326 Phil. 994

FIRST DIVISION

[G.R. No. 111014, May 31, 1996]

LIANA'S SUPERMARKET,PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION AND NATIONAL LABOR UNION, RESPONDENTS.

D E C I S I O N

BELLOSILLO,J.:

LIANA's SUPERMARKET, as its name implies, is a departmentized self-service retail market selling foods, convenience goods, and household merchandise with business outlets in Sucat, Parañaque, and Pasig City. Sometime in 1980, 1981 and 1982 it employed as sales ladies, cooks, packers, cashiers, electricians, warehousemen, etc., members of private respondent National Labor Union. However in the course of their employment they were allegedly underpaid and required, among others, to work more than eight (8) hours a day without overtime pay and deprived of legal holiday pay and monthly emergency allowance. Starting late 1982 and early 1983 they aired their grievances to petitioner through Peter Sy, its General Manager, and Rosa Sy, its Consultant, but were only scolded and threatened with outright dismissal. Consequently, they formed a labor union and affiliated it with respondent National Labor Union. Thereafter they demanded from petitioner recognition and compliance with existing labor laws.

On 30 April 1983 petitioner entered into a three-year contract with Warner Laputt, owner of BAVSPIA International Services, to supply petitioner with laborers.

About November and December 1984 Rosa Sy met with the employees individually and told them to quit their membership with the union under pain of being suspended, dismissed or criminally prosecuted. When they refused, many were dismissed without any charges and others were given memorandum on concocted offenses and violations.

Meanwhile in March and April 1984 petitioner through Peter Sy and Rosa Sy required the other employees to resign from employment and to accomplish information sheets and/or application forms with BAVSPIA otherwise they would be dismissed and/or not paid their salaries. With some degree of reluctance they complied. Nonetheless, they were allowed to continue working with petitioner under the same terms and conditions of their previous employment.

On 24 March 1984 respondent Union on behalf of its members filed a complaint against petitioner and/or Peter Sy, Rosa Sy, BAVSPIA and Warner Laputt before the Labor Arbiter for underpayment of wages, nonpayment of overtime pay, monthly emergency allowance, legal holiday pay, service incentive leave pay and 13th month pay (NLRC-NCR Case No. 3-1270-84). On 24 May 1984 the complaint was amended since respondent Union manifested through its authorized representative that it was

intended as a class suit.

On 28 August 1984 another case was filed, docketed as NLRC-NCR Case No. 8-3043-84, with Elorde Padilla, Jr., et al., as complainants.

On 22 October 1984 a third case was filed, docketed as NLRC-NCR Case No. 10-3755-84, with Carmelita Reyes, Elizabeth Mahanlud, Danny Sida, Omar Napiri and Edgar Mahusay as individual complainants.

On 12 December 1984 still another case was filed, docketed as NLRC-NCR Case No. 12-4312-84, with Gloria Estoque and Estrellita Bansig as individual complainants.

Subsequently the four (4) cases were consolidated. Respondent National Labor Union submitted two (2) lists of one hundred thirty-six (136) workers, seventy-three (73) assigned at Sucat and sixty-three (63) at Pasig City. There were eighty-five (85) original complainants in the lists. However sixteen (16) complainants later filed motions to withdraw with prejudice and five (5) were found to be non-employees of petitioner. On 27 January 1987 three (3) other complainants settled with petitioner and moved to dismiss their complaints. Thus, a total of twenty-four (24) complainants were dropped from the lists thereby reducing the number to sixty-one (61).

But twenty-seven (27) more employees submitted their sworn statements thus increasing again the number of complainants to eighty-eight (88).

When petitioner learned of the charges before the Labor Arbiter it demanded the resignation of the employees from the Union and withdrawal of their cases or face criminal charges. It also threatened to withhold their wages and even to dismiss them from their employment. Since they refused to resign petitioner dismissed them. Hence, charges of unfair labor practice and illegal dismissal were added as causes of action in their complaints.

Petitioner contended that there was no unfair labor practice because there was no ongoing union activity before the alleged illegal dismissals; but even if there were, the dismissals were not effected by petitioner as complainants were not its employees but of BAVSPIA. If what were referred to as illegal dismissals were those of complainants who resigned, there can be no unfair labor practice as their resignations were voluntary and their applications with BAVSPIA were of their own volition.

On 6 February 1987, after the consolidated cases were submitted for decision, petitioner filed what was purportedly a compromise agreement between itself and the local chapter of respondent Union. It appeared to have been signed by representatives of petitioner and the President, Vice President and another officer of the local chapter of respondent Union with a prayer that the consolidated cases be dismissed.

BAVSPIA participated during the initial stages of the hearings but later moved to have its name dropped as co-respondent when it noted, after complainants have rested, that the evidence formally offered was directed only against petitioner.

On 28 February 1989 the Labor Arbiter held that (1) petitioner was the employer of

complainants with BAVSPIA being engaged in labor-only contracting; (2) complainants were illegally dismissed; (3) Peter Sy and Rosa Sy were not personally liable; and, (4) the charge of unfair labor practice and all labor standards claims were unsubstantiated by evidence. Corollarily, petitioner was ordered to reinstate all the complainants and to pay them backwages and all benefits reckoned from the date of their respective dismissals until actual reinstatement but not to exceed three (3) years, and if reinstatement was no longer feasible the complainants should be granted separation pay equivalent to one-half month salary for every year of service, a fraction of at least six (6) months to be considered as one (1) whole year. [1]

On 30 June 1993 public respondent National Labor Relations Commission affirmed the ruling of the Labor Arbiter.[2]

The petitioner now asks how many individual complainants are there in these cases, whether seven (7) or eighty-five (85); whether these complainants were illegally dismissed; and, whether a compromise agreement with a motion to dismiss filed by a local chapter of respondent Union may be given legal effect.

Petitioner claims that there are only seven (7) individual complainants in these cases whose names appear in the captions of the decision of the Labor Arbiter. Anent thereto, petitioner argues that Sec. 3, Rule 6, of the Rules of Court clearly provides that the names and residences of the parties plaintiff and defendant must be stated in the complaint; similarly, Sec. 1, Rule III, of the New Rules of Procedure of respondent NLRC states that the full names of all the real parties in interest, whether natural or juridical persons or entities authorized by law, shall be stated in the caption of the complaint or petition as well as in the decision, award or judgment. Moreover, according to petitioner, these cases do not fall under the term "class suit" as defined in Sec. 12, Rule 3, of the Rules of Court because the parties are not so numerous that it would be impracticable to bring them all before the court. It is further the position of petitioner that BAVSPIA is the true employer of the complainants and the resignations of certain employees were voluntary. Petitioner still further argues that the compromise agreement duly signed by the officers of the local chapter of respondent Union and filed while the case was still pending before the Labor Arbiter is binding on all the complainants.

We disagree with petitioner. This is a "representative suit" as distinguished from "class suit" defined in Sec. 12, Rule 3, of the Rules of Court -

> Sec. 12. *Class suit.*- When the subject matter of the controversy is one of common or general interest to many persons, and the parties are so numerous that it is impracticable to bring them all before the court, one or more may sue or defend for the benefit of all. But in such case the court shall make sure that the parties actually before it are sufficiently numerous and representative so that all interests concerned are fully protected. Any party in interest shall have a right to intervene in protection of his individual interest.

In Re: *Request of the Heirs of the Passengers of the Doña Paz to SetAside the Order*

Dated January 4, 1988 of Judge B. D. Chingcuangco,[3] the Court had occasion to explain "class suit"-

> What is contemplated, as will be noted, is that (a) the subject matter in controversy is of common or general interest to many persons, and (b) those persons are so numerous as to make it impracticable to bring them all before the court x x x What makes the situation a proper case for a class suit is the circumstance that there is only one right or cause of action pertaining or belonging in common to many persons (Italics supplied), not separately or severally to distinct individuals x x x The object of the suit is to obtain relief for or against numerous persons as a group or as an integral entity, and not as separate, distinct individuals whose rights or liabilities are separate from and independent of those affecting the others x x x The other factor that serves to distinguish the rule on class suits x x x is x x x the numerousness of parties involved x x x The rule is that for a class suit to be allowed, it is needful inter alia that the parties be so numerous that it would be impracticable to bring them all before the court.

In the present case, there are multiple rights or causes of action pertaining separately to several, distinct employees who are members of respondent Union. Therefore, the applicable rule is that provided in Sec. 3, Rule 3, of the Rules of Court on "representative parties," which states "

> Sec. 3. *Representative parties.* - A trustee of an express trust, a guardian, executor or administrator, or a party authorized by statute (Italics supplied), may sue or be sued without joining the party for whose benefit the action is presented or defended; but the court may, at any stage of the proceedings, order such beneficiary to be made a party x x x.

One of the rights granted by Art. 242 of the Labor Code to a legitimate labor organization, like respondent Union, is to sue and be sued in its registered name. In *Liberty Manufacturing Workers Union v. Court of First Instance of Bulacan,*[4] *citing National Brewery and Allied Industries Labor Union of the Philippines v. San Miguel Brewery, Inc.,*[5] and *Itogon-Suyoc Mines, Inc. v. Sangilo-Itogon Workers' Union,*[6] the Court held that the aforementioned provision authorizes a union to file a "representative suit" for the benefit of its members in the interest of avoiding an otherwise cumbersome procedure of joining all union members in the complaint, even if they number by the hundreds. The Court further rationalized that-

> To hold otherwise and compel the 57 union members-employees to file 57 separate cases on their own individual and respective causes of action before the municipal court rather than through the present single collective action filed by petitioner union on their behalf and for their benefit would be to unduly clog the court dockets and slow down the