

SECOND DIVISION

[G. R. No. 172699, July 27, 2011]

ELECTROMAT MANUFACTURING AND RECORDING CORPORATION, PETITIONER, VS. HON. CIRIACO LAGUNZAD, IN HIS CAPACITY AS REGIONAL DIRECTOR, NATIONAL CAPITAL REGION, DEPARTMENT OF LABOR AND EMPLOYMENT; AND HON. HANS LEO J. CACDAC, IN HIS CAPACITY AS DIRECTOR OF BUREAU OF LABOR RELATIONS, DEPARTMENT OF LABOR AND EMPLOYMENT, PUBLIC RESPONDENTS.

D E C I S I O N NAGKAKAISANG SAMAHAN NG MANGGAGAWA NG ELECTROMAT-WASTO, PRIVATE RESPONDENT.

D E C I S I O N

BRION, J.:

We resolve the present petition for review on *certiorari* ^[1] assailing the decision ^[2] and the resolution ^[3] of the Court of Appeals (CA) dated February 3, 2006 and May 11, 2006, respectively, rendered in CA G.R. SP No. 83847.

The Antecedents

The private respondent Nagkakaisang Samahan ng Manggagawa ng Electromat-Wasto (*union*), a charter affiliate of the Workers Advocates for Struggle, Transformation and Organization (*WASTO*), applied for registration with the Bureau of Labor Relations (*BLR*). Supporting the application were the following documents: (1) copies of its ratified constitution and by-laws (*CBL*); (2) minutes of the CBL's adoption and ratification; (3) minutes of the organizational meetings; (4) names and addresses of the union officers; (5) list of union members; (6) list of rank-and-file employees in the company; (7) certification of non-existence of a collective bargaining agreement (*CBA*) in the company; (8) resolution of affiliation with *WASTO*, a labor federation; (9) *WASTO*'s resolution of acceptance; (10) Charter Certificate; and (11) Verification under oath.

The BLR thereafter issued the union a Certification of Creation of Local Chapter (equivalent to the certificate of registration of an independent union), pursuant to Department Order No. (D.O.) 40-03. ^[4]

On October 1, 2003, the petitioner Electromat Manufacturing and Recording Corporation (*company*) filed a petition for cancellation of the union's registration certificate, for the union's failure to comply with Article 234 of the Labor Code. It argued that D.O. 40-03 is an unconstitutional diminution of the Labor Code's union registration requirements under Article 234.

On November 27, 2003, Acting Director Ciriaco A. Lagunzad of the Department of

Labor and Employment (DOLE)-National Capital Region dismissed the petition. [5]

In the appeal by the company, BLR Director Hans Leo J. Cacdac affirmed the dismissal. [6] The company thereafter sought relief from the CA through a petition for *certiorari*, contending that the BLR committed grave abuse of discretion in affirming the union's registration despite its non-compliance with the requirements for registration under Article 234 of the Labor Code. It assailed the validity of D.O. 40-03 which amended the rules of Book V (*Labor Relations*) of the Labor Code. It posited that the BLR should have strictly adhered to the union registration requirements under the Labor Code, instead of relying on D.O. 40-03 which it considered as an invalid amendment of the law since it reduced the requirements under Article 234 of the Labor Code. It maintained that the BLR should not have granted the union's registration through the issuance of a Certification of Creation of Local Chapter since the union submitted only the Charter Certificate issued to it by WASTO.

The CA Decision

In its decision rendered on February 3, 2006, [7] the CA Tenth Division dismissed the petition and affirmed the assailed BLR ruling. It brushed aside the company's objection to D.O. 40-03, and its submission that D.O. 40-03 removed the safety measures against the commission of fraud in the registration of unions. It noted that "there are sufficient safeguards found in other provisions of the Labor Code to prevent the same." [8] In any event, it pointed out that D.O. 40-03 was issued by the DOLE pursuant to its rule-making power under the law. [9]

The company moved for reconsideration, arguing that the union's registration certificate was invalid as there was no showing that WASTO, the labor federation to which the union is affiliated, had at least ten (10) locals or chapters as required by D.O. 40-03. The CA denied the motion, [10] holding that no such requirement is found under the rules. Hence, the present petition.

The Case for the Petitioner

The company seeks a reversal of the CA rulings, through its submissions (the petition [11] and the memorandum [12]), on the ground that the CA seriously erred and gravely abused its discretion in affirming the registration of the union in accordance with D.O. 40-03. Specifically, it assails as unconstitutional Section 2(E), Rule III of D.O. 40-03 which provides:

The report of creation of a chartered local shall be accompanied by a charter certificate issued by the federation or national union indicating the creation or establishment of the chartered local.

The company points out that D.O. 40-03 delisted some of the requirements under Article 234 of the Labor Code for the registration of a local chapter. Article 234 states:

ART. 234. Requirements of Registration. ^[13] Any applicant labor organization, association or group of unions or workers shall acquire legal personality and shall be entitled to the rights and privileges granted by law to legitimate labor organizations upon issuance of the certificate of registration based on the following requirements:

- (a) Fifty pesos (P50.00) registration fee;
- (b) The names of its officers, their addresses, the principal address of the labor organization, the minutes of the organizational meetings and the list of the workers who participated in such meetings;
- (c) The names of all its members comprising at least twenty percent (20%) of all the employees in the bargaining unit where it seeks to operate;
- (d) If the applicant union has been in existence for one or more years, copies of its annual financial reports; and
- (e) Four (4) copies of the constitution and by-laws of the applicant union, minutes of its adoption or ratification, and the list of the members who participated in it.

The company contends that the enumeration of the requirements for union registration under the law is exclusive and should not be diminished, and that the same requirements should apply to all labor unions whether they be independent labor organizations, federations or local chapters. It adds that in making a different rule for local chapters, D.O. 40-03 expanded or amended Article 234 of the Labor Code, resulting in an invalid exercise by the DOLE of its delegated rule-making power. It thus posits that the union's certificate of registration which was issued "in violation of the letters of Article 234 of the Labor Code" ^[14] is void and of no effect, and that the CA committed grave abuse of discretion when it affirmed the union's existence.

The Case for the Union

In a Resolution dated January 16, 2008, ^[15] the Court directed union board member Alex Espejo, in lieu of union President Roberto Beltran whose present address could not be verified, to furnish the Court a copy of the union comment/opposition to the company's motion for reconsideration dated February 22, 2006 in CA G.R. SP No. 83847, which the union adopted as its comment on the present petition. ^[16]

Through this comment/opposition, ^[17] the union submits that the company failed to show that the CA committed reversible error in upholding the registration certificate issued to it by the BLR. Citing *Castillo v. National Labor Relations Commission*, ^[18] it stressed that the issuance of the certificate by the DOLE agencies was supported by substantial evidence, which should be entitled to great respect and even finality.

The Court's Ruling

We resolve the core issue of **whether D.O. 40-03 is a valid exercise of the rule-making power of the DOLE.**