

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
THIRD DIVISION**

**LOURDES SORIANO, DOROTEA
TAMACA, ASUNCION VERA,
MARCIANA DE LOS REYES, EVELYN
DACALLAS, YOLANDA VILLANUEVA,
ANTONIO DABE, ZORAIDA
DELANTAR, ANITA DANA, and
ANACURITA NAVARRO,**
Petitioners,

-versus-

**G.R. No. 68619
March 16, 1989**

**DIEGO P. ATIENZA, GERONIMO Q.
QUADRA, and CLETO T. VILLATUYA,
in their capacity as Commissioners of
the NATIONAL LABOR RELATIONS
COMMISSION, SHELLWOOD
INDUSTRIES PHILIPPINES
INCORPORATED, RAMON PANIQUE
and CONCEPCION NUGUID,**
Respondents.

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DECISION

CORTES, J.:

The petitioners impugn for grave abuse of discretion the deletion by the National Labor Relations Commission (NLRC) of the award of financial assistance granted by the Labor Arbiter to them.

The antecedent facts, as found by the respondent NLRC, are as follows:

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Complainants Lourdes Soriano, Dorotea Tamaca, Asuncion Vera Marciana de los Reyes, Evelyn Dacallos, Yolanda Villanueva, Antonio Dabe, Zoraida Delantar, Anita Dana and Anacurita Navarro filed this complaint for illegal dismissal, unfair labor practice and moral damages against the respondent Shellwood Industries Phils., the employer of the complainants. Ramon Panique, the president and owner of the company, and Concepcion Nuguid, former president of the union, Samahan ng Malayang Manggagawa sa Shellwood Industries.

It appears that on February 5, 1981, the union, Samahan ng Malayang Manggagawa sa Shellwood Industries and the company entered into a compromise agreement wherein the company agreed to give financial assistance amounting to P20,000.00 in consideration for the union's withdrawal of Case No. NCR-FSD-J-5-662-79. As the union members became curious, respondent Concepcion Nuguid was asked to explain in a general meeting held on April 4, 1982 as to what happened to the P20,000.00. Instead of making an explanation, Concepcion Nuguid tendered her written resignation, the acceptance of which was made on April 5, 1982. After Nuguid's resignation, the union became dormant for more than three (3) months. The remaining officers then convened a meeting on July 13, 1982, wherein three resolutions were passed and approved, namely: 1) affiliating the union to a federation, the National Federation of Labor; 2) giving the federation the authority to represent the union on all matters concerning labor relation problems; and 3) creating a steering committee to serve and act as union board of officers. On August 5, 1982, the National Federation of Labor informed the respondent company on the new union structure and the affiliation of the local union with the federation.

On July 29, 1982, in a general union meeting conducted by Concepcion Nuguid, a resolution was approved expelling the complainants from the union and asked (sic) the company to terminate their services in accordance with the provision of the collective bargaining agreement entered into between the union and the company. On August 16, 1982, the ten (10) complainants were dismissed from the service as per request of the union headed by Concepcion Nuguid.

x x x
[Rollo, pp. 29-30.]

On October 28, 1983, Labor Arbiter Pelagio A. Carpio issued a decision in this case, the dispositive portion of which reads:

IN THE LIGHT OF THE FOREGOING CONSIDERATIONS, respondent Shellwood Industries Philippines, Incorporated should be, as it is hereby, directed to reinstate complainants to their former positions as regular workers/employees without Backwages within ten (10) days from receipt of this Decision and under the same terms and conditions of employment and without loss of seniority rights and privileges existing before their dismissal.

However, since complainants are not at fault, respondent Shellwood Industries, Incorporated should be as it is hereby directed to extend financial assistance to the said complainants in an amount equivalent to six (6) months of their respective salaries.

The complaint for unfair labor practice and moral damages is both dismissed for lack of merit. [Rollo, p. 27]

On appeal to the NLRC, the aforesaid judgment was affirmed but the award of financial assistance was deleted for having neither legal nor factual basis [Rollo, p. 32]. Hence, the instant petition, imputing grave abuse of discretion on the part of the NLRC in deleting the award of financial assistance.

At the outset, it should be pointed out that the instant special civil action limits the charge of grave abuse of discretion to the NLRC's act of setting aside the grant of financial assistance to petitioners. Petitioners do not assail the order for their reinstatement without backwages. Hence, there is no need for the Court to dwell on the order for their reinstatement without any backwages, which was sustained by the respondent NLRC. Consequently, the sole issue raised in this case is whether the respondent Commissioners of the NLRC gravely abused their discretion in deleting the award of financial assistance to the petitioners.

Petitioners' stance is that the company had full knowledge of the fact of resignation of respondent Nuguid and therefore, of her lack of authority to act for and in behalf of the union. Hence, when it dismissed the petitioners pursuant to Nuguid's request, it had participated in their illegal dismissal through its negligence [Rollo, p. 8]. Petitioners argue that the company is accordingly liable for financial assistance to compensate the sufferings and damage sustained by them.

On the other hand, the public respondents justify their deletion of the award of financial assistance on two grounds: 1) that the award has no legal basis since there is no law which orders a grant of financial assistance and furthermore, the order of the Labor Arbiter for the reinstatement of the petitioners is inconsistent with an award of financial assistance; and 2) that the award has no factual basis since the company acted in good faith in acceding to the request of the union president for the termination of the services of the petitioners. Public respondents claim that the company was compelled to dismiss the petitioners upon request of the union president pursuant to the clear terms of the CBA which is considered the law between the contracting parties. According to the NLRC, the company was in no position to question the status of Nuguid as Union president as the matter pertains exclusively to the Union and its members [Memorandum for the Public Respondent, pp. 6-9; Rollo, pp. 153-156].

It should be stressed that both the Labor Arbiter and the NLRC were of the opinion that the company did not act in bad faith in terminating the petitioners. Thus, in directing the reinstatement of

petitioners without backwages but ordering the company to extend financial assistance, the Labor Arbiter explained:

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The record shows that Concepcion Nuguid unconditionally resigned on April 4, 1982 (Annex "A" to complainants' position papers), which resignation was formally and unconditionally accepted thru a board resolution on April 5, 1982 (Annex "B"). The National President of the National Federation of Labor to which the local union, Samahan ng Malayang Manggagawa sa Shellwood Industries, is affiliated wrote a letter to Concepcion Nuguid calling her attention to a letter dated July 30, 1982 addressed to the members of the local union and which she circulated, purporting to expel from the union 12 ranking of officers and members. He informed her that she has been divested of all authority to act as president to the local union so that she no longer has authority to expel any union member. The present leadership of the local union is being exercised by a steering committee, a collective body, the primary duty of which is to continue the work which should have been exercised by competent union officers. This committee was created by a general membership meeting. It is crystal clear from the foregoing that the dismissal of complainants has been requested by one who no longer had the authority to do the same. However, respondent corporation may motu proprio dismiss complainants if there is a legal cause.

In this case, the respondent firm was influenced (sic) by a former union president who misrepresented herself as still the union president. The respondent company, therefore, cannot be deemed to have acted in bad faith. However, the complainants, from the foregoing facts, are entitled to reinstatement because they were blamed for having resigned from or were expelled by their union which is not true. Since the respondent corporation did not act in good faith in dismissing them, it should not shoulder the payment of the backwages of complainants and moral damages, but should extend financial assistance to the ten (10) complainants above-mentioned in an amount

equivalent to six (6) months of their respective salaries. [Rollo, pp. 25-26; Emphasis supplied.]

The NLRC, on the other hand, was even more categorical in declaring that the company acted in good faith in complying with the request of the union president:

Under the collective bargaining agreement, any employee who resigns from the union or is expelled therefrom in accordance with the constitution and by-laws for non-payment of union dues or for disloyalty to the union, shall be suspended and/or dismissed by the company upon written request of the union and upon consent of the company.

Under the circumstances mentioned above, we are inclined to believe that the respondent, Shellwood Industries Phils., Inc. has acted in good faith in terminating the services of the complainants. Because of the union security provision of the collective bargaining agreement, said respondent is duty bound to dismiss them. Although the company had earlier received a letter from the National Federation of Labor, informing about the affiliation of the local union with that federation, there is also on record a petition signed by a majority of the workers in the company, rejecting the resignation of Concepcion Nuguid as president and giving her the authority to solve the workers' problems in the company (Exhibit "2-Cn".) It is significant to note that neither the steering committee nor the federation opposed the request of Concepcion Nuguid to terminate the services of the complainants. On the basis of this lack of opposition, respondent Shellwood Industries Phils., Inc. has reason to assume and/or to believe that Concepcion Nuguid still represented the union or has the authority to act for the union. We consider this as (sic) act of good faith on the part of respondents, hence, the award of financial assistance to the complainants equivalent to six months salaries has no basis, factual or legal and is hereby deleted [Rollo, pp. 31-32; Emphasis supplied].

The labor officials' findings on this factual matter are conclusive upon the Court under the well-settled doctrine that factual

findings of quasi-judicial agencies are accorded not only respect but also finality if supported by substantial evidence [Packaging Products Corporation vs. National Labor Relations Commission, G.R. No. 50383, July 23, 1987, 152 SCRA 210; Edi-Staff Builders International, Inc. vs. Leogardo, Jr., G.R. No. 71907, July 30, 1987; Almoite vs. Pacific Architects & Engineers, Inc., G.R. No. 73680, July 10, 1986, 142 SCRA 623].

In view of the aforesaid finding of good faith on the part of the company, the Court holds that there is no factual or legal basis for an order against the company to grant either backwages or financial assistance in the form of separation pay to petitioners. This is because under settled law and jurisprudence, the company is not considered guilty of unfair labor practice if it merely complied in good faith with the request of the certified union for the dismissal of employees expelled from the union pursuant to the union security clause in the Collective Bargaining Agreement (CBA)^[*] [Seno vs. Mendoza, G.R. No. L-20565, November 29, 1967, 21 SCRA 1124]. To order Shellwood Industries Philippines, Inc. to grant financial assistance to petitioners would in effect be penalizing the company for its lawful compliance with the CBA provisions.

In the light of the foregoing, the NLRC's decision can hardly be considered tainted by the arbitrariness or unfairness that is the essence of grave abuse of discretion.

“[G]rave abuse of discretions means such capricious and arbitrary exercise of judgment as is equivalent, in the eyes of the law, to lack of jurisdiction (Abad Santos vs. Province of Tarlac, 67 Phil. 480; Hamoy vs. Secretary of Agriculture, G.R. No. L-13456, January 30, 1960, 106 Phil. 1046). An error of judgment committed by a court in the exercise of its legitimate jurisdiction is not the same as “grave abuse of discretion.” As a matter of fact even an abuse of discretion is not sufficient by itself to justify the issuance of a writ of certiorari. For that purpose, the abuse of discretion must be grave and patent, and it must be shown that the discretion was exercised arbitrarily or despotically. (Tavera Luna Inc. vs. Nable, 67 Phil. 340; Alafriz vs. Nable, 72 Phil. 278.) [Palma vs. Q. & S., Inc., et al., G.R. No. L-20366, May 19, 1966, 17 SCRA 97.]

Absent a clear showing of grave abuse of discretion on the part of public respondents in deleting the award of financial assistance, the petition must perforce fail.

IN VIEW OF THE FOREGOING, the instant special civil action for certiorari is **DISMISSED**.

SO ORDERED.

Fernan, C.J., Gutierrez, Jr. and Bidin, JJ., concur.
Feliciano, J., is on leave.

[*] Section 2 of the CBA between Shellwood Industries Phil. and Samahan ng Malayang Manggagawa sa Shellwood Industries provides that “any employee who resigns from the Union or is expelled therefrom in accordance with its constitution and by-laws for non-payment of union dues or for disloyalty to the Union, shall be suspended and/or dismissed by the company upon written request of the Union and upon consent of the Company” [Original Records, p. 32].