

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
SECOND DIVISION**

**PHILIPPINE COMMERCIAL &  
INDUSTRIAL BANK,**  
*Plaintiff-Appellant,*

*-versus-*

**G.R. No. L-29630  
July 2, 1981**

**PHILNABANK EMPLOYEES'  
ASSOCIATION, ROMEO G. ROY,  
DALUYONG GABRIEL, BAYANI A.  
BAUTISTA, DOMINGO VILLANUEVA,  
ALEJANDRO RICARDO, JESUS  
MANAHAN, MANUEL JACINTO,  
ERNESTO BATAAC, LEONIDO CASPE,  
PATRICIA GRANADOS, and  
PANTALEON BERNARDO,**  
*Defendants-Appellees.*

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**DECISION**

**FERNANDO, J.:**

There is a unique aspect to this action for libel against the Philippine National Bank Employees' Association.<sup>[1]</sup> It was filed by plaintiff Philippine Commercial and Industrial Bank as a result of placards and signboards along the Philippine National Bank building in

Escolta, Manila, containing the following: “PCIB BAD ACCOUNTS TRANSFERRED TO PNB-NIDC?” Plaintiff considered the above “defamatory and libelous per se” for “at the very least [it] amounts to an ‘act tending to cause dishonor, discredit, or contempt of a juridical person.’”<sup>[2]</sup> The allegation of its being libelous was denied by defendants on the ground that such placards “containing the alleged writing were displayed during the strike on April 3 and April 4, 1967 as a fair, legal labor strategy denouncing the lack of business foresight, incompetence, mismanagement, arbitrary and despotic acts of the Management to heed the legal and legitimate demands of the defendants, as a striking union, and against whom a strike was declared against the management of the Philippine National Bank”<sup>[3]</sup> and that moreover, “defendants, during the strike on April 3 to April 4, 1967, against the management of the Philippine National Bank, were only moved by good intention and justifiable motives and did not intend to injure any party not connected with the strike;”<sup>[4]</sup> constituting part “of their legal and fair labor strategy to enforce their demands” and to bolster their imputation of incompetence and arbitrariness of the Philippine National Bank management.<sup>[5]</sup> The lower court sustained such a defense and dismissed the complaint. Hence this appeal.

The decision of the then Judge Conrado Vasquez was to dismiss the complaint. He could not discern any libelous imputation in the alleged offending words. Such a ruling finds additional support in the sympathetic approach followed by courts to inaccuracies and imprecision in language in the use of placards as part of peaceful picketing in labor controversies.

The facts as found by the lower court, admitted by plaintiff-appellant as correct, follow: “On April 3, 1967, defendant Philnabank Employees’ Association (PEMA), a labor organization composed of the rank and file employees of the Philippine National Bank, declared a strike. During the said strike, which lasted up to the following day, members of the PEMA paraded and displayed placards in front of the PNB building at Escolta, Manila, one of which contained the following words: ‘PCIB BAD ACCOUNTS TRANSFERRED TO PNB-NIDC?’ It is an admitted fact that PCIB stands for Philippine Commercial and Industrial Bank, while PNB refers to Philippine National Bank, and NIDC stands for National Investment Development Corporation, a

subsidiary of the PNB.”<sup>[6]</sup> To prove its claim for the recovery of damages both actual and exemplary, as well as for attorney’s fees, plaintiff-appellant, as noted in the appealed decision, contended “that the writing on the placard in question is a baseless and malicious aspersion that the plaintiff was a party to a fraud, in that it was able to recoup on bad debts or other uncollected accounts by fraudulent, questionable and immoral transfer thereof to the PNB or NIDC.”<sup>[7]</sup> Malice was likewise attributed to defendant labor union and its officers. Then the decision went on to state: “Plaintiff presented evidence to show that it is the largest 100% Filipino commercial bank in the Philippines; that at the time of the filing of the complaint, it had twenty-seven (27) branches all over the country and with foreign correspondent banks throughout the world; that the assets of the plaintiff amounted to P333,417,445.05 and it handles a quarterly volume of business amounting to P110,000,000.00; that it has several big companies among its clients; and that it has a reputation for honesty, reliability and trustworthiness, and has enjoyed domestic and international prominence and goodwill.”<sup>[8]</sup> On that point, the lower court ruled: “The plaintiff has also miserably failed to prove any damage caused to it by the supposed libelous placard subject matter of this action. Plaintiff has admitted that its twenty-seven branches at the time of the filing of the complaint (May 6, 1967) increased to twenty-nine branches in August of 1967. The defendants have shown that the number further increased to thirty-three branches as of September, 1967. Plaintiff’s networth likewise increased from P46,000,000.00 in March, 1967 to P53,000,000.00 in August, 1967. Although plaintiff’s witness Jovino Valenzuela testified that, after the display of the questioned placard, the deposits of the plaintiff bank decreased, no record was presented to sustain this claim, which is even inconsistent with the admission of the same witness that the Bank’s networth increased since that time and has continued to increase up to the time he testified. The same thing is true with the testimony of plaintiff’s witness Edmundo Ledesma to the effect that due to the placard in question his confidence in the plaintiff was shaken, thereby causing him to deposit P50,000.00 with other banks instead of with the PCIB. He admitted moreover that, as an exporter, it was safer to be opening accounts in several banks instead of in only one.”<sup>[9]</sup>

As noted earlier, the decision must be affirmed.

1. The brief presented by the San Juan, Africa, Gonzales and San Agustin Law Offices is noted for its exhaustive and scholarly discussion of the law on libel relying on both the Philippine and American authorities. If the matter were viewed solely from what appeared in the placard, there is an element of plausibility in the assertion that while it was aimed at the Philippine National Bank, the way it was worded could reflect on a stranger to the controversy, plaintiff Philippine Commercial and Industrial Bank. It is understandable if there were an affront to the sensibilities of its officials. They were right to guard its reputation earned after many years of laudable and creditable performance in the field of banking. It is, however, precisely because of its well-deserved reputation that what could at first glance be for the most fastidious hurtful to its prestige could, if viewed with calmness and objectivity, be considered, as it was characterized in the appealed decision, as lacking in “libelous imputation.”
2. There is, as already indicated, another reinforcement to such a mode of appraising the matter. There was a labor controversy resulting in a strike, fortunately lasting only for one day. The labor union made use of its constitutional right to picket. From the time of *Mortera vs. Court of Industrial Relations*, a 1947 decision<sup>[10]</sup> this Court has been committed to the view that peaceful picketing is part of the freedom of speech guarantee of the Constitution. The latest case in point where such a principle was reaffirmed expressly is *Associated Labor Union vs. Gomez*,<sup>[11]</sup> a 1980 decision. There is no mention of the other placards but it is not unlikely that to bolster its claim, mention was likewise made and in bold letters at that of such alleged failing of its management. That was the aim and intent as found by the lower court. That could not very well be disputed by plaintiff-appellant. Unfortunately, the offending imputation, but in the form of a question, was included. It was due to a former official of plaintiff-appellant’s bank who was thereafter named as President of the Philippine National Bank. Should there be an automatic attitude of condemnation for such incident? If

the realistic observation of Justice Frankfurter in *Milk Wagon Drivers Union of Chicago vs. Meadowmoor Dairies*<sup>[12]</sup> be heeded that labor disputes give rise to strong emotional response, then the decision reached by the lower court becomes even more acceptable. It is a fact of industrial life, both in the Philippines as in the United States, that in the continuing confrontation between labor and management, it is far from likely that the language employed would be both courteous and polite. Such being the case, there is no affront either to reason or to the law in the complaint for libel being dismissed. In placing reliance on the constitutional right of freedom of expression,<sup>[13]</sup> this Court once again makes manifest its adherence to the principle first announced by Justice Malcolm as ponente in the leading case of *United States vs. Bustos*.<sup>[14]</sup> In no uncertain terms, it made clear that the judiciary, in deciding suits for libel, must ascertain whether or not the alleged offending words may be embraced by the guarantees of free speech and free press. It cannot be too often said that *Bustos* was promulgated as far back as March 8, 1918. A doctrine analogous in character was enunciated by the United States Supreme Court only thirty-six years later in *New York Times Co. vs. Sullivan*.<sup>[15]</sup>

**WHEREFORE**, the appealed Decision is affirmed. No costs.

**Barredo, Aquino, Abad Santos and De Castro, JJ., concur.**

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[1] The officers of Philnabank Employees' Association were included as defendants. They were Romeo G. Roy, Daluyong Gabriel, Bayani A. Bautista, Domingo Villanueva, Alejandro Ricardo, Jesus Manahan, Manuel Jacinto, Ernesto Batac, Leonido Caspe, Patricia Granados, and Pantaleon Bernardo.

[2] Complaint, Record on Appeal, par. 5.

[3] Answer, Record on Appeal. par. 5.

[4] *Ibid*, par. 6.

[5] *Ibid*, par. 7.

[6] Decision, Record on Appeal, 6-7.

[7] *Ibid*, 7.

[8] *Ibid*.

[9] *Ibid*, 8-9.

[10] 79 Phil. 345.

- [11] L-27743, March 28, 1980, 96 SCRA 551. In addition to Mortera, eleven other decisions were cited.
- [12] 312 US 287 (1940).
- [13] According to Article IV, Section 9 of the Constitution: “No law shall be passed abridging the freedom of speech, or of the press, or the right of the people peaceably to assemble and petition the Government for redress of grievances.”
- [14] 37 Phil. 731.
- [15] 376 US 254.