Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NATIONAL UNION OF BANK EMPLOYEES (NUBE),
Petitioner,

- *versus* -

PHILNABANK EMPLOYEES ASSOCIATION (PEMA) and PHILIPPINE NATIONAL BANK,
Respondents.

G.R. No. 174287

Present:

VELASCO, JR., *J.*, *Chairperson,*
PERALTA,
ABAD,
MENDOZA, and
LEONEN, *JJ.*

Promulgated:

AUG 12 2013

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D E C I S I O N

PERALTA, *J.*:

Assailed in this petition for review on *certiorari* under Rule 45 of the 1997 Rules of Civil Procedure are the May 22, 2006 Decision[1] and August 17, 2006 Resolution[2] of the Court of Appeals (CA) in CA-G.R. SP No. 84606, which reversed the May 27, 2004 Decision[3] of the Secretary of Labor and Employment acting as voluntary arbitrator, the dispositive portion of which states:

> **WHEREFORE**, in light of the foregoing findings, the Bank is hereby **ORDERED** to release all union dues withheld and to continue remitting to NUBE-PNB chapter the members' obligations under the

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1 Penned by Associate Justice Mario L. Guarina III, with Associate Justices Roberto A. Barrios and Santiago Javier Ranada, concurring; *rollo*, pp. 59-68.

2 *Rollo*, p. 57

3 *Id.* at 70-78.

> CBA, **LESS** the amount corresponding to the number of non-union members including those who participated in the unsuccessful withdrawal of membership from their mother union.
>
> The parties are enjoined to faithfully comply with the above-mentioned resolution.
>
> With respect to the **URGENT MOTION FOR INTERVENTION** filed by PEMA, the same is hereby denied without prejudice to the rights of its members to bring an action to protect such rights if deemed necessary at the opportune time.
>
> **SO ORDERED**.[4]

We state the facts.

Respondent Philippine National Bank (PNB) used to be a government-owned and controlled banking institution established under Public Act 2612, as amended by Executive Order No. 80 dated December 3, 1986 (otherwise known as *The 1986 Revised Charter of the Philippine National Bank*). Its rank-and-file employees, being government personnel, were represented for collective negotiation by the Philnabank Employees Association (PEMA), a public sector union.

In 1996, the Securities and Exchange Commission approved PNB's new Articles of Incorporation and By-laws and its changed status as a private corporation. PEMA affiliated with petitioner National Union of Bank Employees (NUBE), which is a labor federation composed of unions in the banking industry, adopting the name NUBE-PNB Employees Chapter (NUBE-PEC).

Later, NUBE-PEC was certified as the sole and exclusive bargaining agent of the PNB rank-and-file employees. A collective bargaining agreement (CBA) was subsequently signed between NUBE-PEC and PNB covering the period of January 1, 1997 to December 31, 2001.

Pursuant to Article V on Check-off and Agency Fees of the CBA, PNB shall deduct the monthly membership fee and other assessments imposed by the union from the salary of each union member, and agency fee (equivalent to the monthly membership dues) from the salary of the rank-and-file employees within the bargaining unit who are not union members. Moreover, during the effectivity of the CBA, NUBE, being the Federation union, agreed that PNB shall remit ₱15.00 of the ₱65.00 union dues per month collected by PNB from every employee, and that PNB shall directly credit the amount to NUBE's current account with PNB.[5]

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4 *Id.* at 78. (Emphasis in the original)

5 CA *rollo*, pp. 45-46.

Following the expiration of the CBA, the Philnabank Employees Association-FFW (PEMA-FFW) filed on January 2, 2002 a petition for certification election among the rank-and-file employees of PNB. The petition sought the conduct of a certification election to be participated in by PEMA-FFW and NUBE-PEC.

While the petition for certification election was still pending, two significant events transpired – the independent union registration of NUBE-PEC and its disaffiliation with NUBE.

With a legal personality derived only from a charter issued by NUBE, NUBE-PEC, under the leadership of Mariano Soria, decided to apply for a separate registration with the Department of Labor and Employment (DOLE). On March 25, 2002, it was registered as an independent labor organization under Registration Certificate No. NCR-UR-3-3790-2002.

Thereafter, on June 20, 2003, the Board of Directors of NUBE-PEC adopted a Resolution[6] disaffiliating itself from NUBE. Cited as reasons were as follows:

> x x x x
>
> **WHEREAS**, in the long period of time that the Union has been affiliated with NUBE, the latter has miserably failed to extend and provide satisfactory services and support to the former in the form of legal services, training assistance, educational seminars, and the like;
>
> **WHEREAS**, this failure by NUBE to provide adequate essential services and support to union members have caused the latter to be resentful to NUBE and to demand for the Union's disaffiliation from the former[;]
>
> **WHEREAS**, just recently, NUBE displayed its lack of regard for the interests and aspirations of the union members by blocking the latter's desire for the early commencement of CBA negotiations with the PNB management[;]
>
> **WHEREAS**, this strained relationship between NUBE and the Union is no longer conducive to a fruitful partnership between them and could even threaten industrial peace between the Union and the management of PNB.
>
> **WHEREAS**, under the circumstances, the current officers of the Union have no choice but to listen to the clamor of the overwhelming majority of union members for the Union to disaffiliate from NUBE.[7]

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6 *Id.* at 29-31.

7 *Id.* at 29-30.

The duly notarized Resolution was signed by Edgardo B. Serrana (President), Rico B. Roma (Vice-President), Rachel C. Latorre (Secretary), Valeriana S. Garcia (Director/Acting Treasurer), Ruben C. Medrano (Director), and Verlo C. Magtibay (Director). It is claimed that said Resolution was overwhelmingly ratified by about eighty-one percent (81%) of the total union membership.

On June 25, 2003, NUBE-PEC filed a Manifestation and Motion[8] before the Med-Arbitration Unit of DOLE, praying that, in view of its independent registration as a labor union and disaffiliation from NUBE, its name as appearing in the official ballots of the certification election be changed to "Philnabank Employees Association (PEMA)" or, in the alternative, both parties be allowed to use the name "PEMA" but with PEMA-FFW and NUBE-PEC be denominated as "PEMA-Bustria Group" and "PEMA-Serrana Group," respectively.

On the same date, PEMA sent a letter to the PNB management informing its disaffiliation from NUBE and requesting to stop, effective immediately, the check-off of the ₱15.00 due for NUBE.[9]

Acting thereon, on July 4, 2003, PNB informed NUBE of PEMA's letter and its decision to continue the deduction of the ₱15.00 fees, but stop its remittance to NUBE effective July 2003. PNB also notified NUBE that the amounts collected would be held in a trust account pending the resolution of the issue on PEMA's disaffiliation.[10]

On July 11, 2003, NUBE replied that: it remains as the exclusive bargaining representative of the PNB rank-and-file employees; by signing the Resolution (on disaffiliation), the chapter officers have abandoned NUBE-PEC and joined another union; in abandoning NUBE-PEC, the chapter officers have abdicated their respective positions and resigned as such; in joining another union, the chapter officers committed an act of disloyalty to NUBE-PEC and the general membership; the circumstances clearly show that there is an emergency in NUBE-PEC necessitating its placement under temporary trusteeship; and that PNB should cease and desist from dealing with Serrana, Roma, Latorre, Garcia, Medrano, and Magtibay, who are expelled from NUBE-PEC.[11] With regard to the issue of non-remittance of the union dues, NUBE enjoined PNB to comply with the union check-off provision of the CBA; otherwise, it would elevate the matter to the grievance machinery in accordance with the CBA.

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8 *Id.* at 32-37.
9 *Id.* at 63-65.
10 *Id.* at 66-68; 81.
11 *Id.* at 69-72; 82-83.

Despite NUBE's response, PNB stood firm on its decision. Alleging unfair labor practice (ULP) for non-implementation of the grievance machinery and procedure, NUBE brought the matter to the National Conciliation and Mediation Board (NCMB) for preventive mediation.[12] In time, PNB and NUBE agreed to refer the case to the Office of the DOLE Secretary for voluntary arbitration. They executed a Submission Agreement on October 28, 2003.[13]

Meantime, the DOLE denied PEMA's motion to change its name in the official ballots. The certification election was finally held on October 17, 2003. The election yielded the following results:

Number of eligible voters	3,742
Number of valid votes cast	2,993
Number of spoiled ballots	72
Total	3,065
Philnabank Employees Association-FFW	289
National Union of Bank Employees (NUBE)-Philippine National Bank (PNB) Chapter	2,683
No Union	21
Total	2,993[14]

On April 28, 2004, PEMA filed before the voluntary arbitrator an Urgent Motion for Intervention,[15] alleging that it stands to be substantially affected by whatever judgment that may be issued, because one of the issues for resolution is the validity of its disaffiliation from NUBE. It further claimed that its presence is necessary so that a complete relief may be accorded to the parties. Only NUBE opposed the motion, arguing that PEMA has no legal personality to intervene, as it is not a party to the existing CBA; and that NUBE is the exclusive bargaining representative of the PNB rank-and-file employees and, in dealing with a union other than NUBE, PNB is violating the duty to bargain collectively, which is another form of ULP.[16]

Barely a month after, DOLE Acting Secretary Manuel G. Imson denied PEMA's motion for intervention and ordered PNB to release all union dues withheld and to continue remitting the same to NUBE. The May 27, 2004 Decision opined:

> Before we delve into the merits of the present dispute, it behooves [Us] to discuss in passing the propriety of the MOTION FOR INTERVENTION filed by the Philnabank Employees Association

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12 *Id.* at 48.
13 *Id.* at 48; 76.
14 *Id.* at 38-41.
15 *Id.* at 42-44.
16 *Id.* at 48; 96-97.

(PEMA) on April 28, 2004, the alleged [break-away] group of NUBE-PNB Chapter.

A cursory reading of the motion reveals a denial thereof is not prejudicial to the individual rights of its members. They are protected by law.

Coming now to the main issues of the case, suffice it to say that after an evaluative review of the record of the case, taking into consideration the arguments and evidence adduced by both parties, We find that indeed no effective disaffiliation took place.

It is well settled that [l]abor unions may disaffiliate from their mother federations to form a local or independent union only during the 60-day freedom period immediately preceding the expiration of the CBA. [Tanduay Distillery Labor Union v. National Labor Relations Commission, et al.] However, such disaffiliation must be effected by a majority of the members in the bargaining unit. (Volkschel Labor Union v. Bureau of Labor Relations).

Applying the foregoing jurisprudence to the case at bar, it is difficult to believe that a justified disaffiliation took place. While the record apparently shows that attempts at disaffiliation occurred sometime in June of 2003 x x x the latest result of a certification election dated 17 October 2003 mooted such disaffiliation.

Further, even if for the sake of argument an attempt at disaffiliation occurred, the record is bereft of substantial evidence to support a finding of effective disaffiliation. There might have been a mass withdrawal of the union members from the NUBE-PNB Chapter. The record shows, however, that only 289 out of 3,742 members shifted their allegiance from the mother union. Hence, they constituted a small minority for which reason they could not have successfully severed the local union's affiliation with NUBE.

Thus, since only a minority of the members wanted disaffiliation as shown by the certification election, it can be inferred that the majority of the members wanted the union to remain an affiliate of the NUBE. [Villar, et al. v. Inciong, et al.]. There being no justified disaffiliation that took place, the bargaining agent's right under the provision of the CBA on Check-Off is unaffected and still remained with the old NUBE-PNB Chapter. x x x

While it is true that the obligation of an employee to pay union dues is co-terminus with his affiliation [Philippine Federation of Petroleum Workers v. CIR], it is equally tenable that when it is shown, as in this case, that the withdrawal from the mother union is not supported by majority of the members, the disaffiliation is unjustified and the disaffiliated minority group has no authority to represent the employees of the bargaining unit. This is the import of the principle laid down in [Volkschel Labor Union v. Bureau of Labor Relations supra] and the inverse application of the Supreme Court decision in [Philippine Federation of Petroleum Workers v. CIR] regarding entitlement to the check-off provision of the CBA.

> As a necessary consequence to our finding that no valid disaffiliation took place, the right of NUBE to represent its local chapter at the PNB, less those employees who are no longer members of the latter, is beyond reproach.
>
> However, the Bank cannot be faulted for not releasing union dues to NUBE at the time when representation status issue was still being threshed out by proper governmental authority. Prudence dictates the discontinuance of remittance of union dues to NUBE under such circumstances was a legitimate exercise of management discretion apparently in order to protect the Bank's business interest. The suspension of the check-off provision of the CBA, at the instance of the latter made in good faith, under the present circumstances cannot give rise to a right of action. For having been exercised without malice much less evil motive and for not causing actual loss to the National Union of Bank Employees (NUBE), the same act of management [cannot] be penalized.[17]

Aggrieved, PEMA filed before the CA a petition under Rule 43 of the Rules on Civil Procedure with prayer for the issuance of a temporary restraining order (TRO) or writ of preliminary injunction (WPI). On November 2, 2004, the CA denied the application for WPI.[18] PEMA's motion for reconsideration was also denied on February 24, 2005, noting PNB's manifestation that it would submit to the judgment of the CA as to which party it should remit the funds collected from the employees.[19]

On June 21, 2005, however, petitioner again filed an Urgent Motion for the Issuance of a TRO against the June 10, 2005 Resolution of DOLE Acting Secretary Imson, which ordered PNB to properly issue a check directly payable to the order of NUBE covering the withheld funds from the trust account.[20] Considering the different factual milieu, the CA resolved to grant the motion.[21]

Subsequent to the parties' submission of memoranda, the CA promulgated its May 22, 2006 Decision, declaring the validity of PEMA's disaffiliation from NUBE and directing PNB to return to the employees concerned the amounts deducted and held in trust for NUBE starting July 2003 and to stop further deductions in favor of NUBE.[22]

As to the impropriety of denying PEMA's motion for intervention, the CA noted:

> x x x Among the rights of the [PEMA] as an affiliate of a federation is to disaffiliate from it. Any case in which this is an issue is then one in which

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17 *Rollo*, pp. 75-77.
18 CA *rollo*, p. 553.
19 *Id.* at 574.
20 *Id.* at 583-595.
21 *Id.* at 597-598.
22 *Rollo*, p. 67.

the union has a significant legal interest and as to which it must be heard, irrespective of any residual rights of the members after a decision that might deny a disaffiliation. It is a *non-sequitur* to make the intervention of the union in this case dependent on the question of whether its members can pursue their own agenda under the same constraints.[23]

On the validity of PEMA's disaffiliation, the CA ratiocinated:

> The power and freedom of a local union to disaffiliate from its mother union or federation is axiomatic. As Volkschel vs. Bureau of Labor Relations [137 SCRA 42] recognizes, a local union is, after all, a separate and voluntary association that under the constitutional guarantee of freedom of expression is free to serve the interests of its members. Such right and freedom invariably include the right to disaffiliate or declare its autonomy from the federation or mother union to which it belongs, subject to reasonable restrictions in the law or the federation's constitution. [Malayang Samahan ng mga Manggagawa sa M. Greenfield vs. Ramos, 326 SCRA 428]
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> Without any restrictive covenant between the parties, [Volkschel Labor Union vs. Bureau of Labor Relations, *supra*, at 48,] it is instructive to look into the state of the law on a union's right to disaffiliate. The voluntary arbitrator alludes to a provision in PD 1391 allowing disaffiliation only within a 60-day period preceding the expiration of the CBA. In Alliance of Nationalist and Genuine Labor Organization vs. Samahan ng mga Manggagawang Nagkakaisa sa Manila Bay Spinning Mills, etc. [258 SCRA 371], however, the rule was not held to be iron-clad. *Volkschel* was cited to support a more flexible view that the right may be allowed *as the circumstances warrant.* In Associated Workers Union-PTGWO vs. National Labor Relations Commission [188 SCRA 123], the right to disaffiliate was upheld before the onset of the freedom period when it became apparent that there was a shift of allegiance on the part of the majority of the union members.
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> x x x x
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> As the records show, a majority, indeed a vast majority, of the members of the local union ratified the action of the board to disaffiliate. Our count of the members who approved the board action is, 2,638. If we divide this by the number of eligible voters as per the certification election which is 3,742, the quotient is 70.5%, representing the proportion of the members in favor of disaffiliation. The [PEMA] says that the action was ratified by 81%. Either way, the groundswell of support for the measure was overwhelming.
>
> The respondent NUBE has developed the ingenious theory that if the disaffiliation was approved by a majority of the members, it was neutered by the subsequent certification election in which NUBE-PNB Chapter was voted the sole and exclusive bargaining agent. It is argued that the effects of this change must be upheld as the latest expression of the will of the employees in the bargaining unit. The truth of the matter is that the names of *PEMA* and *NUBE-PNB Chapter* are names of only one

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23 *Id.* at 64.

> entity, the two sides of the same coin. We have seen how NUBE-PNB Employees Chapter evolved into PEMA and competed with Philnabank Employees Association-FFW for supremacy in the certification election. To realize that it was PEMA which entered into the contest, we need only to remind ourselves that PEMA was the one which filed a motion in the certification election case to have its name *PEMA* put in the official ballot. DOLE insisted, however, in putting the name *NUBE-PNB Chapter* in the ballots unaware of the implications of this seemingly innocuous act.[24]

NUBE filed a motion for reconsideration, but it was denied;[25] hence, this petition raising the following issues for resolution:

> I. The Secretary of Labor acted without error and without grave abuse of discretion in not giving due course to the urgent motion for intervention filed by PEMA.
> II. The Secretary of Labor acted without grave abuse of discretion and without serious error in ruling that PEMA's alleged disaffiliation was invalid.
> III. The Secretary of Labor did not commit serious error in ordering the release of the disputed union fees/dues to NUBE-PNB Chapter.
> IV. There is no substantial basis for the issuance of a preliminary injunction or temporary restraining order.
> V. Under the Rules of Court, the appeal/petition of PEMA should have been dismissed.
> VI. PEMA and NUBE are not one and the same, and the denial by the Secretary of Labor of the motion for intervention was proper.
> VII. NUBE-PNB Chapter, not PEMA, has been fighting for PNB rank-and-file interests and rights since PNB's privatization, which is further proof that NUBE-PNB Chapter and PEMA are not one and the same.
> VIII. The alleged disaffiliation was not valid as proper procedure was not followed.
> IX. NUBE is entitled to check-off.[26]

Stripped of the non-essential, the issue ultimately boils down on whether PEMA validly disaffiliated itself from NUBE, the resolution of which, in turn, inevitably affects the latter's right to collect the union dues held in trust by PNB.

We deny the petition.

Whether there was a valid disaffiliation is a factual issue.[27] It is elementary that a question of fact is not appropriate for a petition for review on *certiorari* under Rule 45 of the Rules of Court. The parties may raise only questions of law because the Supreme Court is not a trier of facts. As a

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24 *Id.* at 64-66.
25 *Id.* at 57, 79-99.
26 *Id.* at 291.
27 *Cirtek Employees Labor Union-Federation of Free Workers v. Cirtek Electronics, Inc.*, G.R. No. 190515, June 6, 2011, 650 SCRA 656, 663.

general rule, We are not duty-bound to analyze again and weigh the evidence introduced in and considered by the tribunals below. When supported by substantial evidence, the findings of fact of the CA are conclusive and binding on the parties and are not reviewable by this Court, except: (1) When the conclusion is a finding grounded entirely on speculation, surmises and conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the CA, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both parties; (7) When the findings are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) When the findings of fact of the CA are premised on the supposed absence of evidence and contradicted by the evidence on record.[28] The Court finds no cogent reason to apply these recognized exceptions.

Even a second look at the records reveals that the arguments raised in the petition are bereft of merit.

The right of the local union to exercise the right to disaffiliate from its mother union is well settled in this jurisdiction. In *MSMG-UWP v. Hon. Ramos*,[29] We held:

> A local union has the right to disaffiliate from its mother union or declare its autonomy. A local union, being a separate and voluntary association, is free to serve the interests of all its members including the freedom to disaffiliate or declare its autonomy from the federation which it belongs when circumstances warrant, in accordance with the constitutional guarantee of freedom of association.
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> The purpose of affiliation by a local union with a mother union [or] a federation
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> "x x x is to increase by collective action the bargaining power in respect of the terms and conditions of labor. Yet the locals remained the basic units of association, free to serve their own and the common interest of all, subject to the restraints imposed by the Constitution and By-Laws of the Association, and free also to renounce the affiliation for mutual welfare upon the terms laid down in the agreement which brought it into existence."
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> Thus, a local union which has affiliated itself with a federation is free to sever such affiliation anytime and such disaffiliation cannot be considered disloyalty. In the absence of specific provisions in the

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28 *Medina v. Court of Appeals*, G.R. No. 137582, August 29, 2012, 679 SCRA 191, 201.

29 383 Phil. 329 (2000).

> federation's constitution prohibiting disaffiliation or the declaration of autonomy of a local union, a local may dissociate with its parent union.[30]

Likewise, *Philippine Skylanders, Inc. v. National Labor Relations Commission*[31] restated:

> 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.*, 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.
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> Such dictum has been punctiliously followed since then.[32]

And again, in *Coastal Subic Bay Terminal, Inc. v. Department of Labor and Employment – Office of the Secretary*,[33] this Court opined:

> Under the rules implementing the Labor Code, a chartered local union acquires legal personality through the charter certificate issued by a duly registered federation or national union, and reported to the Regional Office in accordance with the rules implementing the Labor Code. A local union does not owe its existence to the federation with which it is affiliated. It is a separate and distinct voluntary association owing its creation to the will of its members. Mere affiliation does not divest the local union of its own personality, neither does it give the mother federation the license to act independently of the local union. It only gives rise to a contract of agency, where the former acts in representation of the latter. Hence, local unions are considered principals while the federation is deemed to be merely their agent. As such principals, the unions are entitled to exercise the rights and privileges of a legitimate labor organization, including the right to seek certification as the sole and exclusive bargaining agent in the appropriate employer unit.[34]

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30 *MSMG-UWP v. Hon. Ramos, supra,* at 368-369.

31 G.R. No. 127374 and G.R. No. 127431, January 31, 2002, 375 SCRA 369.

32 *Philippine Skylanders, Inc. v. National Labor Relations Commission, supra,* at 375-376.

33 537 Phil. 459 (2006).

34 *Coastal Subic Bay Terminal, Inc. v. Department of Labor and Employment – Office of the Secretary, supra,* at 470-471. (Citations omitted)

Finally, the recent case of *Cirtek Employees Labor Union-Federation of Free Workers v. Cirtek Electronics, Inc*[35] ruled:

> x x x **[A] local union may disaffiliate at any time from its mother federation, absent any showing that the same is prohibited under its constitution or rule. Such, however, does not result in it losing its legal personality altogether.** Verily, *Anglo-KMU v. Samahan Ng Mga Manggagawang Nagkakaisa Sa Manila Bar Spinning Mills At J.P. Coats* enlightens:
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> > **A local labor union is a separate and distinct unit** primarily designed to secure and maintain an equality of bargaining power between the employer and their employee-members. **A local union does not owe its existence to the federation with which it is affiliated.** It is a separate and distinct voluntary association owing its creation to the will of its members. **The mere act of affiliation does not divest the local union of its own personality, neither does it give the mother federation the license to act independently of the local union. It only gives rise to a contract of agency where the former acts in representation of the latter.**[36]

These and many more have consistently reiterated the earlier view that the right of the local members to withdraw from the federation and to form a new local union depends upon the provisions of the union's constitution, by-laws and charter and, in the absence of enforceable provisions in the federation's constitution preventing disaffiliation of a local union, a local may sever its relationship with its parent.[37] In the case at bar, there is nothing shown in the records nor is it claimed by NUBE that PEMA was expressly forbidden to disaffiliate from the federation nor were there any conditions imposed for a valid breakaway. This being so, PEMA is not precluded to disaffiliate from NUBE after acquiring the status of an independent labor organization duly registered before the DOLE.

Also, there is no merit on NUBE's contention that PEMA's disaffiliation is invalid for non-observance of the procedure that union members should make such determination through secret ballot and after due deliberation, conformably with Article 241 (d) of the Labor Code, as amended.[38] Conspicuously, other than citing the opinion of a "recognized

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35 *Supra* note 27.

36 *Cirtek Employees Labor Union-Federation of Free Workers v. Cirtek Electronics, Inc.*, *supra*, at 665-666. (Emphasis and underscoring supplied)

37 *People's Industrial and Commercial Employees and Workers Org. (FFW) v. People's Industrial and Commercial Corp.*, 198 Phil. 166, 178 (1982).

38 **Art. 241. Rights and conditions of membership in a labor organization. –**The following are the rights and conditions of membership in a labor organization:

x x x x

d. The members shall determine by secret ballot, after due deliberation, any question of major policy affecting the entire membership of the organization, unless the nature of the organization or force

labor law authority," NUBE failed to quote a specific provision of the law or rule mandating that a local union's disaffiliation from a federation must comply with Article 241 (d) in order to be valid and effective.

Granting, for argument's sake, that Article 241 (d) is applicable, still, We uphold PEMA's disaffiliation from NUBE. *First*, non-compliance with the procedure on disaffiliation, being premised on purely technical grounds cannot rise above the employees' fundamental right to self-organization and to form and join labor organizations of their own choosing for the purpose of collective bargaining.[39] *Second*, the Article nonetheless provides that when the nature of the organization renders such secret ballot impractical, the union officers may make the decision in behalf of the general membership. In this case, NUBE did not even dare to contest PEMA's representation that "PNB employees, from where [PEMA] [derives] its membership, are scattered from Aparri to Jolo, manning more than 300 branches in various towns and cities of the country," hence, "[to] gather the general membership of the union in a general membership to vote through secret balloting is virtually impossible."[40] It is understandable, therefore, why PEMA's board of directors merely opted to submit for ratification of the majority their resolution to disaffiliate from NUBE. *Third*, and most importantly, NUBE did not dispute the existence of the persons or their due execution of the document showing their unequivocal support for the disaffiliation of PEMA from NUBE. Note must be taken of the fact that the list of PEMA members (identifying themselves as "PEMA-Serrana Group"[41]) who agreed with the board resolution was attached as Annex "H" of PEMA's petition before the CA and covered pages 115 to 440 of the CA *rollo*. While fully displaying the employees' printed name, identification number, branch, position, and signature, the list was left unchallenged by NUBE. No evidence was presented that the union members' ratification was obtained by mistake or through fraud, force or intimidation. Surely, this is not a case where one or two members of the local union decided to disaffiliate from the mother federation, but one where more than a majority of the local union members decided to disaffiliate.

Consequently, by PEMA's valid disaffiliation from NUBE, the vinculum that previously bound the two entities was completely severed. As NUBE was divested of any and all power to act in representation of PEMA, any act performed by the former that affects the interests and affairs of the latter, including the supposed expulsion of Serrana *et al*., is rendered without force and effect.

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majeure renders such secret ballot impractical, in which case, the board of directors of the organization may make the decision in behalf of the general membership;

x x x x

39 See *Tropical Hut Employees' Union-CGW v. Tropical Hut Food Market, Inc.*, 260 Phil. 182, 194 (1990) and *Alliance of Nationalist and Genuine Labor Org. v. Samahan ng mga Manggagawang Nagkakaisa sa Manila Bay Spinning Mills*, 327 Phil. 1011, 1016 (1996).

40 *Rollo*, pp. 272-273.

41 CA *rollo*, p. 115.

Also, in effect, NUBE loses it right to collect all union dues held in its trust by PNB. The moment that PEMA separated from and left NUBE and exists as an independent labor organization with a certificate of registration, the former is no longer obliged to pay dues and assessments to the latter; naturally, there would be no longer any reason or occasion for PNB to continue making deductions.[42] As we said in *Volkschel Labor Union v. Bureau of Labor Relations*:[43]

> x x x In other words, ALUMETAL [NUBE in this case] is entitled to receive the dues from respondent companies as long as petitioner union is affiliated with it and respondent companies are authorized by their employees (members of petitioner union) to deduct union dues. Without said affiliation, the employer has no link to the mother union. The obligation of an employee to pay union dues is coterminous with his affiliation or membership. "The employees' check-off authorization, even if declared irrevocable, is good only as long as they remain members of the union concerned." A contract between an employer and the parent organization as bargaining agent for the employees is terminated by the disaffiliation of the local of which the employees are members. x x x[44]

On the other hand, it was entirely reasonable for PNB to enter into a CBA with PEMA as represented by Serrana *et al.* Since PEMA had validly separated itself from NUBE, there would be no restrictions which could validly hinder it from collectively bargaining with PNB.

WHEREFORE, the foregoing considered, the instant Petition is **DENIED**. The May 22, 2006 Decision and August 17, 2006 Resolution of the Court of Appeals in CA-G.R. SP No. 84606, which reversed the May 27, 2004 Decision of the Secretary of Labor and Employment, are **AFFIRMED**.

SO ORDERED.

DIOSDADO M. PERALTA
Associate Justice

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42 See *Philippine Federation of Petroleum Workers (PFPW), et al. v. CIR et al.*, 147 Phil. 674, 698 (1971).

43 221 Phil. 423 (1985).

44 *Volkschel Labor Union v. Bureau of Labor Relations, supra,* at 48-49. (Citations omitted)

WE CONCUR:

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

ROBERTO A. ABAD
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

MARVIC MARIO VICTOR F. LEONEN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice