

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
SECOND DIVISION**

**PHILIPPINE APPAREL WORKERS  
UNION,**  
*Petitioner,*

*-versus-*

**G.R. No. L-50320  
October 27, 1983**

**NATIONAL LABOR RELATIONS  
COMMISSION and PHILIPPINE  
APPAREL, INC.,**  
*Respondents.*

X-----X

**RESOLUTION**

**MAKASIAR, J.:**

On July 31, 1981, this Court rendered judgment in this case, the dispositive portion of which reads:

“WHEREFORE, THE WRIT OF CERTIORARI IS HEREBY GRANTED, THE DECISION OF THE RESPONDENT COMMISSION IS HEREBY SET ASIDE, AND PRIVATE RESPONDENT IS HEREBY DIRECTED TO PAY, IN ADDITION TO THE INCREASED ALLOWANCE PROVIDED FOR IN P.D. 1123, THE NEGOTIATED WAGE INCREASE OF Po.80 DAILY EFFECTIVE APRIL 1, 1977 AS WELL AS ALL

OTHER WAGE INCREASES EMBODIED IN THE COLLECTIVE BARGAINING AGREEMENT, TO ALL COVERED EMPLOYEES. COSTS AGAINST PRIVATE RESPONDENT.

“THIS DECISION IS IMMEDIATELY EXECUTORY” (p. 178, rec.).

On August 6, 1981, the Paterno D. Menzon Law Office, petitioner’s counsel, filed a notice of attorney’s lien which was noted by this Court in the resolution of August 24, 1983 (pp. 209-212, rec.). Subsequently, the said law office filed a motion to declare in contempt the Bagong Pilipino Philippine Apparel Workers Union (BPPAWU, for short) and its officers and counsel, Atty. Luis D. Flores, alleging that said union and its counsel, who are not parties in interest in this case, have caused to be circulated a “Kahahintulutan”, authorizing BPPAWU and Atty. Flores to “have a hand in the `negotiation’ for the payment of backwages to members of the union” under the decision of this Court on July 31, 1981; that contrary to public policy, and illegally, the BPPAWU agreed with respondent company to have the first year’s wage increase under the collective bargaining agreement in the amount of P2.00 fully credited against the P2.00 living allowance under Wage Order No. 1; and that considering the conduct of the BPPAWU, it is not remote that the P0.80 daily wage increase ordered by this Court to be paid by respondent company (PAI) to the workers will be negotiated away or greatly reduced (p. 213, rec.).

In the meanwhile, a motion for reconsideration of the decision of this Court on July 31, 1981 was filed by private respondent (p. 218, rec.). Petitioner, through the Paterno D. Menzon Law Office, filed a comment thereon (p. 229, rec.). This Court, on October 21, 1981 denied the aforesaid motion for reconsideration and the denial was declared final. Entry of Judgment was made on July 31, 1981 (pp. 235 and 244, rec.)

On the motion for contempt, BPPAWU through its lawyer Atty. Luis Dizon Flores in its comment, explains that the BPPAWU was certified by the Ministry of Labor and Employment, in an order dated December 12, 1980, as the sole and exclusive bargaining agent of all the regular rank and file workers of the Philippine Apparel, Inc., after

it won in the certification election conducted on December 6, 1980; that members of petitioner applied for membership with the BPPAWU; that as members, they authorized the BPPAWU to represent them and execute the decision of this Court; that the allegations of petitioner that the P0.80 daily wage increase ordered by this Court to be paid by respondent company will be negotiated away by the BPPAWU is without basis and untenable; that the authority granted by the workers to the BPPAWU is a consequence of the termination of the services of Atty. Paterno Menzon as counsel of record in this case and the fact that the workers are now members of the BPPAWU; and that the claim of petitioner that the provision in the new collective bargaining agreement concluded by the BPPAWU with respondent company that the amount of P2.00 wage increase for the first year be fully credited against the P2.00 emergency living allowance under Wage Order No. 1 is against public policy is a gross misrepresentation because at the time when the collective bargaining negotiations were going on which resulted in the signing of the new collective bargaining agreement on June 25, 1981, the decision of this Court has not yet been promulgated and therefore the parties were then unaware of the legal implication thereof (p. 245, rec.).

Petitioner, in its reply dated January 6, 1982 to the foregoing comment, claims that the Paterno D. Menzon Law Office has always been the counsel of petitioner union from the time the instant case was filed in the Ministry of Labor and Employment up to the present, so that it follows that execution of the decision should be handled by it; and that the services of petitioner's counsel have not been terminated (p. 257, rec.)

Notably, in addition to the foregoing, petitioner alleges that the officers and board members of BPPAWU have caused the printing of a special check-off authorization which purportedly allows the paymaster of the Philippine Apparel, Inc. and or the deputy sheriff of the National Labor Relations Commission to check off from the backwages of the employees in the instant case "the amount of P \_\_\_\_\_ as special assessment for legal expenses and to remit the same to the Treasurer of the Bagong Pilipino Philippine Apparel Workers Union or its duly authorized representative to receive said amount." Petitioner prays that a temporary restraining order be issued in this case enjoining the officers and counsel of the BPPAWU

and the NLRC from collecting and/or deducting any special assessment for legal expenses.

Petitioner also filed an urgent manifestation and motion dated January 10, 1983 claiming that despite the filing by petitioner of a motion for execution dated November 12, 1981, manifestation and motion dated February 10, 1982 and another manifestation and motion dated February 26, 1982 and an urgent motion for issuance of a writ of execution dated January 27, 1983, the execution arm of public respondent has still failed to implement the decision of this Court; and that meanwhile, the President of the BPPAWU had been spreading rumors that members of petitioner cannot get the P0.80 daily wage increase awarded by this Court and encouraging members to receive a mere P500.00 upon signing a release and quitclaim that said amount represents a full settlement of their backwages, etc. in contravention of the final decision of this Court. Petitioner prays that public respondent be ordered to immediately execute the aforesaid decision and those obstructing the implementation thereof be declared in contempt (p. 298, rec.).

Two separate manifestation and motion were filed subsequently by petitioner, the first one dated February 5, 1982, reiterating its prayer for a temporary restraining order; and the second, dated February 10, 1982, reiterating its prayer that Rafael Damicog, the President of the BPPAWU, and its lawyer, Atty. Luis Dizon Flores, be declared in contempt on the alleged ground that during a general meeting of the employees on January 28, 1982, Damicog and Flores told the employees involved in the decision that they could be paid the amount of P300.00 the following day if they will just agree that the same shall be considered as full payment of all their claims in this case (pp. 263 and 266, rec.).

On February 15, 1982, the Court issued a temporary restraining order which reads:

“As prayed for in petitioner’s reply to comment of respondents on the motion to declare the members and officers of respondent in contempt and in petitioner’s manifestation and urgent motion, the Court Resolved to ISSUE effective immediately and until further orders a TEMPORARY

RESTRAINING ORDER enjoining the officers of Bagong Pilipino Philippine Apparel Workers Union, their counsel, Atty. Luis D. Flores, the Philippine Apparel, Inc. and the public respondent from collecting and/or deducting any special assessment for legal expenses from the backwages of the employees in the case at bar in favor of respondent union or any of its officers, representatives, or its counsel.” (p. 271, rec.)

The BPPAWU and its officers in their comment (rejoinder) on the reply dated January 6, 1982 and motion for a temporary restraining order, deny the allegations of petitioner, averring that petitioner has no more members in the rank and file unit of the company by virtue of their withdrawal therefrom and subsequent membership with the BPPAWU; the special assessment for legal expenses was in accordance with the Union’s Constitution and By-Laws; that at any rate, it was not pushed through by the said Union even before the restraining order was issued in this case; that the services of the Paterno D. Menzon Law Office as counsel in this case have been terminated by the workers who are bona fide members of the BPPAWU; and that there is no truth to petitioner’s imputation that they are working or assisting the Philippine Apparel, Inc. relative to any amicable settlement of the case (p. 293, rec.).

Commenting on the manifestation and motion for execution of this Court’s decision, respondent company alleges that the examiner’s report on the backwages of P695,000.00 more or less, was furnished PAI in February, 1983; that respondent company took issue with the validity of the findings herein contained, but nevertheless rendered remittance thereon as evidenced by the receipts of payments received by the workers of Philippine Apparel, Inc.; and that Atty. Menzon did not specify the acts constituting obstruction in the implementation of the Court’s decision (p. 309, rec.).

Petitioner filed its reply on April 30, 1983 to the foregoing comment stating that it has filed an urgent manifestation and motion with the public respondent and submitting as annex the affidavit of Editha M. Sopoco, et al. to the effect that they have not received a single centavo from Philippine Apparel, Inc.; that private respondent filed with the public respondent a petition to consider the case closed and terminated on the basis of the release and quitclaim signed by the

employees to which petitioner filed an opposition stating that the receipt of P500.00 each by the affected employees did not extinguish the liability of Philippine Apparel, Inc. as the release and quitclaim is null and void, and praying that public respondent be ordered to issue a writ ordering Philippine Apparel, Inc. to integrate the daily wage increase of P0.80 effective immediately; to pay the partially computed backwages up to March 31, 1980 totalling P695,413.37; to deduct 10% from P695,413.37 as attorney's fees of Paterno D. Menzon Law Office; and finally, that public respondent be ordered to complete the computation of backwages to cover the period from April 1, 1980 until integrated (p. 322, rec.).

The BPPAWU belatedly filed its comment on the urgent manifestation and motion dated January 10, 1983 wherein it denies the allegation of petitioner that it had connived in spreading the rumors that the P0.80 wage increase would not be given and that it had actively campaigned for the members to receive a mere P500.00 and alleges that BPPAWU did not have any participation in the payment of backwages by the company (p. 340, rec.).

Likewise commenting on petitioner's urgent manifestation and motion dated January 10, 1983 was the Solicitor General who avers that public respondent has not been recreant or remiss in the discharge of its functions relative to the execution of the decision of this Court. In support thereof, the Solicitor General explains that respondent Commission, after receiving on December 17, 1981 the records of this case issued an order requiring and directing the chief of the Research and Information Division of the NLRC to compute the awards due the affected employees; that said division submitted the report of examiner on January 24, 1983 stating that the sum of P695,413.37 is the amount partially due them and that the corresponding computation for the months of May, June, November and December, 1978 were not included in the report as the records for these months were not available; and that the various pleadings filed by petitioner praying for the execution of the decision was filed before the report was completed and submitted (p. 344, rec.)

The Solicitor General in the same comment noted that even before the submission of the Report of Examiner, respondent company had already settled and made satisfaction of the judgment in question to

some of petitioner's members; that after its submission, notwithstanding the company's objection to the findings therein, private respondent still settled and made payments to some more of the complaining members and took steps to satisfy the amounts due the rest of the latter; and that it was petitioner's counsel who refused or rejected the checks being tendered or offered by private respondent (ibid.).

A supplemental comment on petitioner's motion for execution was filed by respondent company wherein it was averred that the Philippine Apparel, Inc. cannot be held liable for contempt in seeking releases and quitclaims from the recipients, as the company had already made payments in compliance with the judgment of this Court (p. 358, rec.).

Petitioner filed a reply to the above supplemental comment claiming that the releases and quitclaims were utilized to avoid payments for differentials in wages, vacation and sick leaves, overtime pay; that the company would only release the amounts to the affected employees if they will agree that such amounts would be in full payment of their claims; that the mere filing of a petition to declare the case closed and terminated constitutes contempt, and praying among others, that private respondent be ordered to pay members of petitioner the amount of P695,413.37 pursuant to the computation of public respondent's examiner as partial payment; and that private respondent be ordered to deduct 10% from said P695,413.37 as attorney's fees of the Paterno D. Menzon Law Office (p. 362, rec.).

The judgment in this case has already become final and executory and as such the prevailing party as a matter of right is entitled to a writ of execution. What seems to be the problem in this case is that execution of the judgment cannot be had at the earliest possible time, since a computation of the amount due the members of petitioner must first be undertaken. The Report of the Examiner indicating the amount due them was submitted only after one and a half years, so that in the meantime, negotiations on how the judgment may be executed were made. It is the posture of the Paterno D. Menzon Law Office that the judgment cannot be negotiated, hence any act to subvert it is contemptuous.

We agree. The attempts of the BPPAWU and its counsel and respondent company to render the decision of this Court meaningless by paying the backwages of the affected employees in a lesser amount clearly manifest a willful disregard on their part, of the authority of this Court as the final arbiter of cases brought to It. The series of acts by the BPPAWU from the outset, where they caused the “Kapahintulutan” to be circulated and signed by workers declaring as invalid any acts of petitioner union and its counsel to the time they campaigned for the workers to receive the amount of P300.00 or P500.00 but with the concomitant obligation to release the company from any further liability showed disrespect for the administration of justice.

The BPPAWU and its counsel cannot pretend that they are just being more protective to the employees when they encouraged them to receive the amount of P300.00 or P500.00. They know too well that said amount is much less than that to be received by the employees after computing all the backwages if the decision is executed. It would have been laudable had not the company pressed the workers to sign the quitclaims and release of which the BPPAWU cannot pretend to be unaware, for the payment could be taken as initial compliance with the judgment with the balance to be paid by the company when the final computation of the backwages has been finished and submitted by the Research and Information Division of the National Labor Relations Commission. Indeed, their questionable acts do not sit well with a desire to implement the decision of this Court. If the BPPAWU is really after the welfare of the employees, they will not leave any stone unturned to get the best for them by giving effect to the decision of this Court.

In Our decision, we have ordered the company to pay the negotiated wage increase of P0.80 daily effective April 1, 1977. As per petitioner’s computation, as may be gleaned from the urgent motion for issuance of a restraining order dated March 11, 1982, on backwages alone, not counting adjustments in overtime pay and other benefits, each employee is entitled to receive at the very least P1,248.00 (P0.80 x 26 working days x 12 months x 6 years from 1977 to 1982) [p. 281, rec.]. If We shall include the backwages corresponding from January, 1983 to the present, the same will definitely be higher than P1,248.00. Clearly, the offer by the company supported by the BPPAWU to pay

the employees in the amount of P300.00 or P500.00 as full and final payment is unjust to them, especially if We shall consider that some employees did not have the alternative but to accept the payment because they were in a tight financial condition. Such move cannot be sanctioned by this Court, for otherwise giving effect to the award of backwages would be left to the whim of the losing company taking advantage of the financial condition of the workers. Following the rationale behind the decision in Mercury Drug Co. vs. CIR (L-23357, promulgated April 30, 1974, 56 SCRA 695), the quitclaims and releases signed by the employees are considered null and void. The employees are therefore still entitled to the difference between what is due them and the amount they received. Another important consideration is that if We countenance such act, the sanctity of the contract validly entered into by the parties which as in this case was interpreted by this Court, will be violated.

As regards the question that arises as to who, between the two lawyers should represent the petitioner's members in the execution of the decision, We hold that it is the Paterno D. Menzon Law Office. The latter was petitioner's counsel from the inception of the case until it reached its final successful conclusion. In fact, the comment on the motion for reconsideration of the decision of this Court was filed by said law office.

The BPPAWU's contention that the Paterno D. Menzon Law Office has already been substituted by Atty. Flores as its (the Paterno D. Menzon Law Office's) services had already been terminated, is without merit. The fallacy of such contention lies in the fact that there can be no valid substitution of counsel unless the required procedure prescribed by Rule 138, Section 26 of the Revised Rules of Court has been complied with. As underlined in the case of Aban vs. Enage, L-30666, promulgated on February 25, 1983, "no substitution of attorney will be allowed unless the following requisites concur: (1) there must be filed a written application for substitution; (2) there must be filed the written consent of the client to the substitution; (3) there must be filed the written consent of the attorney to be substituted, if such consent can be obtained; and (4) in case such written consent cannot be procured, there must be filed with the application for substitution, proof of the service of notice of such

motion in the manner required by the rules, on the attorney to be substituted.”

In the present case, the foregoing requisites were never complied with, hence, the alleged substitution by Atty. Flores of the Paterno D. Menzon Law Office is void and ineffective.

The BPPAWU’s contention that the members of the petitioner have already affiliated with it, is of no moment considering that the question involved is not what union should represent the members but what law office lawfully represents the members in court in the case at bar.

According to the Paterno D. Menzon Law Office, the retainer agreement between him and the union is 10% of the amount due the members as attorney’s fees. Such agreement is in accordance with the Labor Code which provides:

Art. III. Attorney’s fees. —

“(a) In cases of unlawful withholding of wages the culpable party may be assessed attorney’s fees equivalent to ten percent of the amount of wages recovered.

“(b) . . .”

and Section 11 of Rule VIII of the implementing rules which provides:

“Sec. 11. Attorney’s fees. — Attorney’s fees in any judicial or administrative proceeding for the recovery of wages shall not exceed 10% of the amount awarded. The fees may be deducted from the total amount due the winning party.”

**WHEREFORE, RESPONDENT COMPANY IS HEREBY ORDERED:**

1. TO IMMEDIATELY COMPLY WITH THE DECISION OF THIS COURT DATED JULY 31, 1981;
2. TO PAY MEMBERS OF PETITIONER THE PARTIAL BACKWAGES IN THE AMOUNT OF P695,413.17, WITH 10% THEREOF TO BE DEDUCTED AS ATTORNEY'S FEES PAYABLE TO THE MENZON LAW OFFICE;
3. TO MAKE AVAILABLE WITHIN TEN (10) DAYS FROM NOTICE HEREOF TO PUBLIC RESPONDENT ITS PAYROLLS CORRESPONDING TO THE UNPAID PERIODS FOR THE LATTER TO PREPARE IMMEDIATELY A COMPUTATION WITHIN THIRTY (30) DAYS FROM RECEIPT OF SUCH PAYROLLS; AND
4. THEREAFTER, TO PAY MEMBERS OF PETITIONER THE REMAINING BACKWAGES WITHIN TEN (10) DAYS FROM RECEIPT OF SUCH COMPUTATION.

THE BPPAWU, ATTY. LUIS D. FLORES AND RESPONDENT PHILIPPINE APPAREL, INC. ARE HEREBY ADJUDGED GUILTY OF CONTEMPT AND ARE ORDERED TO PAY ONE THOUSAND (P1,000.00) PESOS EACH WITHIN TEN (10) DAYS FROM NOTICE HEREOF.

**SO ORDERED.**

**Aquino, Concepcion Jr., Guerrero and Escolin, JJ., concur.**  
**Abad Santos, J., took no part.**  
**De Castro, J., is on leave.**