

Title: United Pepsi-Cola Supervisory Union (UPSU) v. Laguesma

Facts:

1. On March 20, 1995, the United Pepsi-Cola Supervisory Union (UPSU) filed a petition for a certification election for route managers of Pepsi-Cola Products Philippines, Inc. (Pepsi).
2. The med-arbiter denied this petition. The denial was affirmed by the Secretary of Labor and Employment, Bienvenido E. Laguesma, based on Article 245 of the Labor Code, which states that managerial employees cannot join, assist, or form any labor organization.
3. Following Article 245, it was determined that route managers were managerial employees and were therefore ineligible for union membership.
4. Petitioner UPSU challenged these orders in the Supreme Court, seeking to have them invalidated, arguing that they were in violation of Article III, Section 8 of the Philippine Constitution, which guarantees the right of every person, including employees, to form unions.
5. The case had been initially dismissed by the Supreme Court's Third Division for lack of showing that Secretary Laguesma committed grave abuse of discretion. UPSU then filed a motion for reconsideration, leading to the case's referral to the Court en banc.

Issues:

1. Whether route managers at Pepsi-Cola Products Philippines, Inc. are managerial employees.
2. Whether Article 245 of the Labor Code, which prohibits managerial employees from forming, joining, or assisting labor unions, violates Article III, Section 8 of the Philippine Constitution.

Court's Decision:

1. Whether route managers are managerial employees:
  - The Court agreed with the findings of the Secretary of Labor and Employment and previous administrative determinations.
  - The job description and responsibilities of route managers include significant managerial functions such as planning, direction, operation, and evaluation of their sales teams. These responsibilities go beyond mere routine supervision and require the exercise of the prerogatives of leadership and management.
  - Thus, the Court upheld the classification of route managers as managerial employees under Article 212(m) of the Labor Code, which defines managerial employees as those "vested with powers or prerogatives to lay down and execute management policies and/or to hire, transfer, suspend, layoff, recall, discharge, assign or discipline employees."

## 2. Constitutionality of Article 245:

- Despite arguments presented, the Court ruled that the prohibition contained in Article 245 does not contravene Article III, Section 8 of the Constitution.
- The Court opined that although managerial employees are also employees, there are valid and rational reasons to limit their right to organize. They represent the employer's interests, and allowing them to join unions could create conflicts of interest. The limitation is deemed a necessary restriction to align business operations and maintain the integrity of managerial duties.
- The Court, through Justice Mendoza's analysis, also noted the consistency in similar labor laws in other jurisdictions, such as the United States, excluding managerial employees from forming unions.

### Doctrine:

- The decision affirmed the distinction between managerial and rank-and-file employees in terms of union participation, reiterating the ineligibility of managerial employees to join, assist, or form labor unions.
- Article 245 of the Labor Code, which stipulates this prohibition, does not violate the constitutional right to self-organization as it imposes a rational and necessary restriction to prevent conflicts of interest.

### Class Notes:

#### 1. Key elements of the case:

- Distinction between managerial and supervisory employees.
- Legal status and rights regarding union participation under the Labor Code.
- Constitutional balance between protecting managerial integrity and enforcing rights to self-organization.

#### 2. Relevant statutes:

- Labor Code of the Philippines, Article 245: "Managerial employees are not eligible to join, assist or form any labor organization."
- Philippine Constitution, Article III, Section 8: "The right of the people, including those employed in public and private sectors, to form unions, associations, or societies for purposes not contrary to law, shall not be abridged."

### Historical Background:

- The case occurred during a time of robust labor reforms in the mid-1990s when the interpretation of labor statutes and the extent of constitutional rights of workers were subjects of intense legal scrutiny.

- The decision aligns with historical labor jurisprudence, maintaining the integrity and operational functionality of management while balancing employees' rights to organize. It also reflects the Philippines' alignment with international labor standards and practices.