SUPREME COURT
EN BANC

PHILIPPINE STEAM NAVIGATION CO.,
***Petitioner*,**

-versus- **G.R. No. L-20667 & L-20669**
October 29, 1965

PHILIPPINE MARINE OFFICERS GUILD, ET AL.,
***Respondents*.**
x----------x

D E C I S I O N

BENGZON, *J.*:

The present century saw in its opening decades the struggle of labor to attain equal footing with capital. Statute after statute was passed in the Philippines to secure this end. The Philippine Constitution, adopted in 1935, made it plain that the State can regulate the relation between labor and capital to achieve social justice.[1] Following the modern trend, the Industrial Peace Act was passed by our Congress to effect equality between labor and capital as partners in industry.[2] Special attention from all three branches of the government was required on the problems arising in their relation, a relation treated as sui generis. None the less, as was to be expected, it was not infrequent that capital would seek to preserve and labor to advance its position; the management would fight to retain old practices and

the workers cry for progressive measures; employers would desire superiority and employees equality. Hence the continuing disputes regarding the scope and application of social and labor legislations covering the relations of labor and capital. An instance is the dispute in the three cases at bar.

The Philippine Steam Navigation Co., Inc., hereafter referred to as PHILSTEAM, is a domestic corporation, with head offices in Cebu City, engaged in inter-island shipping. In the year 1954 it had 16 vessels, with 8 officers to a vessel, or a total of 128 officers.

Philippine Marine Officers Guild, herein otherwise called PMOG, is a labor union affiliated with the Federation of Free Workers (FFW), representing, and which represented in 1954, some of PHILSTEAM's officers.

The Cebu Seamen's Association, CSA for short, is another labor union that represents and likewise represented in 1954 some of PHILSTEAM's officers.

On June 15, 1954 PMOG sent PHILSTEAM a set of demands, with a request for collective bargaining. PHILSTEAM received the letter embodying the same on June 18, 1954. Subsequently, or on June 29, 1954, PHILSTEAM transmitted its answer to PMOG, requiring the latter to first prove its representation of a majority of PHILSTEAM's employees before its demands will be considered as requested. PHILSTEAM, on the same date, started interrogating and investigating its captains, deck officers, and engineers, to find out directly from them if they had joined PMOG or authorized PMOG to represent them.

A reply was sent by PMOG to the answer of PHILSTEAM, insisting that PHILSTEAM consider its requests and demands first before requiring proof of majority representation. This reply was received by PHILSTEAM on July 6, 1954.

PMOG thereafter filed on July 17, 1954 a notice of intention to strike stating as reasons therefor PHILSTEAM's alleged refusal to bargain and unspecified unfair labor practices. The Department of Labor

brought PHILSTEAM and PMOG to a conference on July 30, 1954, without any success.

The CSA had meanwhile also transmitted its own set of demands to PHILSTEAM. On August 16, 1954 PHILSTEAM and CSA met. PHILSTEAM therein recognized CSA as representing the majority of its employees and proceeded to consider CSA's demands.

Another PHILSTEAM-PMOG conference at the Department of Labor was held on August 17, 1954, likewise to no avail.

Subsequently, on August 24, 1954, PHILSTEAM and CSA signed a collective bargaining agreement. On the same date, PMOG declared a strike against PHILSTEAM. Although not the subject of the present appeal, it should also be mentioned that the dispute included two other shipping companies, namely, Compañia Maritima and Madrigal Shipping, and the PMOG simultaneously struck against all three companies.

Around 46 officers of PHILSTEAM joined PMOG's strike; 15 of these later returned to work, leaving 31 PHILSTEAM officers on strike. Pier 4 of the North Harbor of the Port of Manila, where PHILSTEAM vessels docked, was among the area picketed during the strike.

A final conference at the Department of Labor between PHILSTEAM and PMOG on October 7, 1954 still failed to bring the parties to an agreement.

The President of the Philippines, on January 14, 1955, certified the dispute among the aforementioned shipping companies and their employees to the Court of Industrial Relations, as involving national interest; pursuant to Section 10 of Republic Act 875.

The Court of Industrial Relations held preliminary conferences and on January 18, 1955 issued a return-to-work order. The same, however, was not enforced in view of an injunction issued by this Court in another case.[3] Several formal complaints were accordingly docketed in the Court of Industrial Relations, as follows:

(1) Case 6-IPA, the dispute certified to the CIR by the President

(2) Case 617-ULP filed on February 25, 1955 by PMOG against Maritima et al., for unfair labor practice;

(3) Case 618-ULP filed on February 25, 1955 by PMOG against PHILSTEAM and CSA, for unfair labor practice;

(4) Case 646-ULP filed on March 29, 1955 by PMOG against Madrigal Shipping, for unfair labor practice;

(5) Case 672-ULP filed on April 30, 1955 by the Marine Officers Association of the Philippines[4] against PMOG, for unfair labor practice;

(6) Case 1002-ULP filed on July 6, 1956 by PHILSTEAM against PMOG, for unfair labor practice.

A joint trial was held of all the cases and on December 23, 1962 the Court of Industrial Relations rendered thereon a single decision, finding in the cases pertinent to this appeal, i.e., where PHILSTEAM is a party, as follows:

(1) Case 618-ULP, PHILSTEAM committed unfair labor practice in having interfered with, restrained and coerced employees in the exercise of their rights to self-organization;

(2) Case 1002-ULP, PMOG has not been shown to have committed unfair labor practice; and,

(3) Case 6-IPA, the strike of PMOG against PHILSTEAM was justified and lawfully carried out.

Accordingly, it stated in the dispositive portion relative to the above-mentioned cases:

"IN VIEW OF ALL THE FOREGOING, the Court hereby orders:

x x x

> "2. Philippine Steam Navigation Company, its agents, successors and assigns, to cease and desist from interrogating and investigating their employees to determine whether they have authorized Philippine Marine Officers Guild or any other labor organization to represent them for the purpose of collective bargaining, discouraging or trying to discourage any of such employees from remaining as a member of Philippine Marine Officers Guild or any other labor organization, and encouraging or trying to encourage any of such employees to join Cebu Seamen' Association or any other labor organization, and, in any manner, interfering with, restraining, or coercing their employees in the exercise of their right to self-organization and other rights guaranteed in Section 3 of this Act; and offer all of their striking employees immediate and full reinstatement to their former or substantially equivalent positions, without back salaries and without prejudice to their seniority or other rights and privileges, unless they have found substantially equivalent employment elsewhere during the pendency of this case."

PHILSTEAM moved for reconsideration but the motion was denied on May 18, 1962 by resolution of the Court of Industrial Relations en banc. The present appeal by PHILSTEAM is from the decision and resolution en banc in Case 6-IPA, Case 618-ULP and Case 1002-ULP.

Petitioner would contend that the respondent court erred in ordering it to reinstate the PMOG strikers. In support of this it advances the argument that, first, PHILSTEAM did not commit acts constituting unfair labor practice; and, second, PMOG's strike was illegal.

The finding of respondent court in Case 618-ULP, as stated, is that PHILSTEAM interfered with, coerced and restrained employees in their rights to self-organization. The same, if true, is unfair labor practice (Section 4[a] [1], Republic Act 875).

The acts found by respondent court constituting the foregoing unfair labor practice are (1) the interrogation and investigation by PHILSTEAM's supervisory officials of its captains, deck officers and engineers, to determine whether they had authorized PMOG to act as their bargaining agent; (2) the subjection of PMOG to vilification; and (3) the participation of PHILSTEAM's pier superintendent in soliciting membership for a competing union.

PHILSTEAM admits that it initiated and carried out an investigation of its officers as to their membership in PMOG and whether they had given PMOG authority to represent them in collective bargaining. The reason for this, PHILSTEAM would however aver, was merely to ascertain for itself the existence of a duty to bargain collectively with PMOG, a step allegedly justified by PMOG's refusal to furnish proof of majority representation.

The asserted reason for the investigation cannot be sustained. The record discloses that such investigation was started by PHILSTEAM even before it received PMOG's reply stating a refusal to submit proof of majority representation. Specifically, the investigation was put under way on June 29, 1954 — the same day PHILSTEAM sent its request that PMOG submit proof of majority representation — whereas, PHILSTEAM knew of PMOG's refusal to furnish said proof only on July 6, 1954, when it received PMOG's reply letter. The respondent court therefore aptly concluded that PMOG's refusal to submit evidence showing it represented a majority had nothing to do with PHILSTEAM's decision to carry out the investigation.

An employer is not denied the privilege of interrogating its employees as to their union affiliation, provided the same is for a legitimate purpose and assurance is given by the employer that no reprisals would be taken against unionists. Nonetheless, any employer who engages in interrogation does so with notice that he risks a finding of unfair labor practice if the circumstances are such that his interrogation restrains or interferes with employees in the exercise of their rights to self-organization. (Blue Flash Express Co., Inc., 109 NLRB 591.)

The respondent court had found that PHILSTEAM's interrogation of its employees had in fact interfered with, restrained and coerced the

employees in the exercise of their rights to self-organization (Petition, Annex A, p. 31). Such finding being upon questions of fact, the same cannot be reversed herein, because it is fully supported by substantial evidence.

The rule in this jurisdiction is that subjection by the company of its employees to a series of questioning regarding their membership in the union or their union activities, in such a way as to hamper the exercise of free choice on their part, constitutes unfair labor practice (Scoty's Department Store vs. Micaller, 99 Phil., 962; 52 Off. Gaz., 5119). PHILSTEAM's afore-stated interrogation squarely falls under this rule.

PMOG's subjection to vilification is likewise borne out by substantial evidence. Santiago Beliso, PHILSTEAM's purchasing agent, told Luis Feliciano, on August 6, 1954, that PMOG was a "money asking union," that "all the members of the FFW are low people" and that CSA "is a good union". Fernando Guerrero, PHILSTEAM's inter-island manager, had authorized Beliso to assist him in his investigation of PMOG membership. The statement of Beliso was made in the presence of PHILSTEAM office manager Ernesto Mañeru and PHILSTEAM pier superintendent Jose Perez, and these supervisory officials did nothing to disavow Beliso's conduct as not intended to represent PHILSTEAM's opinion. PHILSTEAM, through its supervisory officials, obviously made it appear to Feliciano that Beliso was speaking for or on behalf of the company, when he made the remarks derogatory to PMOG and favorable to CSA. PHILSTEAM thereby interfered with Feliciano's right to self organization.

Appellant would however assert an inconsistency on the part of respondent court in finding that Beliso was made to appear by PHILSTEAM supervisory officials as acting for them, as testified to by Feliciano, when said court elsewhere rejected a testimony to this effect by Eugenio Obispo.

Appellant refers to the testimony of Obispo, an engine officer, that he signed up with CSA because sometime in July 1954 he was intimidated by Santiago Beliso. Obispo's testimony, however, referred to a different incident, wherein there was no showing that Beliso acted in the presence and with the apparent approval of high

supervisory officials of PHILSTEAM. Furthermore, Obispo's credibility, unlike that of Feliciano, was put in doubt because he falsely stated that Beliso was an Assistant Manager of PHILSTEAM. We find no inconsistency or discrimination in the appreciation of the evidence by respondent court in giving credence to Feliciano, as to one incident, while disbelieving Obispo, as to another.

Finally, of record also stands the fact that PHILSTEAM pier superintendent Valeriano Teves helped bring about the affiliation of Diosdado Capilitan, a PMOG member, with CSA, by telling him that his joining with CSA would not affect his PMOG affiliation. This incident was testified to by PHILSTEAM witnesses themselves. While such a statement, if considered as an isolated remark, may be a harmless expression of opinion, it in reality amounted to support of CSA's membership solicitation drive, in light of the circumstances in which it was made. For it in effect encouraged membership in the competing union and indorsed CSA's solicitation, at least with respect to Capilitan.

The respondent court absolved PMOG from the charge of unfair labor practice in Case 1002-ULP. The alleged threats and violence on the part of PMOG strikers were found not sufficiently established by the evidence. And PHILSTEAM in this appeal no longer argues that said threats and violence were committed.

Nonetheless, PHILSTEAM would contend that PMOG's strike was illegal, for the reason that the purpose of the strike was illegal. It is argued that PMOG staged a strike so as to compel PHILSTEAM to bargain collectively with it notwithstanding that it was a minority union. First of all, the statement that PMOG is a minority union is not accurate. Respondent court precisely found that there has been no proof as to which union, PMOG, CSA or any other, represented the majority of PHILSTEAM employees. For lack of showing that CSA represented the majority, it declared the PHILSTEAM-CSA collective bargaining agreement null and void. It stated that the parties to the dispute were welcomed to file a petition for certification election to decide this point.

Secondly, PMOG's strike was in retaliation to PHILSTEAM's unfair labor practice rather than, as PHILSTEAM would picture it, an

attempt to undermine the PHILSTEAM-CSA agreement. For said agreement was signed only on August 24, 1954 but PMOG filed its notice of strike as early as July 17, 1954. PHILSTEAM'S unfair labor practice, consisting in its interference with the employees' rights to self-organization, started on June 29, 1954. It was because of said unlawful act of the employer that the union struck. The notice of strike in fact mentioned company unfair labor practices as reason for the intended strike.

From the foregoing it follows that PMOG's strike was for a lawful purpose and, therefore, justified.

As to the question of reinstatement, we have already ruled, in Cromwell Commercial Employees and Laborers Union (PTUC) vs. C.I.R., et al., L-19778, September 30, 1964, that striking employees are entitled to reinstatement, whether or not, the strike was the consequence of the employer's unfair labor practice, unless, where the strike was not the consequence of any unfair labor practice, the employer has hired others to take the place of the strikers and has promised them continued employment (2 Teller, Labor Disputes and Collective Bargaining, Sec. 371, pp. 996-997).

The present strike was the consequence of PHILSTEAM's unfair labor practice. Reinstatement of the strikers, who have not found substantially equivalent employment elsewhere, therefore follows as a matter of right, notwithstanding that the employer has hired others to take the place of the strikers for the purpose of continuing the operation of the plant or the business of the industry (2 Teller, op. cit., Sec. 277, p. 754).

Petitioner finally argues that reinstatement was forfeited due to the failure of the strike to paralyze the company's business or the failure of the employees to offer to return to work voluntarily and without any condition. As adverted to above, even if the employer hires others to replace the strikers, thereby avoiding paralysis of his business, if the strike is against an unfair labor practice on its part, the employer is bound to reinstate the strikers. As to the matter of a voluntary offer to return to work without any condition, the same is relevant only to the question of payment of back wages in addition to reinstatement.

Since in these cases no back wages were awarded, and the union has not appealed, said question is not in point.

WHEREFORE, the Decision and Resolution appealed from are hereby affirmed, with costs against petitioner. So ordered.

Bengzon, *C.J.*, Bautista Angelo, Concepcion, Dizon, Regala, Makalintal and Zaldivar, *JJ.*, concur.
Reyes, *J.*, is on leave.

---

[1] Art. II, Sec. 5; Art. XIV, Sec. 6, Phil. Constitution.
[2] Republic Act 875, Effective June 17, 1953.
[3] See Resolutions of February 24, 1955 and March 25, 1955, in Cebu Seamen's Association vs. Castillo, et al., L-8802.
[4] A labor union in Compañia Maritima.
