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FIRST DIVISION

[G.R. No. 108001, March 15, 1996]

SAN MIGUEL CORPORATION, ANGEL G. ROA AND MELINDA MACARAIG, PETITIONERS, VS. NATIONAL LABOR RELATIONS COMMISSION (SECOND DIVISION), LABOR ARBITER EDUARDO J. CARPIO, ILAW AT BUKLOD NG MANGGAWA (IBM), ET AL., RESPONDENTS.

D E C I S I O N

HERMOSISIMA, JR., J.:

In the herein petition for certiorari under Rule 65, petitioners question the jurisdiction of the Labor Arbiter to hear a complaint for unfair labor practice, illegal dismissal, and damages, notwithstanding the provision for grievance and arbitration in the Collective Bargaining Agreement.

Let us unfurl the facts.

Private respondents, employed by petitioner San Miguel Corporation (SMC) as mechanics, machinists, and carpenters, were and still are, bona fide officers and members of private respondent Ilaw at Buklod ng Manggagawa.

On or about July 31, 1990, private respondents were served a Memorandum from petitioner Angel G. Roa, Vice-President and Manager of SMC's Business Logistics Division (BLD), to the effect that they had to be seperated from the service effective October 31, 1990 on the ground of "redundancy or excesss personnel." Respondent union, in behalf of private respondents, opposed the intended dismissal and asked for a dialogue with management.

Accordingly, a series of dialogues were held between petitioners and private respondents. Even before the conclusion of said dialogues, the aforesaid petitioner Angel Roa issued another Memorandum on October 1, 1990 informing private respondents that they would be dismissed from work effective as of the close of business hours on November 2, 1990. Private respondents were in fact purged on the date aforesaid.

Thus, on February 25, 1991, private respondents filed a complaint against petitioners for Illegal Dismissal and Unfair Labor Practices, with a prayer for damages and attorney's fees, with the Arbitration Branch of respondent National Labor Relations Commission. The complaint[1] was assigned to Labor Arbiter Eduardo F. Carpio for hearing and proper disposition.

On April 15, 1991, petitioners filed a motion to dismiss the complaint, alleging that respondent Labor Arbiter had no jurisdiction over the subject matter of the complaint, and that respondent Labor Arbiter must defer consideration of the unfair

labor practice complaint until after the parties have gone through the grievance procedure provided for in the existing Collective Bargaining Agreement (CBA). Respondent Labor Arbiter denied this motion in a Resolution, dated September 23, 1991.

The petitioners appealed the denial to respondent Commission on November 8, 1991. Unimpressed by the grounds therefor, respondent Commission dismissed the appeal in its assailed Resolution, dated August 11, 1992. Petitioners promptly filed a Motion for Reconsideration which, however, was denied through the likewise assailed Resolution, dated October 29, 1992.

Hence, the instant petition for certiorari alleging the following grounds was filed by the petitioners:

I.

> RESPONDENT LABOR ARBITER CANNOT EXERCISE JURISDICTION OVER THE ALLEGED ILLEGAL TERMINATION AND ALLEGED ULP CASES WITHOUT PRIOR RESORT TO GRIEVANCE AND ARBITRATION PROVIDED UNDER THE CBA.

II

> THE STRONG STATE POLICY ON THE PROMOTION OF VOLUNTARY MODES OF SETTLEMENT OF LABOR DISPUTES CRAFTED IN THE CONSTITUTION AND THE LABOR CODE DICTATES THE SUBMISSION OF THE CBA DISPUTE TO GRIEVANCE AND ARBITRATION.[2]

Petitioners posit the basic principle that a collective bargaining agreement is a contract between management and labor that must bind and be enforced in the first instance as between the parties thereto. In this case, the CBA between the petitioners and respondent union provides, under Section 1, Article V entitled **ARBITRATION,** that "wages, hours of work, conditions of employment and/or employer-employee relations shall be settled by arbitration." Petitioners' thesis is that the dispute as to the termination of the union members and the unfair labor practice should first be settled by arbitration, and not directly by the labor arbiter, following the above provision of the CBA, which ought to be treated as the law between the parties thereto.

The argument is unmeritorious. The law in point is Article 217 (a) of the Labor Code. It is elementary that this law is deemed written into the CBA. In fact, the law speaks in plain and unambiguous terms that termination disputes, together with unfair labor practices, are matters falling under the original and exclusive jurisdiction of the Labor Arbiter, to wit:

> "Article 217. Jurisdiction of Labor Arbiters and the Commission - (a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide x x x the following cases involving all workers, whether agricultural or non-agricultural:
>
> (1) Unfair labor practice cases:

(2) Termination disputes;
x x x x x x."

The sole exception to the above rule can be found under Article 262 of the same Code, which provides:

> "Aricle 262. Jurisdiction over other labor disputes - The voluntary arbitrator or panel of voluntary arbitrators, **upon agreement of the parties,** shall also hear and decide all other labor disputes including unfair labor practices and bargaining deadlocks." (As added by R.A. 6715)

We subjected the records of this case, particularly the CBA, to meticulous scrutiny and we find no agreement between SMC and the respondent union that would state in unequivocal language that petitioners and the respondent union conform to the submission of termination disputes and unfair labor practices to voluntary arbitration. Section 1, Article V of the CBA, cited by the herein petitioners, certainly does not provide so. Hence, consistent with the general rule under Article 217 (a) of the Labor Code, the Labor Arbiter properly has jurisdiction over the complaint filed by the respondent union on February 25, 1991 for illegal dismissal and unfair labor practice.

Petitioners point however to Section 2, Article III of the CBA, under the heading Job Security, to show that the dispute is a proper subject of the grievance procedure, viz:

> "x x x The UNION, however, shall have the **right to seek reconsideration** of any discharge, lay-off or disciplinary action, and such requests for reconsideration shall be considered a dispute or grievance to be dealt with in accordance with the procedure outlined in Article IV hereof [on Grievance Machinery] x x x[3]" (Emphasis ours)

Petitioners allege that respondent union requested management for a "reconsideration and review" of the company's decision to terminate the employment of the union members. By this act, petitioners argue, respondent union recognized that the questioned dismissal is a grievable dispute by virtue of Section 2, Article III of the CBA. This allegation was strongly denied by the respondent union. In a Memorandum filed for the public respondent NLRC, the Solicitor General supported the position of the respondent union that it did not seek reconsideration from the SMC management in regard to the dismissal of the employees.

Petitioners fail miserably to prove that, indeed, the respondent union requested for a reconsideration or review of the management decision to dismiss the private respondents. A punctilious examination of the records indubitably reveals that at no time did the respondent union exercise its right to seek reconsideration of the company's move to terminate the employment of the union members, which request for reconsideration would have triggered the application of Section 2, Article III of the CBA, thus resulting in the treatment of the dispute as a grievance to be dealt with in accordance with the Grievance Machinery laid down in Article IV of, the CBA. Stated differently, the filing of a request. for reconsideration by the respondent union, which is the condition sine qua non to categorize the termination dispute and the ULP complaint as a grievable dispute, was decidedly absent in the case at bench. Hence, the respondent union acted well within their rights in filing their complaint

for illegal dismissal and ULP directly with the Labor Arbiter under Article 217 (a) of the Labor Code.

Second. Petitioners insist that involved in the controversy is the interpretation and implementation of the CBA which is grievable and arbitrable by law under Article 217(c) of the Labor Code, viz:

> "ART. 217(c). Cases arising from the interpretation or implementation of collective bargaining agreements and those arising from the interpretation or enforcement of company personnel policies shall be disposed of by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements." (As amended by R.A. 6715).

Petitioners theorize that since respondents questioned the discharges, the main question for resolution is whether SMC had the management right or prerogative to effect the discharges on the ground of redundancy, and this necessarily calls for the interpretation or implementation of Article III (Job Security) in relation to Article IV (Grievance Machinery)of the CBA.[4]

Petitioner's theory does not hold water. There is no connection whatsoever between SMC's management prerogative to effect the discharges and the interpretation or implementation of Articles III and IV of the CBA. The only relevant provision under Article III that may need interpretation or implementation is Section 2 which was cited herein. However, as patiently pointed out by this court, said provision does not come into play considering that the union never exercised its right to seek reconsideration of the discharges effected by the company. It would have been different had the union sought reconsideration. Such recourse under Section 2 would have been treated as a grievance under Article IV (Grievance Machinery) of the CBA, thus calling for the possible interpretation or implementation of the entire provision on Grievance Machinery as agreed upon by the parties. This was not the case however. The union brought the termination dispute directly to the Labor Arbiter rendering Articles III and IV of the CBA inapplicable for the resolution of this case.

The discharges, petitioners also contend, call for the interpretation or enforcement of company personnel policies, particulary SMC's personnel policies on lay-offs arising from redundacy, and so, they may be considered grievable and arbitrable by virtue of Article 2 17(c). Not necessarily so. Company personnel policies are guiding principles stated in broad, long-range terms that express the philosophy or beliefs of an organization's top authority regarding personnel matters. They deal with matters affecting efficiency and well-being of employees and include, among others, the procedure in the administration of wages, benefits, promotions, transfer and other personnel movements which are usually not spelled out in the collective agreement. The usual source of grievances, however, is the rules and regulations governing disciplinary actions.[5] Judging therefrom, the questioned discharges due to alleged redundancy can hardly be cosidered company personnel policies and therefore need not directly be subject to the grievance machinery nor to voluntary arbitration.

Third. Petitioners would like to persuade us that respondents' ULP claims are merely conclusory and cannot serve to vest jurisdiction to the Labor Arbiters. Petitioners argue with passion: "How was the discharges' (sic) right to self-organization