SUPREME COURT
EN BANC

JOSE MANALANG, ET AL.,
***Petitioners*,**

-versus-

G.R. No. L-20432
October 30, 1967

ARTEX DEVELOPMENT CO., INC., ET AL.,
***Respondents*.**
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D E C I S I O N

CASTRO, *J.*:

This is a Petition for *Certiorari* by Jose E. Manalang, Marcelino de Leon and Bernardo Lactao to Set Aside the Resolution En Banc of the Court of Industrial Relations (CIR) dated September 14, 1962 in case 2490-ULP,[1] which reversed the decision of Presiding Judge Jose S. Bautista of June 30, 1962. The latter decision ordered the respondent Bagong Buhay Labor Union (hereinafter referred to as the BBLU) to readmit the complainants to active membership in the said union, and directed the respondent Artex Development Co., Inc. (hereinafter referred to as the Company) to reinstate them to their former positions, with back wages from the date of their dismissal to the time of their actual reinstatement, and with all the appertaining rights and privileges.

The facts that gave rise to the present petition are not disputed. The Federation of Free Workers (FFW), in a letter dated May 3, 1960, informed the Company that a "great majority" of the latter's employees had organized the Artex Free Workers (FFW),[2] that this new union had affiliated with the FFW, and that a set of proposals was being formulated as the basis of a prospective collective bargaining agreement between the said new union and the Company. In another letter dated May 4, 1960, the FFW asked the Company to give a "thorough study" to the collective bargaining proposals therein enclosed. In its reply of May 12, 1960, the Company stated that it had "nothing against your union", but called attention to the fact that it had already recognized the BBLU, which union had then been in existence for four years, and with which it had concluded two collective bargaining agreements. FFW then requested that it be furnished a copy of the second collective bargaining agreement. When the Company did not honor the request, the FFW gave a copy of its May 4 letter to the Conciliation Service, Regional Office 3 of the Department of Labor, on the basis of which a labor conciliator scheduled conferences between the FFW and the Company. After the conferences held on May 12, 17, and 30, and June 9, 1960 in the office of the labor conciliator, the latter ordered the Company to furnish the FFW a copy of the collective bargaining agreement. This order was not complied with.

In the meantime, the board of directors of the BBLU held a special meeting on June 1, 1960, for the purpose of taking appropriate steps against the petitioners herein who were employees of the Company and members of the union. The board found that the petitioners had "affiliated themselves with another labor union (Artex Free Workers [FFW]out first terminating their membership" with the BBLU and "without the knowledge of the officers" of the latter union. On the same date, the board adopted a resolution, the pertinent portions of which read as follows:

> "WHEREAS, the union after due investigation, has found Messrs. Jose Manalang, Marcelino de Leon and Bernardo Lactao, guilty of disloyalty to the union and for the reason, have been expelled from the union, thereby losing their good standing in the union.

> "WHEREFORE, by virtue of the provisions of the Collective Bargaining Agreement above mentioned, and in order to promote sanctity in the observance of the Collective Bargaining Agreements, it has been resolved, as it is hereby resolved, to inform the management of the Artex Development Co., Inc., of the loss of good standing as members of the Bagong Buhay Labor Union and said Messrs. Manalang, de Leon and Lactao, by virtue of which they should be dismissed, as it is now resolved to ask the Company to dismiss them;
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> "Be it resolved further that the Company be furnished a copy of this resolution, and that the said firm be advised that the union will be compelled to take such action as maybe necessary to protect its interest, in case the Management should fail to comply with its contractual obligation above-mentioned." (Emphasis supplied)

After receipt of the above resolution, the Company, having in mind the closed-shop stipulation in the collective bargaining agreement, sent three identical letters, all dated June 3, 1960, to the petitioners, advising them of the termination of their employment effective June 3, 1960.

On July 20, 1960 the petitioners lodged an unfair labor practice charge with the CIR against the Company and the BBLU. They alleged that they "were engaged in concerted activities, more particularly to form the Artex Free Workers (FFW) due to the inability and refusal of the respondent company to furnish them with [a copy of] an alleged collective bargaining agreement between the respondent labor union and respondent company", and that without any valid cause but "due to said concerted activities, the company dismissed them."

In its answer, the respondent BBLU admitted that the petitioners were bona fide members thereof, but averred that they were expelled from the union, after due investigation, for acts of disloyalty. In its answer, the Company denied the charge. It alleged that on March 4, 1960, it entered into a collective bargaining agreement with the BBLU after the latter had satisfactorily demonstrated majority representation; that the petitioners were dismissed at the behest of

the BBLU due to loss of their good standing as union members; and that refusal on the part of the Company of the union's demand for the dismissal of the petitioners would constitute a violation of the collective bargaining agreement and might result in a union strike or in other punitive acts against the Company.

After due trial, Presiding Judge Bautista rendered judgment finding that the petitioners were not aware of the existence of the collective bargaining agreement, much less of its closed-shop provision, and holding, in consequence, that they were not bound by it. The decision observed that the provision in question was "merely a cloak to cover the discriminatory dismissal of the complaints, due to their union activities in forming another union, which the company did not like." The Company was ordered to reinstate the petitioners, with back wages from the date of their dismissal and "all the rights and privileges formerly appertaining thereto". The BBLU was ordered to readmit them to active membership therein.

Thereafter the CIR, en banc, set aside the judgment. It found that the failure of the Company to furnish the petitioners a copy for the collective bargaining agreement did not constitute an unfair labor practice because furnishing them with any and all information on union matters was the obligation of the BBLU; that the Company in dismissing them merely complied with the provisions of the collective bargaining agreement; and that if there was any party liable under Republic Act 875, it was the BBLU and not the Company. The CIR, en banc, concluded with the observation that "if warranted and desired, they [the petitioners] may file a case against respondent labor union [BBLU] under the provisions of the Magna Carta of Labor, unless it could be said that there is already res judicata." Hence, the present recourse.

The validity of the collective bargaining agreement of March 4, 1960 is not here assailed by the petitioners. Nor do they deny that they were members of the BBLU prior to March 4, 1960, and until they were expelled from the union. That the BBLU was the lawful and proper bargaining representative of the non-supervisory employees of the Company, is not traversed.

The issue tendered for resolution, by the petitioners' formulation, is: "Is it just and lawful to enforce a contract [referring to the collective bargaining agreement] against the employees who were unduly, unreasonably and illegally denied knowledge of the contents thereof?" More particular reference is made by them to the closed-shop provision of the agreement that states, "All employees of the COMPANY must be members in good standing of the UNION as a condition of employment with the COMPANY", which provision, the petitioners claim, they were totally unaware of. They argue, in essence, that because they were ignorant of the provisions of the agreement, they cannot be bound by such agreement, and that, therefore, their dismissal from the Company on the strength of the closed-shop provision is unlawful and constitutes an unfair labor practice on the part of both the Company and the BBLU.

Were the petitioners really unaware of the provisions of the collective bargaining agreement during the period from March 4, 1960, when the agreement was entered into, to the time they organized the Artex Free Workers which was in the following month of April? This, in our view, is the vital issue of fact that constitutes the vertex of this case, especially because the CIR, en banc, did not make any unequivocal findings of fact relative thereto.

A host of circumstances can be gleaned from the record that would demonstrate persuasively that the petitioners were not unaware of the provisions of the agreement in question prior to their organization of the Artex Free Workers union.

From the admitted facts that the petitioners started working in the Company in December, 1959, and that they succeeded in wielding sufficient influence to persuade other employees to join them in forming the Artex Free Workers, we can reasonably infer that they knew of the existence of the first collective bargaining agreement between the BBLU and the Company, as well especially of the fundamental provisions thereof regarding check-off or payroll deduction of union dues and assessments, vacation and sick leaves, hospital, medical and dental care, working hours and overtime service, union meetings, and the duration of the agreement — provisions which are standard stipulations in collective bargaining agreements and which affect them directly, personally and

individually. They can therefore be properly charged with knowledge specifically of the expiry date of the agreement and, consequently, of the negotiations between the BBLU and the Company before the said expiry date toward the execution of a second agreement — which is, the agreement in question.

Since in their petition they do not deny that they knew of the existence of the second agreement, it is only natural to presume that they knew of its provisions, and that they had actually studied them in a comparative way in order to be able to formulate the collective bargaining proposals submitted by them (the Artex Free Workers) to the Company on May 4, 1960.

The evidence on record is unmistakable that before the BBLU recommended the dismissal of the petitioners because they had violated the agreement, the officials of the said union conducted an investigation of the actuations of the petitioners. The record does not reveal any disavowal made by any of the petitioners of knowledge of the closed-shop provision at any time prior to their dismissal. Disavowal came as an afterthought and was articulated only after they had received their notices of discharge. Even after their dismissal, not one of them protested either to the BBLU or the Company. True it is that the petitioner Manalang testified that he went to Mauricio Mariñas, personnel manager of the Company, and protested his dismissal, but Mariñas categorically declared that Manalang never went to see him regarding the matter of his dismissal.

The petitioners' further contention that the closed-shop provision in the collective bargaining agreement is illegal because it is an unreasonable restriction of the right of freedom of association guaranteed by the Constitution is a futile exercise in argumentation, as this Court has in a number of cases sustained closed-shop as a valid form of union security.[3]

Finally, even if we assume, in gratia argumentis, that the petitioners were unaware of the stipulations set forth in the collective bargaining agreement, since their membership in the BBLU prior to their expulsion therefrom is undenied, there can be no question that as long as the agreement with closed-shop provision was in force, they were bound by it. Neither their ignorance of, nor their dissatisfaction

with, its terms and conditions would justify breach thereof or the formation by them of a union of their own. As has been aptly said, "a collective bargaining agreement entered into by officers of a union, as agent of the members, and an employer, gives rise to valid enforcible contractual relations, against the individual union members in matters that affect them peculiarly, and against the union in matters that affect the entire membership or large classes of its members,"[4] and "a union member who is employed under an agreement between the union and his employer is bound by the provisions thereof, since it is a joint and several contract of the members of the union entered into by the union as their agent."[5]

On the basis of all the foregoing, we do not see any unfair labor practice committed by either the Company or the BBLU.

ACCORDINGLY, the resolution of the CIR en banc of September 14, 1962, setting aside the decision of the trial judge of June 30, 1962, is affirmed. No pronouncement as to costs.

Concepcion, *C.J.*, Reyes, Dizon, Makalintal, Bengzon, Zaldivar, Sanchez, Angeles and Fernando, *JJ.*, concur.

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[1] "Jose Manalang, et al., complainants vs. Artex Development Co., Inc., et al., respondents."
[2] The Artex Free Workers (FFW) was organized in April 1960.
[3] National Brewery & Allied Industries Labor Union of the Philippines vs. San Miguel Brewery, Inc., et al., L-18170, Aug. 31, 1963; Bacolod-Murcia Milling Co. vs. National Employees' Security Union, L-9003, Dec. 21, 1956; National Labor Union vs. Aguinaldo's Echague, L-7358, May 31, 1955; Ang Malayang Manggagawa ng Ang Tibay Enterprises vs. Ang Tibay, L-8259, Dec. 28, 1957.
[4] Dangel & Shriber, The Law of Labor Unions, 1941 ed., p. 340.
[5] See Capra vs. Local Lodge, 102 Colo. 63, cited in Dangel & Shriber, The Law of Labor Unions, 1941 ed., p. 342.