SUPREME COURT
SECOND DIVISION

PHILIPPINE SKYLANDERS, INC., MARILES C. ROMULO and FRANCISCO DAKILA,
***Petitioners*,**

-versus-

G.R. No. 127374
January 31, 2002

NATIONAL LABOR RELATIONS COMMISSION, LABOR ARBITER EMERSON TUMANON, PHILIPPINE ASSOCIATION OF FREE LABOR UNIONS (PAFLU) SEPTEMBER (now UNIFIED PAFLU) and SERAFIN AYROSO,
***Respondents*.**
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PHILIPPINE SKYLANDERS AND WORKERS ASSOCIATION-NCW, MACARIO CABANIAS, PEPITO RODILLAS, SHARON CASTILLO, DANILO CARBONEL, MANUEL EDA, ROLANDO FELIX, JOCELYN FRONDA, RICARDO LUMBA, JOSEPH MARISOL, NERISA MORTEL, TEOFILO QUIRONG, LEONARDO REYES, MANUEL CADIENTE and HERMINIA RIOSA,
***Petitioners*,**

-versus-

G.R. No. 127431
January 31, 2002

PHILIPPINE ASSOCIATION OF FREE LABOR UNIONS (PAFLU) SEPTEMBER (now UNIFIED PAFLU) and NATIONAL LABOR RELATIONS COMMISSION, SECOND DIVISION,

Respondents.

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D E C I S I O N

BELLOSILLO, *J.*:

This is a Petition for Certiorari[1] seeking to set aside the 31 July 1996 Decision[2] of the National Labor Relations Commission affirming the 30 June 1995 Decision of the Labor Arbiter holding petitioners Philippine Skylanders, Inc., Mariles C. Romulo[3] and Francisco Dakila as well as the elected officers of the Philippine Skylanders Employees and Workers Association-PAFLU[4] guilty of unfair labor practice and ordering them to pay private respondent Philippine Association of Free Labor Union (PAFLU) September[5] P150,000.00 as damages. Petitioners likewise seek the reversal of the 31 October 1996 Resolution of the NLRC denying their Motion for Reconsideration.

In November 1993 the Philippine Skylanders Employees Association (PSEA), a local labor union affiliated with the Philippine Association of Free Labor Unions (PAFLU) September (PAFLU), won in the certification election conducted among the rank and file employees of Philippine Skylanders, Inc. (PSI). Its rival union, Philippine Skylanders Employees Association-WATU (PSEA-WATU) immediately protested the result of the election before the Secretary of Labor.

Several months later, pending settlement of the controversy, PSEA sent PAFLU a notice of disaffiliation citing as reason PAFLU's supposed deliberate and habitual dereliction of duty toward its members. Attached to the notice was a copy of the resolution adopted and signed by the officers and members of PSEA authorizing their local union to disaffiliate from its mother federation.

PSEA subsequently affiliated itself with the National Congress of Workers (NCW), changed its name to Philippine Skylanders Employees Association — National Congress of Workers (PSEA-NCW), and to maintain continuity within the organization, allowed the former officers of PSEA-PAFLU to continue occupying their positions as elected officers in the newly-forged PSEA-NCW.

On 17 March 1994 PSEA-NCW entered into a collective bargaining agreement with PSI which was immediately registered with the Department of Labor and Employment.

Meanwhile, apparently oblivious to PSEA's shift of allegiance, PAFLU Secretary General Serafin Ayroso wrote Mariles C. Romulo requesting a copy of PSI's audited financial statement. Ayroso explained that with the dismissal of PSEA-WATU's election protest the time was ripe for the parties to enter into a collective bargaining agreement.

On 30 July 1994 PSI through its personnel manager Francisco Dakila denied the request citing as reason PSEA's disaffiliation from PAFLU and its subsequent affiliation with NCW.

Agitated by PSI's recognition of PSEA-NCW, PAFLU through Serafin Ayroso filed a complaint for unfair labor practice against PSI, its president Mariles Romulo and personnel manager Francisco Dakila. PAFLU alleged that aside from PSI's refusal to bargain collectively with its workers, the company through its president and personnel manager, was also liable for interfering with its employees' union activities.[6]

Two (2) days later or on 6 October 1994 Ayroso filed another complaint in behalf of PAFLU for unfair labor practice against Francisco Dakila. Through Ayroso PAFLU claimed that Dakila was

present in PSEA's organizational meeting thereby confirming his illicit participation in union activities. Ayroso added that the members of the local union had unwittingly fallen into the manipulative machinations of PSI and were lured into endorsing a collective bargaining agreement which was detrimental to their interests.[7] The two (2) complaints were thereafter consolidated.

On 1 February 1995 PAFLU amended its complaint by including the elected officers of PSEA-PAFLU as additional party respondents. PAFLU averred that the local officers of PSEA PAFLU, namely Macario Cabanias, Pepito Rodillas, Sharon Castillo, Danilo Carbonel, Manuel Eda, Rolando Felix, Jocelyn Fronda, Ricardo Lumba, Joseph Mirasol, Nerisa Mortel, Teofilo Quirong, Leonardo Reyes, Manuel Cadiente, and Herminia Riosa, were equally guilty of unfair labor practice since they brazenly allowed themselves to be manipulated and influenced by petitioner Francisco Dakila.[8]

PSI, its president Mariles C. Romulo, and its personnel manager Dakila moved for the dismissal of the complaint on the ground that the issue of disaffiliation was an inter-union conflict which lay beyond the jurisdiction of the Labor Arbiter. On the other hand, PSEA-NCW took the cudgels for its officers who were being sued in their capacities as former officers of PSEA-PAFLU and asserted that since PSEA was no longer affiliated with PAFLU, Ayroso or PAFLU for that matter had no personality to file the instant complaint. In support of this assertion, PSEA-NCW submitted in evidence a Katunayan signed by 111 out of 120 rank and file employees of PSI disauthorizing Ayroso or PAFLU from instituting any action in their behalf.[9]

In a Decision rendered on 30 June 1995 the Labor Arbiter declared PSEA's disaffiliation from PAFLU invalid and held PSI, PSEA-PAFLU and their respective officers guilty of unfair labor practice. The Decision explained that despite PSEA-PAFLU's status as the sole and exclusive bargaining agent of PSI's rank and file employees, the company knowingly sanctioned and confederated with Dakila in actively assisting a rival union. This, according to the Labor Arbiter, was a classic case of interference for which PSI could be held responsible. As PSEA-NCW's personality was not accorded recognition, its collective bargaining agreement with PSI was struck down for being invalid. Ayroso's legal personality to file the complaint

was sustained on the ratiocination that under the Labor Code no petition questioning the majority status of the incumbent bargaining agent shall be entertained outside of the sixty (60)-day period immediately before the expiry date of such five (5)-year term of the collective bargaining agreement that the parties may enter into. Accordingly, judgment was rendered ordering PSI, PSEA-PAFLU and their officers to pay PAFLU P150,000.00 in damages.[10]

PSI, PSEA and their respective officers appealed to the National Labor Relations Commission (NLRC). But the NLRC upheld the Decision of the Labor Arbiter and conjectured that since an election protest questioning PSEA-PAFLU's certification as the sole and exclusive bargaining agent was pending resolution before the Secretary of Labor, PSEA could not validly separate from PAFLU, join another national federation and subsequently enter into a collective bargaining agreement with its employer-company.[11]

Petitioners separately moved for reconsideration but both motions were denied. Hence, these petitions for certiorari filed by PSI and PSEA-NCW together with their respective officers pleading for a reversal of the NLRC's Decision which they claimed to have been rendered in excess of jurisdiction. In due time, both petitions were consolidated.

In these petitions, petitioner PSEA together with its officers argued that by virtue of their disaffiliation PAFLU as a mere agent had no authority to represent them before any proceedings. They further asserted that being an independent labor union PSEA may freely serve the interest of all its members and readily disaffiliate from its mother federation when circumstances so warrant. This right, they averred, was consistent with the constitutional guarantee of freedom of association.[12]

For their part, petitioners PSI, Romulo and Dakila alleged that their decision to bargain collectively with PSEA-NCW was actuated, to a large extent, by PAFLU's behavior. Having heard no objections or protestations from PAFLU relative to PSEA's disaffiliation, they reckoned that PSEA's subsequent association with NSW was done bona fide.[13]

The Solicitor General filed a Manifestation in Lieu of Comment recommending that both petitions be granted. In his Manifestation, the Solicitor General argued against the Labor Arbiter's assumption of jurisdiction citing the following as reasons: first, there was no employer-employee relationship between complainant Ayroso and PSI over which the Labor Arbiter could rightfully assert his jurisdiction; second, since the case involved a dispute between PAFLU as mother federation and PSEA as local union, the controversy fell within the jurisdiction of the Bureau of Labor Relations; and lastly, the relationship of principal-agent between PAFLU and PSEA had been severed by the local union through the lawful exercise of its right of disaffiliation.[14]

Stripped of non-essentials, the fundamental issue tapers down to the legitimacy of PSEA's disaffiliation. To be more precise, may PSEA, which is an independent and separate local union, validly disaffiliate from PAFLU pending the settlement of an election protest questioning its status as the sole and exclusive bargaining agent of PSI's rank and file employees?

At the outset, let it be noted that the issue of disaffiliation is an inter-union conflict the jurisdiction of which properly lies with the Bureau of Labor Relations (BLR) and not with the Labor Arbiter.[15] Nonetheless, with due recognition of this fact, we deem it proper to settle the controversy at this instance since to remand the case to the BLR would only mean intolerable delay for the parties.

The right of a local union to disaffiliate from its mother federation is not a novel thesis unillumined by case law. In the landmark case of Liberty Cotton Mills Workers Union vs. Liberty Cotton Mills, Inc.[16] we upheld the right of local unions to separate from their mother federation on the ground that as separate and voluntary associations, local unions do not owe their creation and existence to the national federation to which they are affiliated but, instead, to the will of their members. The sole essence of affiliation is to increase, by collective action, the common bargaining power of local unions for the effective enhancement and protection of their interests. Admittedly, there are times when without succor and support local unions may find it hard, unaided by other support groups, to secure justice for themselves.

Yet the local unions remain the basic units of association, free to serve their own interests subject to the restraints imposed by the constitution and by-laws of the national federation, and free also to renounce the affiliation upon the terms laid down in the agreement which brought such affiliation into existence.

Such dictum has been punctiliously followed since then.[17]

Upon an application of the aforecited principle to the issue at hand, the impropriety of the questioned Decisions becomes clearly apparent. There is nothing shown in the records nor is it claimed by PAFLU that the local union was expressly forbidden to disaffiliate from the federation nor were there any conditions imposed for a valid breakaway. As such, the pendency of an election protest involving both the mother federation and the local union did not constitute a bar to a valid disaffiliation. Neither was it disputed by PAFLU that 111 signatories out of the 120 members of the local union, or an equivalent of 92.5% of the total union membership supported the claim of disaffiliation and had in fact disauthorized PAFLU from instituting any complaint in their behalf. Surely, this is not a case where one (1) or two (2) members of the local union decided to disaffiliate from the mother federation, but it is a case where almost all local union members decided to disaffiliate.

It was entirely reasonable then for PSI to enter into a collective bargaining agreement with PSEA-NCW. As PSEA had validly severed itself from PAFLU, there would be no restrictions which could validly hinder it from subsequently affiliating with NCW and entering into a collective bargaining agreement in behalf of its members.

There is a further consideration that likewise argues for the granting of the petitions. It stands unchallenged that PAFLU instituted the complaint for unfair labor practice against the wishes of workers whose interests it was supposedly protecting. The mere act of disaffiliation did not divest PSEA of its own personality; neither did it give PAFLU the license to act independently of the local union. Recreant to its mission, PAFLU cannot simply ignore the demands of the local chapter and decide for its welfare. PAFLU might have forgotten that as an agent it could only act in representation of and in accordance with the interests of the local union. The complaint then

for unfair labor practice lodged by PAFLU against PSI, PSEA and their respective officers, having been filed by a party which has no legal personality to institute the complaint, should have been dismissed at the first instance for failure to state a cause of action.

Policy considerations dictate that in weighing the claims of a local union as against those of a national federation, those of the former must be preferred. Parenthetically though, the desires of the mother federation to protect its locals are not altogether to be shunned. It will however be to err greatly against the Constitution if the desires of the federation would be favored over those of its members. That, at any rate, is the policy of the law. For if it were otherwise, instead of protection, there would be disregard and neglect of the lowly workingmen.

WHEREFORE, the petitions of Philippine Skylanders, Inc. and of Philippine Skylanders and Workers Association-NCW, together with their respective officers, are **GRANTED**. The Decision of the National Labor Relations Commission of 31 July 1996 affirming the Decision of the Labor Arbiter of 30 June 1995 holding petitioners Philippine Skylanders and Workers Association-NCW, Philippine Skylanders, Inc. and their respective officers, guilty of unfair labor practice and ordering them to pay damages to private respondent Philippine Association of Free Labor Unions (PAFLU) September (now UNIFIED PAFLU) as well as the Resolution of 31 October 1996 denying reconsideration is **REVERSED** and **SET ASIDE**. No costs.

SO ORDERED.

Mendoza, Quisumbing, Buena and De Leon, Jr., *JJ*., concur.

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[1] This petition for certiorari was instituted with the Supreme Court on 23 December 1996. Hence, it does not come within our ruling in St. Martin Funeral Home vs. National Labor Relations Commission and Bienvenido Aricayos (G.R. No. 130866, 16 September 1998, 295 SCRA 494) where we decreed that appeals from decisions of the National Labor Relations Commission should be initially presented to the Court of Appeals.

[2] Decision penned by Commissioner Rogelio I. Rayala, concurred in by Commissioners Raul T. Aquino and Victoriano R. Calaylay, Second Division National Labor Relations Commission; Rollo, G.R. No. 127374, pp. 45-57.

[3] Spelled also as “Mantes C. Romulo” and “Matules C. Romulo” in the records.
[4] Private respondent PAFLU refuses to acknowledge PSEA’s disaffiliation and continuously refers to petitioner local union as PSEA-PAFLU while the local union insists on its new affiliation — PSEA-NCW. Hence, PSEA, PSEA-PAFLU and PSEA-NCW refer to one and the same organization.
[5] Now known as “Unified PAFLU.”
[6] Original Records, pp. 4-16.
[7] Id., pp. 22-27.
[8] Id., pp. 101-123.
[9] Id., pp. 47-51.
[10] Decision penned by Labor Arbiter Emerson C. Tumanon; id., pp. 198-208.
[11] See Note 1.
[12] Id., pp. 13-44.
[13] Rollo, G.R. No. 127431, pp. 12-44.
[14] Id., pp. 206-239.
[15] Sec. 1, Book V, Rules and Regulations Implementing the Labor Code: (2) “An inter-union dispute refers to any conflict between and among union members including cases arising from chartering or affiliation of labor organizations.”
[16] No. L-33987, 4 September 1975, 66 SCRA 512.
[17] Malayang Samahan ng mga Manggagawa sa M. Greenfield vs. Ramos, G.R. No. 113907, 28 February 2000, 326 SCRA 428; Tropical Hut Employees Union-CGW vs. Tropical Hut Food Market, Inc., G.R. Nos. 43495-99, 20 January 1990, 181 SCRA 173; Volkschel Labor Union vs. Bureau of Labor Relations, No. L-45824, 19 June 1985, 137 SCRA 42; Adamson & Adamson Inc. vs. CIR, No. L-35120, 31 January 1984, 127 SCRA 268; Villar vs. Inciong, 206 Phil. 366, (1983); PINCO Employees and Workers Organization vs. PINCOCO, 198 Phil. 166 (1982).