391 Phil. 769

SPECIAL FIRST DIVISION

[G.R. No. 127598, August 01, 2000]

MANILA ELECTRIC COMPANY, PETITIONER, VS. HON. SECRETARY OF LABOR LEONARDO QUISUMBING AND MERALCO EMPLOYEES AND WORKERS ASSOCIATION (MEWA), RESPONDENTS.

R E S O L U T I O N

YNARES-SANTIAGO, J.:

On February 22, 2000, this Court promulgated a Resolution with the following decretal portion:

> **WHEREFORE**, the motion for reconsideration is **PARTIALLY GRANTED** and the assailed Decision is **MODIFIED** as follows: (1) the arbitral award shall retroact from December 1, 1995 to November 30, 1997; and (2) the award of wage is increased from the original amount of One Thousand Nine Hundred Pesos (P1,900.00) to Two Thousand Pesos (P2,000.00) for the years 1995 and 1996. This Resolution is subject to the monetary advances granted by petitioner to its rank-and-file employees during the pendency of this case assuming such advances had actually been distributed to them. The assailed Decision is **AFFIRMED** in all other respects.
>
> *SO ORDERED.*

Petitioner Manila Electric Company filed with this Court, on March 17, 2000, a "Motion for Partial Modification (Re: Resolution Dated 22 February 2000)" anchored on the following grounds:

I

> With due respect, this Honorable Court's ruling on the retroactivity issue: (a) fails to account for previous rulings of the Court on the same issue; (b) fails to indicate the reasons for reversing the original ruling in this case on the retroactivity issue; and (c) is internally inconsistent.

II

> With due respect, the Honorable Court's ruling on the retroactivity issue does not take into account the huge cost that this award imposes on petitioner, estimated at no less than P800 Million.

In the assailed Resolution, it was held:

> Labor laws are silent as to when an arbitral award in a labor dispute where the Secretary (of Labor and Employment) had assumed jurisdiction by virtue of Article 263 (g) of the Labor Code shall retroact.

> In general, a CBA negotiated within six months after the expiration of the existing CBA retroacts to the day immediately following such date and if agreed thereafter, the effectivity depends on the agreement of the parties. On the other hand, the law is silent as to the retroactivity of a CBA arbitral award or that granted not by virtue of the mutual agreement of the parties but by intervention of the government. Despite the silence of the law, the Court rules herein that CBA arbitral awards granted after six months from the expiration of the last CBA shall retroact to such time agreed upon by both employer and the employees or their union. Absent such an agreement as to retroactivity, the award shall retroact to the first day after the six-month period following the expiration of the last day of the CBA should there be one. In the absence of a CBA, the Secretary's determination of the date of retroactivity as part of his discretionary powers over arbitral awards shall control.

Petitioner specifically assails the foregoing portion of the Resolution as being logically flawed, arguing, first, that while it alludes to the Secretary's discretionary powers only in the absence of a CBA, Article 253-A of the Labor Code always presupposes the existence of a prior or subsisting CBA; hence the exercise by the Secretary of his discretionary powers will never come to pass. Second, petitioner claims that the Resolution contravenes the jurisprudential rule laid down in the cases of *Union of Filipro Employees v. NLRC*,[1] *Pier 8 Arrastre and Stevedoring Services v. Roldan-Confesor*[2] and *St. Luke' s Medical Center v. Torres*.[3] Third, petitioner contends that this Court erred in holding that the effectivity of CBA provisions are automatically retroactive. Petitioner invokes, rather, this Court's ruling in the Decision dated January 27, 1999, which was modified in the assailed Resolution, that in the absence of an agreement between the parties, an arbitrated CBA takes on the nature of any judicial or quasi-judicial award; it operates and may be executed only prospectively unless there are legal justifications for its retroactive application. Fourth, petitioner assigns as error this Court's interpretation of certain acts of petitioner as consent to the retroactive application of the arbitral award. Fifth, petitioner contends that the Resolution is internally flawed because when it held that the award shall retroact to the first day after the six-month period following the expiration of the last day of the CBA, the reckoning date should have been June 1, 1996, not December 1, 1995, which is the last day of the three-year lifetime of the economic provisions of the CBA.

Anent the second ground, petitioner alleges that the retroactive application of the arbitral award will cost it no less than P800 Million. Thus, petitioner prays that the two-year term of the CBA be fixed from December 28, 1996 to December 27, 1998. Petitioner also seeks this Court's declaration that the award of P2,000.00 be paid to petitioner's rank-and-file employees during this two-year period. In the alternative, petitioner prays that the award of P2,000.00 be made to retroact to June 1, 1996 as the effectivity date of the CBA.

Private respondent MEWA filed its Comment on May 19, 2000, contending that the Motion for Partial Modification was unauthorized inasmuch as Mr. Manuel M. Lopez, President of petitioner corporation, has categorically stated in a memorandum to the rank-and-file employees that management will comply with this Court's ruling and will not file any motion for reconsideration; and that the assailed Resolution should be modified to conform to the *St. Luke's* ruling, to the effect that, in the absence of a specific provision of law prohibiting retroactivity of the effectivity of arbitral awards

issued by the Secretary of Labor pursuant to Article 263(g) of the Labor Code, he is deemed vested with plenary and discretionary powers to determine the effectivity thereof.

This Court has re-examined the assailed portion of the Resolution in this case vis-à-vis the rulings cited by petitioner. Invariably, these cases involve Articles 253-A in relation to Article 263 (g)[4]of the Labor Code. Article 253-A is hereunder reproduced for ready reference:

> **ART. 253-A. Terms of a collective bargaining agreement.** --- Any Collective Bargaining Agreement that the parties may enter into shall, insofar as the representation aspect is concerned, be for a term of five (5) years. No petition questioning the majority status of the incumbent bargaining agent shall be entertained and no certification election shall be conducted by the Department of Labor and Employment outside of the sixty-day period immediately before the date of expiry of such five year term of the Collective Bargaining Agreement. All other provisions of the Collective Bargaining Agreement shall be renegotiated not later than three (3) years after its execution. Any agreement on such other provisions of the Collective Bargaining Agreement entered into within six (6) months from the date of expiry of the term of such other provisions as fixed in such Collective Bargaining Agreement, shall retroact to the day immediately following such date. If any such agreement is entered into beyond six months, the parties shall agree on the duration of retroactivity thereof. In case of a deadlock in the renegotiation of the collective bargaining agreement, the parties may exercise their rights under this Code.[5]

The parties' respective positions are both well supported by jurisprudence. For its part, petitioner invokes the ruling in *Union of Filipro Employees*[6], wherein this Court upheld the NLRC's act of giving prospective effect to the CBA, and argues that the two-year arbitral award in the case at bar should likewise be applied prospectively, counted from December 28, 1996 to December 27, 1998. Petitioner maintains that there is nothing in Article 253-A of the Labor Code which states that arbitral awards or renewals of a collective bargaining agreement shall always have retroactive effect. The *Filipro* case was applied more recently in *Pier 8 Arrastre & Stevedoring Services, Inc. v. Roldan-Confesor*[7] thus:

> In *Union of Filipro Employees v. NLRC*, 192 SCRA 414 (1990), this Court interpreted the above law as follows:
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> > "In light of the foregoing, this Court upholds the pronouncement of the NLRC holding the CBA to be signed by the parties effective upon the promulgation of the assailed resolution. It is clear and explicit from Article 253-A that any agreement on such other provisions of the CBA shall be given retroactive effect only when it is entered into within six (6) months from its expiry date. If the agreement was entered into outside the six (6) month period, then the parties shall agree on the duration of the retroactivity thereof.
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> > "The assailed resolution which incorporated the CBA to be signed by the parties was promulgated June 5, 1989, and