SUPREME COURT
FIRST DIVISION

BANK OF THE PHILIPPINE ISLANDS EMPLOYEES UNION-ALU,
***Petitioner*,**

-versus-

G.R. Nos. 69746-47
March 31, 1989

NATIONAL LABOR RELATIONS COMMISSION (NLRC) and BANK OF THE PHILIPPINE ISLANDS,
***Respondents*.**
x----------x

BANK OF THE PHILIPPINE ISLANDS EMPLOYEES UNION,
***Petitioner*,**

-versus-

G.R. Nos. 76842-44
March 31, 1989

NATIONAL LABOR RELATIONS COMMISSION, ASSOCIATED LABOR UNIONS, BPIEU-ALU and BANK OF THE PHILIPPINE ISLANDS,
***Respondents*.**
x----------x

ASSOCIATED LABOR UNIONS (ALU) and BANK OF THE PHILIPPINE ISLANDS EMPLOYEES UNION-ALU (BPIEU-ALU),

***Petitioners*,**

-versus-

G.R. Nos. 76916-17
March 31, 1989

NATIONAL LABOR RELATIONS COMMISSION, BANK OF THE PHILIPPINE ISLANDS and ATTY. IGNACIO P. LACSINA,

***Respondents*.**

x----------x

D E C I S I O N

CRUZ, *J.*:

We have to go back seven years to trace the train of events that began and chugged its way through the circuitous and sluggish route that has finally brought it to the decision we are now making. There are three cases here intertwined which we have consolidated because they all involve the same employee-employer relations of the Bank of the Philippine Islands and its personnel.

G.R. Nos. 69746-47

First Issue

In the course of their negotiations with the Bank of the Philippine Islands for a new collective bargaining agreement to replace the one expiring on March 31, 1982, serious differences arose between the Bank of the Philippine Islands Employees Union-Metro Manila and

its mother federation, the Associated Labor Unions. This prompted the former to manifest that it would henceforth negotiate alone with BPI independently of ALU, which in turn, suspended all the elective officers of BPIEU-Metro Manila led by its president, Carlito Reyes, who was replaced by Rolando Valdez as acting president. In retaliation, Reyes and his followers, claiming to be the legal and sole representatives of BPIEU-Metro Manila, formally disaffiliated from ALU on November 16, 1982.[1]

As no agreement could be reached on a wide variety of economic issues, the dispute between BPI and its employees was certified by the Minister of Labor for compulsory arbitration and docketed in the National Labor Relations Commission as Certified Cases Nos. 0279 and 0281.[2] These cases were later consolidated with the Manifestation and Motion for Interpleader and to Consign Union Dues, which was filed by BPI in view of the conflicting claims of the Reyes and Valdez groups for the said dues.[3]

On March 22, 1983, the NLRC resolved the bargaining deadlock by fixing the wage increases and other economic benefits and ordering them to be embodied in a new collective bargaining agreement to be concluded by BPIEU-Metro Manila and ALU with BPI. It did not decide the intra-union dispute, however, holding that this was under the original jurisdiction of the med-arbiter and the exclusive appellate jurisdiction of the Bureau of Labor Relations.[4]

Claiming to be the labor union referred to in the decision, the Reyes group filed a petition with the Bureau of Labor Relations for direct certification on the ground of its disaffiliation from ALU. This petition was denied in a decision dated June 13, 1983, where BLR Director Cresenciano Trajano held that the disaffiliation was invalid because it was done beyond the freedom period. The decision ended with the following disposition:

> ACCORDINGLY, this Office hereby resolves not to give due course to the Bank of the Philippine Islands Employees Unions' disaffiliation from the Associated Labor Unions, as well as its petition for direct certification.

> The Bank of the Philippine Islands, however, is hereby directed to sign jointly with the Bank of the Philippine Islands Employees Union, petitioner herein, and the Associated Labor Unions, the collective agreement decreed by the Commission on 22 March 1983 for the bank's Metropolitan Manila offices with the qualification that the administration thereof shall be at the account of the Bank of the Philippine Islands Employees Union. The dues-sharing scheme being observed by BPIEU and ALU shall be maintained.[*]

The Reyes group then came to this Court in a petition for certiorari, with a prayer for a temporary restraining order, which we issued on July 11, 1983, to prevent the BLR and the BPI from enforcing the above-cited Decision[5] We eventually dismissed the petition for lack of merit and lifted the temporary restraining order on February 16, 1985, later denying the motion for reconsideration on March 27, 1985.[6]

Earlier, on April 28, 1983, the Valdez group (with ALU) had filed with the NLRC a motion for a writ of execution commanding the BPI to negotiate the new collective bargaining agreement with it.[7] In deference to our temporary restraining order in the Reyes case, the NLRC held in abeyance its action on the motion.[8] The reaction of the Valdez group was to seek relief from the Court on February 1, 1985, in a petition for certiorari and injunction, now docketed as G.R. No. 69746. In this petition, it is contended that, for not enforcing the said decision of March 22, 1983, which has long become final and executory, the NLRC has acted with grave abuse of discretion and so should be reversed.

The Court has studied the arguments of the parties and is unable to accept the petitioner's contention. Our finding is that although the temporary restraining order was strictly speaking addressed only to BPI and ALU, it was entirely proper for the NLRC itself to abide by it, and not only out of respect for this Court. The decision sought to be enforced called for the conclusion of a collective bargaining agreement between BPI and the members of BPIEU-ALU. The question precisely before the Court then was which as between the Reyes and Valdez groups should be recognized as the legitimate representative of the employees in general to negotiate with BPI.

NLRC had no jurisdiction to resolve that question. Obviously, its own decision of March 23, 1983, could not be enforced until that question was first cleared.

More importantly, the issue has become moot and academic. In its decision dated June 13, 1985, the Bureau of Labor Relations did hold that the disaffiliation of the Reyes group from ALU was invalid because it was done beyond the freedom period, that is within sixty days before the expiration of the collective bargaining agreement on March 31, 1982. But that is all past and done now. That CBA was replaced by another collective bargaining agreement concluded with BPI by the BPIEU-Metro Manila after its disaffiliation — valid this time because it was done within the freedom period.[9] That agreement expired on March 31, 1985. In fact, even the agreement concluded afterwards was itself to have expired on March 31, 1988, or almost a year ago.[10]

Second Issue

As a result of its merger with the Commercial Bank and Trust Company in 1981, the BPI found it necessary to close the COMTRUST branch in Davao City and transfer it to General Santos City. Pursuant to an earlier understanding, seven of the employees of the said branch who were absorbed by BPI were transferred to the General Santos City branch. However, three of them, namely Glenna, Ongkiko, Arturo Napales, and Gregorio Gito, refused to move. After efforts to persuade them failed, BPI dismissed them. This triggered a strike by the Davao Chapter of the BPIEU-ALU which was followed by sympathy strikes by other local chapters.[11]

On October 19, 1983, the Minister of Labor sustained the transfer of the three employees by the BPI and issued a return-to-work order.[12] This was ignored by the striking workers, who continued to question the transfer. Another return-to-work order was issued, this time by the NLRC, which was obeyed by the strikers upon admission by the BPI of the three recalcitrant employees to their original stations in Davao City. This was done pending the opening of the General Santos City branch.[13]

Upon the inauguration of the said branch, BPI filed a motion to transfer the said employees thereto as sanctioned earlier by the Minister of Labor. The situation was complicated when another employee, Lennie Aniñon, who had earlier agreed to transfer, now insisted on remaining in the Davao City branch. She too was included in the motion, which was granted by the NLRC in its decision dated December 5, 1984.[14]

Napales and Gito agreed to move to General Santos City, but the two lady employees, to wit Ongkiko and Aniñon, remained adamant.

The petitioners contend that the decision of the NLRC of December 5, 1984, directing the transfer of the four employees is also tainted with grave abuse of discretion and should be set aside.

This matter need not detain us too long for the issue is hardly debatable. Indeed, the right of the employer to transfer the employees in the interest of the efficient and economic operation of its business cannot be seriously challenged. That is its prerogative. The only limitation on the discretion of management in this regard is its mala fides. The only time the employer cannot exercise this right is where it is vitiated by improper motive and is merely a disguised attempt to remove or punish the employee sought to be transferred.

Such improper motive has not been shown in the case at bar. On the contrary, it has been established that the transfer was necessitated by the fact that the COMBANK branch in Davao City had to be closed because it was just across the street from the BPI branch. There was certainly no justification to maintain the two branches as they both belonged now to the BPI. Moreover, it is not disputed that the lateral transfer of the employees involved no demotion in their rank or salary or other benefits.

More to the point, it was expressly provided in the collective bargaining agreement[15] then existing that:

> Section 1. The UNION and all its members hereby recognize that the Management and operation of the business of the BANK which include, among others, the hiring of employees, promotion, transfer and dismissals for just cause as well as the

maintenance of order, discipline and efficiency in its operations, are the sole and exclusive right and prerogative of the BANK Management.

Section 2. The BANK and the UNION agree that permanent transfer of a member of the UNION shall be limited only to the offices of the BANK in the following areas, unless the transfer to an office of the BANK in another area is requested or agreed to by the member, to wit:

x x x

Member of the UNION's Davao City Chapter, Tagum Chapter, Digos Chapter — to any office of the BANK within the Southern Mindanao area.

It is not disputed that General Santos City is in the Southern Mindanao area.

G.R. Nos. 76842-44

Following the dismissal of its petition against the BLR, the Reyes group, on April 26, 1985, filed a motion with the NLRC for the release to it of the union dues consigned by BPI.[16] This motion was opposed by the Valdez group, which subsequently filed its own petition for the payment to it of the said dues, on the ground that it was the legitimate BPIEU recognized by the BIR.[17] In its decision dated September 26, 1986, the NLRC declared as follows:

The disaffiliation of Reyes' group having been disapproved, the local union referred to in Director Trajano's decision is none other than BPIEU-ALU (Valdez). It is the union that is entitled to the disputed union dues deposited with this Commission.

WHEREFORE, judgment is hereby entered, ordering the release to BPIEU-ALU, thru its Acting President or whoever is acting in that capacity, the portion of the union dues deposited with this Commission pertaining to the local union, and to the Associated Labor Unions the portion pertaining to the federation.[**]

The Reyes group faults this decision and insists it is its union, as separately constituted after its disaffiliation from ALU, that is entitled to receive the disputed dues.

The petitioner is obviously in error. As the disaffiliation of the Reyes group was disallowed by the BLR because it was done beyond the freedom period, the Reyes group could not have claimed an identity distinct from that of the original BPIEU-Metro Manila. For the same reason, the Valdez group could not exclude the Reyes group from the same BPIEU-Metro Manila because both of them were still part of that original local union. In other words, BPIEU-Metro Manila then consisted of the members of the two contending groups whose affiliation with ALU, as the mother federation, remained intact.

In holding that the disputed dues were payable to "none other than BPIEU-ALU (Valdez)," the NLRC could not have intended to exclude the Reyes group which continued to be part of the BPIEU-Metro Manila because of the disapproval of its disaffiliation from ALU. In referring to it as "BPIEU-ALU (Valdez)," the NLRC simply recognized Valdez as the lawful head of the entire BPIEU-Metro Manila, including Reyes and his followers, and was holding that Valdez, not Reyes, was the person authorized to receive the union's share of the dues.

In any event, this issue of dues-sharing has also become moot and academic now because the Reyes group has finally succeeded in disaffiliating from ALU and is now a separate and independent union. As such, it does not have to share with ALU whatever union dues it may now collect from its members. But at the time this petition was filed, the issue was very much alive and had to be resolved to determine who were entitled to the union dues and in what proportion. The NLRC therefore did not commit any grave abuse of discretion in rendering the challenged decision as we have here interpreted it.

G.R. Nos. 76916-17

Following the promulgation by the NLRC of its decision of March 23, 1983, in Certified Cases Nos. 0279 and 0281, private respondent

Ignacio Lacsina filed a motion for the entry of attorney's lien for legal services to be rendered by him as counsel of BPIEU in the negotiation of the new collective bargaining agreement with BPI.

The basis of this motion was a resolution dated August 26, 1982, providing as follows:

RESOLUTION

> WE, the undersigned members of the Bank of P.I. Employees Union, do hereby resolve as follows:
>
> 1. To ratify and confirm the decision of our Union Board to engage the services of Atty. Ignacio Lacsina as legal counsel in connection with the negotiation for a new collective bargaining agreement with the Bank of the Philippine Islands to replace the current one which has expired on March 31, 1982;
>
> 2. To undertake payment of attorney's fees to Atty. Lacsina in an amount equivalent to five (5%) per centum of the total economic benefits that may be secured through such negotiation corresponding to the first year of the new collective bargaining agreement; and
>
> 3. To authorize the Bank of the Philippine Islands to check off said attorney's fees from the first lump sum payment of benefits to the employees under the new collected bargaining agreement and turn over the amount in collective to Atty. Lacsina or his duly authorized representative.[***]

On April 7, 1983, the Labor Arbiter issued an order directing the respondent bank to "check off the amount of 5% of the total economic benefits due its employees under the new collective bargaining agreement between the bank and the union corresponding to the first year of effectivity thereof and to deliver the amount collected to Atty. Lacsina or to his duly authorized representative."[18]

Accordingly, BPI deducted the amount of P200.00 from each of the employees who had signed the authorization.

Upon learning about this, the petitioners challenged the said order, on the ground that it was not authorized under the Labor Code. On April 15, 1983, the NLRC issued a resolution setting aside the order and requiring BPI to safekeep the amounts sought to be deducted "until the rights thereto of the interested parties shall have been determined in appropriate proceedings."[19] Subsequently, the NLRC issued an en banc resolution dated September 27, 1983, ordering the release to Lacsina of the amounts deducted "except with respect to any portion thereof as to which no individual signed authorization has been given by the members concerned or where such authorization has been withdrawn."[20]

The petitioners now impugn this order as contrary to the provisions and spirit of the Labor Code. While conceding that Lacsina is entitled to payment for his legal services, they argue that this must be made not by the individual workers directly, as this is prohibited by law, but by the union itself from its own funds. In support of this contention, they invoke Article 222(b) of the Labor Code, providing as follows:

> Art. 222. Appearances and Fees. — x x x
>
> (b) No attorney's fees, negotiation fees or similar charges of any kind arising from any collective bargaining negotiations or conclusions of the collective agreement shall be imposed on any individual member of the contracting union: Provided, however, that attorneys fees may be charged against union funds in an amount to be agreed upon by the parties. Any contract, agreement or arrangement of any sort to the contrary shall be null and void.

They also cite the case of Pacific Banking Corporation vs. Clave,[21] where the lawyer's fee was taken not from the total economic benefits received by the workers but from the funds of their labor union.

The Court reads the afore-cited provision as prohibiting the payment of attorney's fees only when it is effected through forced contributions

from the workers from their own funds as distinguished from the union funds. The purpose of the provision is to prevent imposition on the workers of the duty to individually contribute their respective shares in the fee to be paid the attorney for his services on behalf of the union in its negotiations with the management. The obligation to pay the attorney's fees belongs to the union and cannot be shunted to the workers as their direct responsibility. Neither the lawyer nor the union itself may require the individual workers to assume the obligation to pay the attorney's fees from their own pockets. So categorical is this intent that the law also makes it clear that any agreement to the contrary shall be null and void *ab initio*.

We see no such imposition in the case at bar. A reading of the above-cited resolution will clearly show that the signatories thereof have not been in any manner compelled to undertake the obligation they have there assumed. On the contrary, it is plain that they were voluntarily authorizing the check-off of the attorney's fees from their payment of benefits and the turnover to Lacsina of the amounts deducted, conformably to their agreement with him. There is no compulsion here. And significantly, the authorized deductions affected only the workers who adopted and signed the resolution and who were the only ones from whose benefits the deductions were made by BPI. No similar deductions were taken from the other workers who did not sign the resolution and so were not bound by it.

That only those who signed the resolution could be subjected to the authorized deductions was recognized and made clear by the order itself of the NLRC. It was there categorically declared that the check-off could not be made where "no individual signed authorization has been given by the members concerned or where such authorization has been withdrawn."

The Pacific Banking Corporation case is not applicable to the present case because there was there no similar agreement as that entered into between Lacsina and the signatories of the resolution in question. Absent such an agreement, there was no question that the basic proscription in Article 222 would have to operate. It is noteworthy, though, that the Court there impliedly recognized arrangements such as the one at bar with the following significant observation:

> Moreover, the case is covered squarely by the mandatory and explicit prescription of Art. 222 which is another guarantee intended to protect the employee against unwarranted practices that would diminish his compensation without his knowledge and consent. (Emphasis ours.)
>
> A similar recognition was made in Galvadores vs. Trajano,[22] where the payment of the attorney's fees from the wages of the employees was not allowed because: "No check-offs from any amount due to employees may be effected without individual written authorities duly signed by the employees specifically stating the amount, purpose and beneficiary of the deduction. The required individual authorizations in this case are wanting."

Finally, we hold that the agreement in question is in every respect a valid contract as it satisfies all the elements thereof and does not contravene law, morals, good customs, public order, or public policy. On the contrary, it enables the workers to avail themselves of the services of the lawyer of their choice and confidence under terms mutually acceptable to the parties and, hopefully, also for their mutual benefit.

WHEREFORE, all the Petitions in G.R. Nos. 69746-47, 76842-44, and 76916-17 are **DISMISSED**, with costs against the respective petitioners. It is so ordered.

Narvasa, Gancayco, Griño-Aquino and Medialdea, *JJ.*, concur.

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[1] Rollo, p. 36.
[2] Ibid., p. 23.
[3] Id., pp. 162-164.
[4] Id., pp. 35-37.
[*] Id., p. 53.
[5] Id., pp. 264-265; 363.
[6] Id., p. 266.
[7] Id., pp. 47-49.

[8] Id., p. 56.
[9] Id., p. 365.
[10] Id.
[11] Id., p. 62.
[12] Id.
[13] Id., pp. 62-63.
[14] Id., p. 65.
[15] Id., p. 92 (Annex “J” of Petition).
[16] Rollo, pp. 50-54 (Annex “D” of Petition).
[17] Ibid., pp. 148-150.
[**] Id., p. 60.
[***] Id., p. 13.
[18] Rollo, p. 15 (Annex “C” of Petition).
[19] Id., p. 16 (Annex “D” of Petition).
[20] Id., pp. 17-21 (Annex “E” of Petition).
[21] 128 SCRA 112.
[22] 144 SCRA 138.