

THIRD DIVISION

[G.R. No. 118069, November 16, 1998]

PRODUCERS BANK OF THE PHILIPPINES, (NOW FIRST PHILIPPINE INTERNATIONAL BANK), PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION AND PRODUCERS BANK EMPLOYEES ASSOCIATION, RESPONDENTS.

DECISION

ROMERO, J.:

Initially, this action was resolved in petitioner's favor with the dismissal of private respondent's complaint for unfair labor practice and violation of the CBA against the former Labor Arbiter Jovencio Mayon.^[1] Upon appeal to the National Labor Relations Commission (NLRC), the decision of the Labor Arbiter was reversed and instead a judgment was rendered in favor of the private respondent. Dismayed, petitioner is now before us seeking the reversal of the NLRC'S decision.

The facts are quite simple.

Prefatorily, at the time the instant controversy started, petitioner was placed by the then Central Bank of the Philippines (now Bangko Sentral ng Pilipinas) under a conservator for the purpose of protecting its assets.^[2] It appears that when the private respondents sought the implementation of Section 1, Article XI of the CBA regarding the retirement plan and Section 4, Article X thereof, pertaining to uniform allowance, the acting conservator of the petitioner expressed her objection to such plan, resulting in an impasse between the petitioner bank and the private respondent union. The deadlock continued for at least six months when the private respondent, to resolve the issue, decided to file a case against the petitioner for unfair labor practice and for flagrant violation of the CBA provisions.

As stated earlier, the Labor Arbiter dismissed private respondent's complaint, on this premise:

"Considering that the Bank is under conservatorship program under which the bank is under the rule of a conservator, the latter is under no compulsion to implement the resolutions issued by the LMRC. If he finds that the enforcement of the resolutions would not redound for the best interest of the Bank in accordance with the conservatorship program, he may not be faulted by such inaction or action."

Undaunted by the initial setback, private respondent union interposed an appeal before the NLRC. The NLRC, after reviewing the arguments of both parties, reversed the findings of the Labor Arbiter, thus:

"Not only is the worker protected by the Labor Code, he is likewise protected by other laws (Civil Code) and social legislations the source of

which is no less than the Constitution itself. To adhere first to the interest of the company to the prejudice of the workers can never be allowed or tolerated as the interest of the working masses is the paramount concern of the government."

Consequently, the NLRC ordered the petitioner to implement the provisions of the CBA which were disallowed by the conservator.^[3]

The issue need not detain us at length. The NLRC's finding deserves our concurrence.

In a similar case involving the petitioner and the acts of its conservator,^[4] we already ruled that:

"In the third place, while admittedly, the Central Bank law gives vast and far-reaching powers to the conservator of a bank, it must be pointed out that such powers must be related to the '(preservation of)' the assets of the banks, (the reorganization of) the management thereof and (the restoration of) its viability.' Such powers, enormous and extensive as they are, cannot extend to the post-facto repudiation of perfected transactions, otherwise they would infringe against the non-impairment clause of the Constitution. If the legislature itself cannot revoke an existing valid contract, how can it delegate such non-existent powers to the conservator under Section 28-A of said law?

Obviously, therefore, Section 28-A merely gives the conservator power to revoke contracts that are, under existing law, deemed to be defective - i.e., void, voidable, unenforceable or rescissible. Hence, the conservator merely takes the place of a bank's board of directors. What the said board cannot do - such as repudiating a contract validly entered into under the doctrine of implied authority - the conservator cannot do either. Ineluctably, his power is not unilateral and he cannot simply repudiate valid obligations of the Bank. His authority would be only to bring court actions to assail such contracts - as he has already done so in the instant case. A contrary understanding of the law would simply not be permitted by the Constitution. Neither by common sense. To rule otherwise would be to enable a failing bank to become solvent, at the expense of third parties, by simply getting the conservator to unilaterally revoke all previous dealings which had one way or another come to be considered unfavorable to the Bank, yielding nothing to perfected contractual rights nor vested interests of the third parties who had dealt with the Bank."

Prescinding from the rationalization that a conservator cannot rescind a valid and existing contract and that the CBA is the law between the contracting parties,^[5] it is obvious that the conservator had no authority whatsoever to disallow the implementation of Article XI, Section 1 and Article X, Section 4 of the CBA, especially considering that ideals of social justice and protection of labor are guaranteed not only by the Labor Code, but more importantly by the fundamental law of the land.

It bears repeating that apart from the non-impairment clause, what is also well-