649 Phil. 629

SECOND DIVISION

[G.R. No. 186605, November 17, 2010]

CENTRAL AZUCARERA DE BAIS EMPLOYEES UNION-NFL [CABEU-NFL], REPRESENTED BY ITS PRESIDENT, PABLITO SAGURAN, PETITIONER, VS. CENTRAL AZUCARERA DE BAIS, INC. [CAB], REPRESENTED BY ITS PRESIDENT, ANTONIO STEVEN L. CHAN, RESPONDENT.

D E C I S I O N

MENDOZA, J.:

Before this Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court filed by petitioner Central Azucarera De Bais Employees Union-National Federation of Labor *(CABEU-NFL)* seeking to reverse and set aside: (1) the September 26, 2008 Decision[1] of the Court of Appeals *(CA)*, in CA-G.R. SP No. 03238, which *reversed* the July 18, 2007 Decision[2] and September 28, 2007 Resolution[3] of the National Labor Relations Commission *(NLRC)* and *reinstated* the July 13, 2006 Decision[4] of the Labor Arbiter *(LA)*; and (2) its January 21, 2009 Resolution[5] denying the Motion for Reconsideration of CABEU-NFL.

THE FACTS

Respondent Central Azucarera De Bais, Inc. *(CAB)* is a corporation duly organized and existing under the laws of the Philippines. It is represented by its President, Antonio Steven L. Chan *(Chan)*, in this proceeding.

CABEU-NFL is a duly registered labor union and a certified bargaining agent of the CAB rank-and-file employees, represented by its President, Pablito Saguran *(Saguran)*.

On January 19, 2004, CABEU-NFL sent CAB a proposed *Collective Bargaining Agreement (CBA)*[6] seeking increases in the daily wage and vacation and sick leave benefits of the monthly employees and the grant of leave benefits and 13th month pay to seasonal workers.

On March 27, 2004, CAB responded with a counter-proposal[7] to the effect that the production bonus incentive and special production bonus and incentives be maintained. In addition, respondent CAB agreed to execute a pro-rated increase of wages every time the government would mandate an increase in the minimum wage. CAB, however, did not agree to grant additional and separate Christmas bonuses.

On May 21, 2004, CAB received an *Amended Union Proposal*[8] sent by CABEU-NFL reducing its previous demand regarding wages and bonuses. CAB, however,

maintained its position on the matter. Thus, the collective bargaining negotiations resulted in a deadlock.

On account of the impasse, "CABEU-NFL filed a Notice of Strike with the National Conciliation and Mediation Board *(NCMB)*. The NCMB then assumed conciliatory-mediation jurisdiction and summoned the parties to conciliation conferences."[9]

In its June 2, 2005 Letter sent to CAB[10] *(letter-request)*, CABEU-NFL requested copies of CAB's annual financial statements from 2001 to 2004 and asked for the resumption of conciliation meetings.

CAB replied through its June 14, 2005 Letter[11] *(letter-response)* to NCMB Regional Director of Dumaguete City Isidro Cepeda, which reads:

> At the outset, it observed that the letter signed by Mr. Pablito Saguran who is no longer an employee of the Central for he was one of those lawfully terminated due to an authorized cause x x x.
>
> More importantly, the declared purpose of the requested conciliation meeting has already been rendered moot and academic because: (1) the Union which Mr. Saguran purportedly represents has already lost its majority status by reason of the disauthorization and withdrawal of support thereto by more than 90% of the rank and file employees in the bargaining unit of Central sometime in January, 2005, and (2) the workers themselves, acting as principal, after disauthorizing the previous agent CABEU-NFL have organized themselves into a new Union known as Central Azucarera de Bais Employees Labor Association (CABELA) and after obtaining their registration certificate and making due representation that it is a duly organized union representing almost all the rank and file workers in the Central, had concluded a new collective bargaining agreement with the Central on April 21, 2005 in Dumaguete City. The aforesaid CBA had been duly ratified by the rank and file workers constituting 91% of the collective bargaining unit x x x.
>
> Clearly, therefore, the request for further conciliation conference will serve no lawful and practical purpose. In view of the foregoing, and for the sake of continued industrial peace prevailing in the Central, we beseech the Honorable Office to disregard the aforesaid request.

It appears that the NCMB failed to act on the letter-response of CAB. Neither did it convene CAB and CABEU-NFL to continue the negotiations between them.

Reacting from the letter-response of CAB, CABEU-NFL filed a Complaint for Unfair Labor Practice[12] for the former's refusal to bargain with it.

On July 13, 2006, the LA dismissed the complaint.[13] Pertinent portions of the LA decision read:

The procedure in the discharge of the duty to bargain collectively is provided for in Article 250 of the Labor Code: (1) the party who desires to negotiate an agreement shall serve a written notice upon the other party with a statement of proposals; (2) the other party shall make a reply thereto not later than ten (10) days from receipt of notice; (3) if the dispute is unsettled resulting in a deadlock, the NCMB shall intervene upon the request or at its own initiative and call the parties to conciliation Meeting x x x (4) if the NCMB fails to effect an agreement, the Board shall exert all efforts to settle disputes amicably and encourage the parties to submit their case to a voluntary arbitrator; (5) the parties may also go on strike or declare a lockout as the case may be after complying with legal requirements. Subject, of course, to the plenary power of the Secretary of Labor and Employment to assume jurisdiction over the dispute or to certify the same to the NLRC for compulsory arbitration.

In the case at bar, the record shows that respondent CAB replied to the complainant Union's CBA proposals with its own set of counterproposals x x x. Likewise, respondent CAB responded to the Union's subsequent counterproposals x x x. Record further shows that respondent CAB participated in a series of CBA negotiations conducted by the parties at the plant level as well as in the conciliation/mediation proceedings conducted by the NCMB. Unfortunately, both exercises resulted in a deadlock.

At this juncture it cannot be said, therefore, that respondent CAB refused to negotiate or that it violated its duty to bargain collectively in light of its active participation in the past CBA negotiations at the plant level as well as in the NCMB. x x x

x x x x x x x x x

We do not agree that respondent CAB committed an unfair labor practice act in questioning the capacity of Mr. Pablito Saguran to represent complainant union in the CBA negotiations because Mr. Pablito Saguran was no longer an employee of respondent CAB at that time having been separated from employment on the ground of redundancy and having received the corresponding separation benefits. x x x.

So also, we do not find respondent CAB guilty of unfair labor practice by its act of writing the NCMB Director in a letter dated June 24, 2005, stating its legal position on complainant's request for further conciliation to the effect that since almost [all] of the rank and file employees, the principals in a principal-agent relationship, have withdrawn their support to the complainant union and that in fact they have already organized themselves into a DOLE-registered labor union known as CABELA, any further conciliation will serve no lawful and practical purpose. x x x.

At this juncture, it was incumbent upon the NCMB to make a ruling on the request of the complainant union as well as upon the corresponding comment of respondent CAB. If the NCMB chose not to pursue further negotiation between the parties, respondent CAB should not be faulted therefor. x x x.

> Under the facts obtaining, when the conciliation/mediation by the NCMB has not been officially concluded, we find the instant complaint for unfair labor practice not only without merit but also premature.
>
> WHEREFORE, foregoing considered, the case is hereby DISMISSED for lack of merit.
>
> SO ORDERED.

On appeal, the NLRC in its July 18, 2007 Decision[14] *reversed* the LA's decision and found CAB guilty of unfair labor practice. The NLRC explained:

> The issue to be resolved is whether or not respondent company committed an unfair labor practice for violation of its duty to bargain collectively in good faith.
>
> x x x x x x x x x
>
> The important event to discuss in the instant case is respondent's act of concluding a CBA with CABELA. As gleaned from respondent's letter to NCMB dated June 14, 2005, it concluded a CBA with CABELA because they opined that complainant lost its majority status in January 2005 when 90% of the rank-and-file employees disauthorized and withdrew their support to complainant. These rank-and-file employees who withdrew their support, organized and formed CABELA. In fine, respondent believed that CABELA enjoyed the majority status of CABELA since it was supported by 90% of all employees in the bargaining unit.
>
> In resolving the issue of whether respondent's act of concluding a CBA with CABELA is warranted under the circumstances is to examine the validity of such act. The mechanics of collective bargaining are set in motion only when the following jurisdictional preconditions are present, namely: 1) possession of the status of majority representation of the employees' representative in accordance with any of the means of selection and designation provided for by the Labor Code, 2) proof of majority representation, and 3) a demand to bargain under Article 250, par. (a) of the Labor Code x x x.
>
> In the instant case, it is undeniable that complainant is the certified collective bargaining agent of the regular workers and seasonal employees of respondent. Its status as such was determined in a certification election conducted by the Department of Labor and Employment (DOLE). As such, there was no reason for respondent to deal and negotiate with CABELA since the latter does not have such status of majority representation. x x x.
>
> X x x. Based on this premise, respondent violated its duty to bargain with complainant when during the pendency of the conciliation proceedings before the NCMB it concluded a CBA with another union as a

consequence, it refused to resume negotiation with complainant upon the latter's demand.

With respect to respondent's observation that the request for conciliation meeting was signed by one who is not eligible and authorized to represent any union with the company since he is no longer an employee, suffice it to state that at the time the request was made, such employee has questioned the validity of his dismissal with then NLRC. X x x.

Respondent's failure to act on the request of the complainant to resume negotiation for no valid reason constitutes unfair labor practice. Consequently, the proposed CBA as amended should be imposed to respondent.

WHEREFORE, premises considered, the appealed Decision is REVERSED and SET ASIDE. Another one is entered declaring that respondent Central Azucarera de Bais is guilty of unfair labor practice. As such, the proposed CBA of complainant, as amended is imposed to respondent Central Azucarera de Bais.

SO ORDERED.

CAB moved for a reconsideration but the motion was denied by the NLRC in its resolution dated September 28, 2007.[15]

Unsatisfied, CAB elevated the matter to the CA by way of a petition for *certiorari* under Rule 65 alleging grave abuse of discretion on the part of the NLRC in reversing the LA decision and issuing the questioned resolution.

On September 26, 2008, the CA found CAB's petition meritorious and reversed the NLRC decision and resolution. The CA pointed out:

x x x x x x x x x

First. This Court has acquired jurisdiction over the person of private respondent CABEU-NFL. Through its counsel of record, CABEU-NFL already filed its extensive comment on the instant petition. Hence, it is now useless to contend that it was denied notice of the same and the opportunity to be heard on it. x x x.

x x x x x x x x x

Second. Petitioner CAB was not shown to have violated the rule requiring parties to certify in their initiatory pleadings against forum shopping. Private respondent CABEU-NFL alleges in its comment that the two cases are pending before this Court: CA-G.R. No. 03132 and CA-G.R. No. 03017 involving the same parties as in the case at bar. Unfortunately, CABEU-NFL did not explain how the issues in those pending cases are