right should only be asserted in a manner that will not spell the destruction of the same organization. The law requires loyalty to the union on the part of its members in order to obtain to the full extent its cohesion and integrity. We therefore see nothing improper in the disputed provisions of the collective bargaining agreement entered into between the parties.

> "When a man joins a labor union (or almost any other democratically controlled group), necessarily a portion of his individual freedom is surrendered for the benefit of all members. He accepts the will of the majority of the members

in order that he may derive the advantages to be gained from the concerted action of all. Just as the enactments of the legislature bind all of us, to the constitution and by-laws of the union (unless contrary to good morals or public policy, or otherwise illegal), which are duly enacted through democratic processes, bind all of the members. If a member of a union dislikes the provisions of the by-laws he may seek to have them amended or may withdraw from the union; otherwise he must abide by them. It is not the function of courts to decide the wisdom or propriety of legitimate by-laws of a trade union." (Dyer vs. Occidental Life Ins. Co., 17 A.L.R. 2d, 923, 926.)

"On joining a labor union the constitution and by-laws become a part of the member's contract of membership under which he agrees to become bound by the constitution and governing rules of the union so far as it is not inconsistent with controlling principles of law. The constitution and by laws of an unincorporated trade union express the terms of a conduct, which define the privileges and rights secured to, and duties assumed by, those who have become members. The agreement of a member on joining a union to abide by its laws and comply with the will of the lawfully constituted majority does not require a member to submit to the determination of the union any question involving his personal rights." (Jaeger, Cases and Statutes on Labor Laws, pp. 118- 119.)

"The power of a voluntary association to discipline its members is not found in the general law of the land, but rests upon the agreement of the members as expressed in its constitution and by-laws, to which every member joining the association is deemed to assent. Membership in such association, therefore, imports consent to the discipline of the association if carried out in good faith and without malice, through the methods prescribed by the laws of the association, and in accordance with the principles of natural justice (Brennan vs. United Hatters (1906) 73 N. J. L. 729, 9, L.R.A. (N.S.) 254, 118 Am. St. Rep. 727, 66 Atl. 165, 9 Ann. Cas. 698). Hence, the procedure prescribed by the constitution and by-laws must be followed; and where the constitution or by-laws

> prescribed the penalty, no other penalty may be imposed." (Organized Labor and Industrial conflicts — Oakes, pp. 51-53,)

One final point raised by petitioners is that the respondent unions are company unions or controlled by the employer. But this is belied by the evidence as found by the industrial court. This finding, which we hereunder quote, is conclusive on this Court (section 6, Republic Act 875):

> "But again, the complainants charge the respondent unions with being company dominated, controlled and influenced because the Pima, Inc., and its members do not pay dues to the National Workers Brotherhood; that the manager of the firm, Prudencio Teodoro, is the adviser of the Pima, Inc.; and that the firm allows the use of its premises by this union.
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> "The evidence of record, however, shows that the Pima, Inc., as branch of the National Workers Brotherhood is paying its dues to the latter (Exhibits 8, 8-A to 8-E Union); that although Prudencio Teodoro was the adviser to the Pima, Inc., as a loan and credit association and not as a labor union, he resigned as such after the enactment of the Industrial Peace Act; and that the free use of the firm's premises at proper times is extended to all the employees indiscriminately.
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> "Upon the entire evidence, we find and conclude that the charges of unfair labor practice against the respondents have not been substantiated."

WHEREFORE, the Decision appealed from is **AFFIRMED**, without pronouncement as to costs.

Paras, *C.J.*, Bengzon, Padilla, Reyes, A., Labrador, Concepcion, Reyes, Endencia and Felix, *JJ.*, concur.