

## THIRD DIVISION

[ G.R. No. 165407, June 05, 2009 ]

**HERMINIGILDO INGUILLO AND ZENAIDA BERGANTE,  
PETITIONERS, VS. FIRST PHILIPPINE SCALES, INC. AND/OR  
AMPARO POLICARPIO, MANAGER, RESPONDENTS.**

### D E C I S I O N

**PERALTA, J.:**

Assailed in this petition for review under Rule 45 of the Rules of Court are the Court of Appeals (1) Decision<sup>[1]</sup> dated March 11, 2004 in CA-G.R. SP No. 73992, which dismissed the Petition for *Certiorari* of petitioners Zenaida Bergante (Bergante) and Herminigildo Inguillo (Inguillo); and (2) Resolution<sup>[2]</sup> dated September 17, 2004 denying petitioners' Motion for Reconsideration. The appellate court sustained the ruling of the National Labor Relations Commission (NLRC) that petitioners were validly dismissed pursuant to a Union Security Clause in the collective bargaining agreement.

The facts of the case are as follows:

First Philippine Scales, Inc. (FPSI), a domestic corporation engaged in the manufacturing of weighing scales, employed Bergante and Inguillo as assemblers on August 15, 1977 and September 10, 1986, respectively.

In 1991, FPSI and First Philippine Scales Industries Labor Union (FPSILU)<sup>[3]</sup> entered into a Collective Bargaining Agreement (CBA),<sup>[4]</sup> the duration of which was for a period of five (5) years starting on September 12, 1991 until September 12, 1996. On September 19, 1991, the members of FPSILU ratified the CBA in a document entitled *RATIPIKASYON NG KASUNDUAN*.<sup>[5]</sup> Bergante and Inguillo, who were members of FPSILU, signed the said document.<sup>[6]</sup>

During the lifetime of the CBA, Bergante, Inguillo and several FPSI employees joined another union, the *Nagkakaisang Lakas ng Manggagawa* (NLM), which was affiliated with a federation called KATIPUNAN (NLM-KATIPUNAN, for brevity). Subsequently, NLM-KATIPUNAN filed with the Department of Labor and Employment (DOLE) an intra-union dispute<sup>[7]</sup> against FPSILU and FPSI. In said case, the Med-Arbiter decided<sup>[8]</sup> in favor of FPSILU. It also ordered the officers and members of NLM-KATIPUNAN to return to FPSILU the amount of P90,000.00 pertaining to the union dues erroneously collected from the employees. Upon finality of the Med-Arbiter's Decision, a Writ of Execution<sup>[9]</sup> was issued to collect the adjudged amount from NLM-KATIPUNAN. However, as no amount was recovered, notices of garnishment were issued to United Coconut Planters Bank (Kalookan City Branch)<sup>[10]</sup> and to FPSI<sup>[11]</sup> for the latter to hold for FPSILU the earnings of Domingo Grutas, Jr.

(Grutas) and Inguillo, formerly FPSILU's President and Secretary for Finance, respectively, to the extent of P13,032.18. Resultantly, the amount of P5,140.55 was collected,<sup>[12]</sup> P1,695.72 of which came from the salary of Grutas, while the P3,444.83 came from that of Inguillo.

Meanwhile, on March 29, 1996, the executive board and members of the FPSILU addressed a document dated March 18, 1996 denominated as "Petisyon"<sup>[13]</sup> to FPSI's general manager, Amparo Policarpio (Policarpio), seeking the termination of the services of the following employees, namely: Grutas, Yolanda Tapang, Shirley Tapang, Gerry Trinidad, Gilbert Lucero, Inguillo, Bergante, and Vicente Go, on the following grounds:<sup>[14]</sup> (1) disloyalty to the Union by separating from it and affiliating with a rival Union, the NLM-KATIPUNAN; (2) dereliction of duty by failing to call periodic membership meetings and to give financial reports; (3) depositing Union funds in the names of Grutas and former Vice-President Yolanda Tapang, instead of in the name of FPSILU, care of the President; (4) causing damage to FPSI by deliberately slowing down production, preventing the Union to even attempt to ask for an increase in benefits from the former; and (5) poisoning the minds of the rest of the members of the Union so that they would be enticed to join the rival union.

On May 13, 1996, Inguillo filed with the NLRC a complaint against FPSI and/or Policarpio (respondents) for illegal withholding of salary and damages, docketed as NLRC-NCR-Case No. 00-05-03036-96.<sup>[15]</sup>

On May 16, 1996, respondents terminated the services of the employees mentioned in the "Petisyon."

The following day, two (2) separate complaints for illegal dismissal, reinstatement and damages were filed against respondents by: (1) NLM-KATIPUNAN, Grutas, Trinidad, Bergante, Yolanda Tapang, Go, Shirley Tapang and Lucero<sup>[16]</sup> (Grutas complaint, for brevity); and (2) Inguillo<sup>[17]</sup> (Inguillo complaint). Both complaints were consolidated with Inguillo's prior complaint for illegal withholding of salary, which was pending before Labor Arbiter Manuel Manansala. After the preliminary mandatory conference, some of the complainants agreed to amicably settle their cases. Consequently, the Labor Arbiter issued an Order<sup>[18]</sup> dated October 1, 1996, dismissing with prejudice the complaints of Go, Shirley Tapang, Yolanda Tapang, Grutas, and Trinidad.<sup>[19]</sup> Lucero also settled the case after receiving his settlement money and executing a Quitclaim and Release in favor of FPSI and Policarpio.<sup>[20]</sup>

Bergante and Inguillo, the remaining complainants, were directed to submit their respective position papers, after which their complaints were submitted for resolution on February 20, 1997.<sup>[21]</sup>

In their Position Paper,<sup>[22]</sup> Bergante and Inguillo claimed that they were not aware of a petition seeking for their termination, and neither were they informed of the grounds for their termination. They argued that had they been informed, they would have impleaded FPSILU in their complaints. Inguillo could not think of a valid reason for his dismissal except the fact that he was a very vocal and active member of the NLM-KATIPUNAN. Bergante, for her part, surmised that she was dismissed solely for being Inguillo's sister-in-law. She also reiterated the absence of a memorandum

stating that she committed an infraction of a company rule or regulation or a violation of law that would justify her dismissal.

Inguillo also denounced respondents' act of withholding his salary, arguing that he was not a party to the intra-union dispute from which the notice of garnishment arose. Even assuming that he was, he argued that his salary was exempt from execution.

In their Position Paper,<sup>[23]</sup> respondents maintained that Bergante and Inguillo's dismissal was justified, as the same was done upon the demand of FPSILU, and that FPSI complied in order to avoid a serious labor dispute among its officers and members, which, in turn, would seriously affect production. They also justified that the dismissal was in accordance with the Union Security Clause in the CBA, the existence and validity of which was not disputed by Bergante and Inguillo. In fact, the two had affixed their signatures to the document which ratified the CBA.

In his Decision<sup>[24]</sup> dated November 27, 1997, the Labor Arbiter dismissed the remaining complaints of Bergante and Inguillo and held that they were not illegally dismissed. He explained that the two clearly violated the Union Security Clause of the CBA when they joined NLM-KATIPUNAN and committed acts detrimental to the interests of FPSILU and respondents. The dispositive portion of the said Decision states:

WHEREFORE, premises considered, judgment is hereby rendered:

1. Declaring respondents First Philippines Scales, Inc. (First Philippine Scales Industries [FPSI] and Amparo Policarpio, in her capacity as President and General Manager of respondent FPSI, not guilty of illegal dismissal as above discussed. However, considering the length of services rendered by complainants Herminigildo Inguillo and Zenaida Bergante as employees of respondent FPSI, plus the fact that the other complainants in the above-entitled cases were previously granted financial assistance/separation pay through amicable settlement, the afore-named respondents are hereby directed to pay complainants Herminigildo Inguillo and Zenaida Bergante separation pay and accrued legal holiday pay, as earlier computed, to wit:

Herminigildo Inguillo	
Separation pay.....	P22,490.00
Legal Holiday Pay.....	<u>839.00</u>
Total	23,329.00
Zenaida Bergante	
Separation pay.....	P43,225.00
Legal Holiday Pay.....	<u>839.00</u>
Total	44,064.00

2. Directing the afore-named respondents to pay ten (10%) percent attorney's fees based on the total monetary award to complainants Inguillo and Bergante.
3. Dismissing the claim for illegal withholding of salary of complainant Inguillo for lack of merit as above discussed.
4. Dismissing the other money claims and/or other charges of complainants Inguillo and Bergante for lack of factual and legal basis.
5. Dismissing the complaint of complainant Gilberto Lucero with prejudice for having executed a Quitclaim and Release and voluntary resignation in favor of respondents FPSI and Amparo Policarpio as above-discussed where the former received the amount of P23,334.00 as financial assistance/separation pay and legal holiday pay from the latter.

SO ORDERED.<sup>[25]</sup>

Bergante and Inguillo appealed before the NLRC, which reversed the Labor Arbiter's Decision in a Resolution<sup>[26]</sup> dated June 8, 2001, the dispositive portion of which provides:

WHEREFORE, the assailed decision is set aside. Respondents are hereby ordered to reinstate complainants Inguillo and Bergante with full backwages from the time of their dismissal up [to] their actual reinstatement. Further, respondents are also directed to pay complainant Inguillo the amount representing his withheld salary for the period March 15, 1998 to April 16, 1998. The sum corresponding to ten percent (10%) of the total judgment award by way of attorney's fees is likewise ordered. All other claims are ordered dismissed for lack of merit.

SO ORDERED.<sup>[27]</sup>

In reversing the Labor Arbiter, the NLRC<sup>[28]</sup> ratiocinated that respondents failed to present evidence to show that Bergante and Inguillo committed acts inimical to FPSILU's interest. It also observed that, since the two (2) were not informed of their dismissal, the justification given by FPSI that it was merely constrained to dismiss the employees due to persistent demand from the Union clearly proved the claim of summary dismissal and violation of the employees' right to due process.

Respondents filed a Motion for Reconsideration, which was referred by the NLRC to Executive Labor Arbiter Vito C. Bose for report and recommendation. In its Resolution<sup>[29]</sup> dated August 26, 2002, the NLRC adopted *in toto* the report and recommendation of Arbiter Bose which set aside its previous Resolution reversing the Labor Arbiter's Decision. This time, the NLRC held that Bergante and Inguillo were not illegally dismissed as respondents merely put in force the CBA provision on the termination of the services of disaffiliating Union members upon the recommendation of the Union. The dispositive portion of the said Resolution provides:

WHEREFORE, the resolution of the Commission dated June 8, 2001 is set aside. Declaring the dismissal of the complainants as valid, [t]his complaint for illegal dismissal is dismissed. However, respondents are hereby directed to pay complainant Inguillo the amount representing his withheld salary for the period March 15, 1998 to April 16, 1998, plus ten (10%) percent as attorney's fees.

All other claims are ordered dismissed for lack of merit.

SO ORDERED.<sup>[30]</sup>

Not satisfied with the disposition of their complaints, Bergante and Inguillo filed a petition for *certiorari* under Rule 65 of the Rules of Court with the Court of Appeals (CA). The CA dismissed the petition for lack of merit<sup>[31]</sup> and denied the subsequent motion for reconsideration.<sup>[32]</sup> In affirming the legality of the dismissal, the CA ratiocinated, thus:

x x x on the merits, we sustain the view adopted by the NLRC that:

x x x it cannot be said that the stipulation providing that the employer may dismiss an employee whenever the union recommends his expulsion either for disloyalty or for any violation of its by-laws and constitution is illegal or constitutive of unfair labor practice, for such is one of the matters on which management and labor can agree in order to bring about the harmonious relations between them and the union, and cohesion and integrity of their organization. And as an act of loyalty, a union may certainly require its members not to affiliate with any other labor union and to consider its infringement as a reasonable cause for separation.

The employer FPSI did nothing but to put in force their agreement when it separated the disaffiliating union members, herein complainants, upon the recommendation of the union. Such a stipulation is not only necessary to maintain loyalty and preserve the integrity of the union, but is allowed by the Magna Carta of Labor when it provided that while it is recognized that an employee shall have the right of self-organization, it is at the same time postulated that such rights shall not injure the right of the labor organization to prescribe its own rules with respect to the acquisition or retention of membership therein. Having ratified their CBA and being then members of FPSILU, the complainants owe fealty and are required under the Union Security clause to maintain their membership in good standing with it during the term thereof, a requirement which ceases to be binding only during the 60-day freedom period immediately preceding the expiration of the CBA, which was not present in this case.

x x x the dismissal of the complainants pursuant to the demand of the majority union in accordance with their union security [clause] agreement following the loss of seniority