SUPREME COURT
EN BANC

MANILA ORIENTAL SAWMILL CO.,
***Petitioner*,**

-versus-

G.R. No. L-4330
March 24, 1952

NATIONAL LABOR UNION and COURT OF INDUSTRIAL RELATIONS,
***Respondents*.**
x----------x

D E C I S I O N

BAUTISTA ANGELO, *J.*:

This is a Petition for Review of an Order of the respondent court dated September 8, 1950, declaring the strike staged by the members of the respondent Union legal and setting the case for hearing for the determination of the demands presented by said Union to petitioner.

On May 4, 1950, the United Employees Welfare Association, a union duly registered in the Department of Labor and with members among the employees of the petitioner, entered into an agreement of working conditions with the petitioner pursuant to a settlement concluded in case No. 173-V of the Court of Industrial Relations. The said agreement was to last for one year.

On August 14, 1950, thirty-six of the thirty-seven members of the said United Employees Welfare Association tendered their resignations from the same union and joined the local chapter of the respondent National Labor Union. There is no evidence that these resignations were made with the approval of petitioner.

On August 15, 1950, the president of the respondent union sent a letter to petitioner containing seven demands allegedly on behalf of the members of its local chapter who are employed by the petitioner, to which the latter, through its counsel, answered with another letter stating among other things that the laborers on whose behalf the letter of August 15, 1950, has been written were already affiliated with the United Employees Welfare Association.

On August 22, 1950, the respondent union reiterated its demands. In reply, counsel for petitioner sent a letter stating that petitioner could not recognize the alleged local chapter of the respondent union until and after the agreement of May 4, 1950, entered into by the same employees concerned and petitioner is declared null and void by the Court of Industrial Relations.

On August 28, 1950, the members of the respondent union struck. On August 31, 1950, petitioner filed a petition in the Court of Industrial Relations to declare the strike illegal.

On September 8, 1950, the Court of Industrial Relations, through its Presiding Judge, Honorable Arsenio Roldan, issued an order denying petitioner's prayer that said strike be declared illegal and setting the case for hearing on the demands prayed for by respondent union.

On September 20, 1950, petitioner filed a motion for reconsideration of said order, and on November 14, 1950, the Court of Industrial Relations en banc denied the motion for reconsideration. Hence this petition for review.

Petitioner claims that the order of respondent court of September 8, 1950, is null and void because, in refusing to declare the strike staged by the members of the respondent union illegal notwithstanding the agreement entered into between the labor union to which the employees who struck formerly belonged and petitioner which is still

valid and subsisting, it violated the constitutional precept underlying the freedom of contract.

We find merit in this claim. The record shows that the local chapter of the respondent union is composed entirely, except one, of members who made up the total membership of the United Employees Welfare Association, a registered union in the petitioner's company. To be exact, thirty-six of the thirty-seven members of said association tendered their resignations and joined the local chapter of the respondent union without first securing the approval of their resignations. The new Union then sought to present a seven-point demand of the very same employees to petitioner, which in many respects differs from their previous demand. It is evident that the purpose of their transfer is merely to disregard and circumvent the contract entered into between the same employees and the petitioner on May 4, 1950, knowing full well that that contract was effective for one year, and was entered into with the sanction of the Court of Industrial Relations. If this move were allowed the result would be a subversion of a contract freely entered into without any valid and justifiable reason. Such act cannot be sanctioned in law or in equity as it is in derogation of the principle underlying the freedom of contract and the good faith that should exist in contractual relations.

A labor organization is wholesome if it serves its legitimate purpose of settling labor disputes. That is why it is given personality and recognition in concluding collective bargaining agreements. But if it is made use of as a subterfuge, or as a means to subvert valid commitments, it outlives its purpose for far from being an aid, it tends to undermine the harmonious relations between management and labor. Such is the move undertaken by the respondent union. Such a move cannot be considered lawful and cannot receive the sanction of the Court. Hence, the strike it has staged is illegal.

> "The manifest object of the act is to prevent industrial strike, confusion and unrest. Industrial peace is promoted by collective agreements obtained for employees through the medium of their bona fide labor organizations or other proper representatives, free from employer interference. And this is particularly so in the instant case, where the employer is a bus company, operating a business affected with a public interest,

under a public franchise. I cannot conceive it to have been the intent of the Legislature to permit employees, where a valid existing contract is involved and under the circumstances presented here, to substitute one bargaining agency for another whenever it suits their purpose, or the purpose of a rival labor organization, during the life of that contract. If employees are to enjoy actual liberty of contract through their labor organizations or other bona fide representatives, and their contracts are to be effective, their obligations may not be repudiated simply by the process of changing their representatives, and in their own interest they should not seek to do so. The contention that the mere holding of an election, and certification of new representatives, would not in and of itself affect the contract or impair its obligations is best answered by the board's own language in its emended decision following the first representation proceeding herein: 'In practice the result might well be otherwise under the particular circumstances of this case.'" (Triboro Coach Corp., 3 Labor Cases, 60,076). (Emphasis supplied.)

WHEREFORE, the Order appealed from is reversed, without pronouncement as to costs.

Paras, *C.J.*, Pablo, Bengzon, Padilla, Tuason, Montemayor, Reyes and Jugo, *JJ.*, concur.