

SECOND DIVISION

[G.R. No. 150166, July 26, 2004]

**FILCON MANUFACTURING CORPORATION, PETITIONER, VS.
LAKAS MANGGAGAWA SA FILCON-LAKAS MANGGAGAWA LABOR
CENTER (LMF-LMLC), RESPONDENT.**

D E C I S I O N

CALLEJO, SR., J.:

This is a petition for review of the Decision^[1] and Resolution^[2] of the Court of Appeals in CA-G.R. SP No. 54803 filed by petitioner Filcon Manufacturing Corporation.

The Antecedents

The petitioner is a domestic corporation engaged in the manufacture of Converse rubber shoes.^[3] Its factory was located at General Molina St., Parang, Marikina. In 1989, it employed 1,000 workers to meet its work commitments.^[4]

Respondent Lakas Manggagawa sa Filcon-Lakas Manggagawa Labor Center was one of the legitimate labor organizations of the rank-and-file employees of the petitioner, while the Shoe Workers Association and Technology (SWAT) was the exclusive bargaining agent of such rank-and-file employees. It had an existing collective bargaining agreement (CBA) with the petitioner effective up to January 15, 1990.

The employees of the petitioner worked in two shifts: from 8:00 a.m. to 2:00 p.m. and from 2:00 p.m. to 10:00 p.m. At around 8:00 p.m. on October 13, 1989, the power supply at the factory was interrupted, resulting in the stoppage of work. The employees who worked the second shift were directed to go home. Some of them acceded, but the others chose to wait for the resumption of the power supply. When the power supply remained unrestored, the employees went home at about 10:00 p.m.

The next day, the second shift employees who had waited for the resumption of the power supply discovered that their bundy cards reflected that they had logged out at 7:30 p.m. Enraged, they demanded an explanation and staged a strike. The employees did not receive any explanation from the management.^[5] Instead, preventive suspension orders were issued the next day, October 15, 1989, to the following employees:

1. William Inocencio
2. Luis Villa
3. Noel Liwag
4. Lourdes Martin
5. Joel Floria

6. Joselito Cortez
7. Asuncion Dolot
8. Ronilo Mayordomo
9. Edwin de Guzman
10. Maximiano (*sic*) Bathan
11. Rene Noel Ciego^[6]

After determining that the aforementioned employees spearheaded the strike, the petitioner terminated their employment. The employees thereafter filed complaints for illegal dismissal with the National Arbitration Branch of the National Labor Relations Commission (NLRC). The petitioner, in turn, filed a complaint against the said employees to declare the strike illegal. The complaints were docketed as NLRC NCR Case Nos. 00-10-04910-89, 00-10-04921-89, 00-11-05361-89 and 00-11-05564-89, raffled to Labor Arbiter Nieves Vivar-de Castro.^[7]

Pending the resolution of the complaints, the respondent union, Bisig Manggagawa and Kampil Katipunan, filed separate petitions for certification election before the Bureau of Labor Relations (BLR) in November 1989, within the freedom period. On June 18, 1990,^[8] the respondent union filed a Notice of Strike before the National Conciliation and Mediation Board (NCMB), in which it alleged that the petitioner committed an unfair labor practice (ULP) by harassing, illegally suspending its members and illegally dismissing two union officers. The case was docketed as NCMB-NLRC-06-501-90. On June 25, 1990, a strike vote was conducted. Of the 641 votes cast, 623 voted to stage a strike while 17 voted "NO."^[9]

On June 27, 1990, the respondent union received information that a truckload of raw materials was about to be transferred outside the company premises. Suspecting that the petitioner was attempting a runaway shop,^[10] the respondent gathered a group of employees outside the factory gate to verify the report.^[11] They put up barricades consisting of big stones, pieces of wood, benches, tables, tents and other means of obstruction, to prevent ingress and egress to and from the factory.^[12]

At 3:00 p.m. on June 29, 1990, the petitioner attempted to make deliveries to its customers using a truck bearing plate number PLY-907 driven by Edgardo Iballa. However, some members of the respondent union intercepted the delivery truck. To prevent the truck from going any further, Nicolas Chavez, a member of the respondent union, laid down in front of the vehicle.^[13] The other members of the respondent demanded to see what was inside the truck. Iballa stepped down and reported the incident to their warehouse manager, and both of them returned to where the truck was. When the door of the truck was opened, the members of the respondent saw boxes of converse shoes for delivery to customers. The picketing employees then unloaded and opened the boxes.^[14] The warehouse manager recalled the delivery order and directed Iballa to return the truck to the garage. When he reached the place, Iballa noticed that the truck's front tires were flat.^[15] A closer examination revealed that they were punctured.^[16]

To prevent the attempts to transfer its raw materials, members of the LMF-LMLC who were off duty formed picket lines at the factory's side gate.^[17]

The already tense situation worsened when the respondent union staged a strike on July 3, 1990.^[18] Placards, pieces of wood and stones and benches were placed at the factory's front and side gates.^[19] On July 4, 1990, the petitioner filed a Petition for Injunction with Prayer for an *Ex Parte* Temporary Restraining Order with the NLRC against the respondent union, SWAT, Noel Mayordomo, John F. Almazan and Domingo Bonagua, praying that the respondent union's members be enjoined from picketing its premises, and desist from threatening the management personnel and non-strikers with bodily harm.^[20] The case was docketed as NLRC-NCR QC No. 000035.

After failed negotiations, the petitioner filed on August 21, 1990 a complaint to declare the strike illegal, for violations of CBA provisions, and ULP with damages before the Arbitration Branch of the NLRC against the respondent union, SWAT, Filcon Employees Union-SWAT, Noel Mayordomo, John F. Almazan, Domingo Bonagua, Nicolas Chavez, Alfredo Jungco, Pablito Nava, Florentino Alejandro, Jonathan Josef, Emmanuel Fabiola, Rogelio dela Cruz, Pedro Ege, Restituto de Leon, Orsie Renales, Joel Bautista, Ferdinand Santo, Maria Teresita Notado, Ricardo Templo, Florendo Sereno, Maria Elena Presno, Renato Hermoso, Rodrigo Renales, Luis Villa, William Inocencio, Lourdes Martin, Josefina de Leon, Ranilo Mayordomo, Maximo Bathan, Joselito Cortez, Joel Floria, Edwin de Guzman, Noel Liwag, Natividad Taquic, Rene Ciego, Asuncion Dolot, Gemma Barcelon, Andres Namoro, Nicolas Leonardo, *et al.* The case was docketed as NLRC-NCR Case No. 00-08-04521-90.^[21]

On August 30, 1990, the petitioner and the respondent entered into a "Compromise Agreement" to maintain the *status quo ante litem*. The agreement was attested to by the NCMB.

On the merits of the cases, the Labor Arbiter directed the parties to submit their respective position papers and other pleadings. The petitioner alleged the following in its position paper: (a) the respondent union had no legal personality to file a notice of strike because the SWAT was the exclusive bargaining agent of the rank-and-file employees; (b) that the pending certification election barred the filing of notice of strike; and, (c) that the filing of the notice of strike was violative of the existing CBA provisions, particularly the no-strike-no-lockout clause. The respondent, for its part, asserted that its agreement with the petitioner contained a non-retaliatory clause and thereby admitted, without any reservation, all the striking employees; as such, the petitioner condoned the effects of the illegality of the strike. Contending that it had acquired majority status by reason of the disaffiliation of the members of the SWAT, the respondent union insisted that it had legal personality to file a notice of strike. It further alleged that the strike was conducted peacefully and lawfully.

On the other hand, the SWAT asserted that since it was the exclusive bargaining agent of the rank-and-file employees of the petitioner, the respondent union did not have a personality to file a notice of strike before the NCMB. The SWAT, likewise, denied any participation in the wild cat strike, and claimed that its members and officers were coerced and intimidated by the respondent union's members. The parties then adduced testimonial and documentary evidence.

Pending the resolution of the complaint in NLRC-NCR No. 00-08-4521-90, Labor

Arbiter Vivar-de Castro rendered a decision in NLRC NCR Case Nos. 00-10-04910-89, 00-10-04921-89, 00-11-05361-89 and 00-11-05564-89, declaring the following to have lost their employment status because of their participation in the October 1989 strike and the commission of prohibited acts during the same:

1. Noel Mayordomo
2. Lourdes Martin
3. Ronilo Mayordomo
4. Erwin de Guzman
5. Joel Floria
6. Asuncion Dolot
7. Rene Noel Ciego
8. Andres Namoro
9. William Inocencio
10. Luis Villa
11. Natividad Taquic
12. Nicolas Leonardo
13. Joselito Cortez
14. Maximiano (*sic*) Batha^[22]

Dissatisfied, the petitioner and the dismissed employees appealed the decision before the NLRC, docketed as NLRC NCR No. 000936-90.^[23]

On October 28, 1993, Labor Arbiter Jovencio Ll. Mayor, Jr. rendered a decision in NLRC NCR Case No. 00-08-04521-90, finding the strike staged by the respondent union illegal and declared those who participated in the said strike to have lost their employment. The dispositive portion reads:

WHEREFORE, premises considered, the strike staged by respondent LMF-LMLC is hereby declared illegal and as a consequence of which its Officers and members are hereby declared, to have legally lost their employment status, namely:

1. Nicolas Chavez
2. Alfredo Jungco
3. Pablito Nava
4. Florentino Alejandro
5. Jonathan Josef
6. Emmanuel Fabiola
7. Rogelio dela Cruz
8. Pedro Ege
9. Restituto de Leon
10. Orsie Renales
11. Joel Bautista
12. Ferdinand Santo
13. Maria Teresa Notado
14. Ricardo Templo
15. Florendo Sereno
16. Maria Elena Presno
17. Renato Hermoso
18. Rodrigo Renales
19. Luis Villa*
20. William Inocencio*

21. Lourdes Martin*
22. Josefina de Leon*
23. Ranilo Mayordomo*
24. Maximo Bathan*
25. Joselito Cortez*
26. Joel Floria*
27. Edwin de Guzman*
28. Noel Liwag*
29. Natividad Taquic*
30. Asuncion Dolot*
31. Andres Namoro*
32. Rene Ciego*
33. Gemma Barcelon
34. Nicolas Leonardo*^[24]

The Labor Arbiter ruled that based on the records, the SWAT was the certified exclusive bargaining agent of the rank-and-file employees of the petitioner. Furthermore, the CBA expired on January 15, 1990 and was not renewed due to the filing by three unions, including the LMF-LMLC, of their respective petitions for certification election. However, since the CBA provided that it would continue to be in effect until a new one had been entered into, the no-strike-no-lockout clause was still in effect; as such, the contract bar rule was still applicable, and, consequently, the strike was illegal.^[25] The Labor Arbiter, likewise, pointed out that the strike was based on a non-strikable ground, more specifically, an intra-union and inter-union conflict.

It was, likewise, held that the evidence submitted by the petitioner showed that the respondent union blocked the ingress and egress of the company in the course of their strike. Such actuations constituted prohibited acts under Article 264 of the Labor Code of the Philippines, as amended; hence, the strike staged by the respondent union was illegal. The Labor Arbiter also declared that the officers of the respondent, as well as the members who participated in the commission of the illegal acts, were deemed to have lost their employment status.^[26] He further ruled that the compromise agreement entered into by the parties on the maintenance of the *status quo ante litem* did not amount to a condonation or waiver by the petitioner of its right to ventilate and litigate the charge of illegal strike against the respondent union and its members.

Dissatisfied, the respondent union appealed the decision to the NLRC where it alleged that:

I.

THE HONORABLE LABOR ARBITER JOVENCIO LI. MAYOR, JR., COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION WHEN HE RULED THAT THE SHOE WORKERS ASSOCIATION AND TECHNOLOGY (SWAT) IS THE SOLE AND EXCLUSIVE BARGAINING AGENT OF ALL THE RANK-AND-FILE EMPLOYEES OF APPELLEE FILCON MANUFACTURING CORPORATION.

II.