330 Phil. 628

FIRST DIVISION

[G.R. No. 111262, September 19, 1996]

SAN MIGUEL CORPORATION EMPLOYEES UNION-PTGWO, REPRESENTED BY ITS PRESIDENT RAYMUNDO HIPOLITO, JR., PETITIONER, VS. HON. MA. NIEVES D. CONFESOR, SECRETARY OF LABOR, DEPT. OF LABOR & EMPLOYMENT, SAN MIGUEL CORPORATION, MAGNOLIA CORPORATION (FORMERLY, MAGNOLIA PLANT) AND SAN MIGUEL FOODS, INC. (FORMERLY, B-MEG PLANT), RESPONDENTS.

D E C I S I O N

KAPUNAN, J.:

This is a petition for certiorari assailing the Order of the Secretary of Labor rendered on February 15, 1993 involving a labor dispute at San Miguel Corporation.

The facts are as follows:

On June 28, 1990, petitioner-union San Miguel Corporation Employees Union - PTGWO entered into a Collective Bargaining Agreement (CBA) with private respondent San Miguel Corporation (SMC) to take effect upon the expiration of the previous CBA or on June 30, 1989.

This CBA provided, among others, that:

ARTICLE XIV

DURATION OF AGREEMENT

SECTION 1. This Agreement which shall be binding upon the parties hereto and their respective successors-in-interest, shall become effective and shall remain in force and effect until June 30, 1992.

SEC. 2. In accordance with Article 253-A of the Labor Code as amended, the term of this Agreement insofar as the representation aspect is concerned, shall be for five (5) years from July 1, 1989 to June 30, 1994. Hence, the freedom period for purposes of such representation shall be sixty (60) days prior to June 30, 1994.

SEC. 3. Sixty (60) days prior to June 30, 1992 either party may initiate negotiations of all provisions of this Agreement, except insofar as the representation aspect is concerned. If no agreement is reached in such negotiations, this Agreement shall nevertheless remain in force up to the time a subsequent agreement is reached by the parties.[1]

In keeping with their vision and long term strategy for business expansion, SMC management informed its employees in a letter dated August 13, 1991[2]that the company which was composed of four operating divisions namely: (1) Beer, (2) Packaging, (3) Feeds and Livestocks, (4) Magnolia and Agri-business would undergo a restructuring.[3]

Effective October 1, 1991, Magnolia and Feeds and Livestock Division were spun-off and became two separate and distinct corporations: Magnolia Corporation (Magnolia) and San Miguel Foods, Inc. (SMFI). Notwithstanding the spin-offs, the CBA remained in force and effect.

After June 30, 1992, the CBA was renegotiated in accordance with the terms of the CBA and Article 253-A of the Labor Code. Negotiations started sometime in July, 1992 with the two parties submitting their respective proposals and counterproposals.

During the negotiations, the petitioner-union insisted that the bargaining unit of SMC should still include the employees of the spun-off corporations: Magnolia and SMFI; and that the renegotiated terms of the CBA shall be effective only for the remaining period of two years or until June 30, 1994.

SMC, on the other hand, contended that the members/employees who had moved to Magnolia and SMFI, automatically ceased to be part of the bargaining unit at the SMC. Furthermore, the CBA should be effective for three years in accordance with Art. 253-A of the Labor Code.

Unable to agree on these issues with respect to the bargaining unit and duration of the CBA, petitioner-union declared a deadlock on September 29, 1990.

On October 2, 1992, a Notice of Strike was filed against SMC.

In order to avert a strike, SMC requested the National Conciliation and Mediation Board (NCMB) to conduct preventive mediation. No settlement was arrived at despite several meetings held between the parties.

On November 3, 1992, a strike vote was conducted which resulted in a "yes vote" in favor of a strike.

On November 4, 1992, private respondents SMC, Magnolia and SMFI filed a petition with the Secretary of Labor praying that the latter assume jurisdiction over the labor dispute in a vital industry.

As prayed for, the Secretary of Labor assumed jurisdiction over the labor dispute on November 10, 1992.[4] Several conciliation meetings were held but still no agreement/settlement was arrived at by both parties.

After the parties submitted their respective position papers, the Secretary of Labor issued the assailed Order on February 15, 1993 directing, among others, that the renegotiated terms of the CBA shall be effective for the period of three (3) years from June 30, 1992; and that such CBA shall cover only the employees of SMC and not of Magnolia and SMFI.

Dissatisfied, petitioner-union now comes to this Court questioning this Order of the Secretary of Labor.

Subsequently, on March 30, 1995,[5] petitioner-union filed a Motion for Issuance of a Temporary Restraining Order or Writ of Preliminary Injunction to enjoin the holding of the certification elections in the different companies, maintaining that the employees of Magnolia and SMFI fall within the bargaining unit of SMC.

On March 29, 1995, the Court issued a resolution granting the temporary restraining order prayed for.[6]

Meanwhile, an urgent motion for leave to intervene[7]in the case was filed by the Samahan ng Malayang Manggagawa-San Miguel Corporation-Federation of Free Workers (SMM-SMC-FFW) through its authorized representiative, Elmer S. Armando, alleging that it is one of the contending parties adversely effected by the temporary restraining order.

The Intervenor cited the case of *Daniel S.L. Borbon v. Hon. Bienvenido B. Laguesma,*[8] G.R. No. 101766, March 5, 1993, where the Court recognized the separation of the employees of Magnolia from the SMC bargaining unit. It then prayed for the lifting of the temporary restraining order.

Likewise, Efren Carreon, Acting President of the SMCEU-PTGWO, filed a petition for the withdrawal/dismissal of the petition considering that the temporary restraining order jeopardized the employees' right to conclude a new CBA. At the same time, he challenged the legal personality of Mr. Raymundo Hipolito, Jr. to represent the Union as its president when the latter was already officially dismissed from the company on October 4, 1994.

Amidst all these pleadings, the following primordial issues arise:

1) Whether or not the duration of the renegotiated terms of the CBA is to be effective for three years or for only two years; and

2) Whether or not the bargaining unit of SMC includes also the employees of Magnolia and SMFI.

Petitioner-union contends that the duration for the non-representation provisions of the CBA should be coterminous with the term of the bargaining agency which in effect shall be for the remaining two years of the current CBA, citing a previous decision of the Secretary of Labor on December 14, 1992 in the matter of the labor dispute at Philippine Refining Company.[9]

However, the Secretary of Labor, in her questioned Order of February 15, 1993 ruled that the renegotiated terms of the CBA at SMC should run for a period of three (3) years.

We agree with the Secretary of Labor.

Pertinent to the first issue is Art. 253-A of the Labor Code as amended which reads:

> 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. (underlining supplied.)

Article 253-A is a new provision. This was incorporated by Section 21 of Republic Act No. 6715 (the Herrera-Veloso Law) which took effect on March 21, 1989. This new provision states that the CBA has a term of five (5) years instead of three years, before the amendment of the law as far as the representation aspect is concerned. All other provisions of the CBA shall be negotiated not later than three (3) years after its execution. The "representation aspect" refers to the identity and majority status of the union that negotiated the CBA as the exclusive bargaining representative of the appropriate bargaining unit concerned."All other provisions" simply refers to the rest of the CBA, economic as well as non-economic provisions, except representation.[10]

As the Secretary of Labor herself observed in the instant case, the law is clear and definite on the duration of the CBA insofar as the representation aspect is concerned, but is quite ambiguous with the terms of the other provisions of the CBA. It is a cardinal principle of statutory construction that the Court must ascertain the legislative intent for the purpose of giving effect to any statute. The history of the times and state of the things existing when the act was framed or adopted must be followed and the conditions of the things at the time of the enactment of the law should be considered to determine the legislative intent.[11] We look into the discussions leading to the passage of the law:

> **THE CHAIRMAN (REP. VELASCO):** . . . the CBA, insofar as the economic provisions are concerned . . .
>
> **THE CHAIRMAN (SEN. HERRERA):** Maximum of three years?
>
> **THE CHAIRMAN (SEN. VELOSO):** Maximum of three years.
>
> **THE CHAIRMAN (SEN. HERRERA):** Present practice?
>
> **THE CHAIRMAN (REP. VELOSO):** In other words, after three years puwede nang magnegotiate in that CBA for the remaining two years.

THE CHAIRMAN (REP. HERRERA): You can negotiate for one year, two years or three years but assuming three years which, I think, that's the likelihood. . . .

THE CHAIRMAN (REP. VELOSO): Yes.

THE CHAIRMAN (SEN. HERRERA): Three years, the new union, assuming there will be a change of agent, at least he has one year to administer and to adjust, to develop rapport with the management. Yan ang importante.

You know, for us na nagne-negotiate, and hazard talaga sa negotiation, when we negotiate with somebody na hindi natin kilala, then, we are governed by our biases na ito ay destroyer ng Labor; ang mga employer, ito bayaran ko lang ito okay na.

'Yan ang nangyayari, but let us give that allowance for one year to let them know.

Actually, ang thrust natin ay industrial peace, and there can be no industrial peace if you encourage union to fight each other. 'Yan ang problema.'[12]

x x x x x x x x x

HON. ISIDRO: Madali iyan, kasi these two periods that are mentioned in the CBA seem to provide some doubts later on in the implementation. Sabi kasi rito, insofar as representation issue is concerned, seven years ang lifetime . . .

HON. CHAIRMAN HERRERA: Five years.

HON. ISIDRO: Five years, all the others three years.

HON. CHAIRMAN HERRERA: No. Ang three years duon sa terms and conditions, not later than three years.

HON. ISIDRO: Not later than three years, so within three years you have to make a new CBA.

HON. CHAIRMAN HERRERA: Yes.

HON. ISIDRO: That is again for purposes of renewing the terms, three years na naman iyan - then, seven years . . .

HON. CHAIRMAN HERRERA: Not later than three years.

HON. ISIDRO: Assuming that they usually follow the period - three years nang three years, but under this law with respect to representation - five years, ano? Now, after three years, nagkaroon ng bagong terms, tapos na iyong term, renewed na iyong terms, ang karapatan noon sa representation issue mayroon pang two years left.