

****Title:**** Cooperative Rural Bank of Davao City, Inc. vs. Bureau of Labor Relations, MOLE, et al.

****Facts:****

1. The Cooperative Rural Bank of Davao City, Inc. (petitioner) operates as a cooperative bank in Davao City, owned in part by the government, with approximately 16 rank-and-file employees.
2. By August 1986, there was no collective bargaining agreement between the petitioner and its employees.
3. The Federation of Free Workers (respondent), a labor organization registered with the Department of Labor and Employment, filed a petition on August 27, 1986, for the certification election among the petitioner's employees. This was docketed as Case No. R-325 ROXI MED-UR-73-86.
4. On September 18, 1986, the Med-Arbiter granted the petition.
5. The petitioner appealed on October 3, 1986, arguing that cooperatives are not covered by rules governing certification elections because they do not operate for profit, and some employees in the petition were managerial, thus disqualifying them from unionizing.
6. The respondent filed a motion to dismiss the appeal on October 8, 1986.
7. On February 11, 1987, Director Pura Ferrer-Calleja of the Bureau of Labor Relations (BLR) dismissed the appeal, affirming the Med-Arbiter's order.
8. The petitioner filed a motion for reconsideration on March 2, 1987, referring to an opinion by then Solicitor General Estelito P. Mendoza stating that employees of a cooperative cannot form labor organizations for collective bargaining purposes if they are also members/co-owners.
9. BLR Director Calleja denied the motion for reconsideration on March 26, 1987, and scheduled the certification election for April 23, 1987.
10. The petitioner filed a petition for certiorari with the Supreme Court on April 9, 1987.
11. The Supreme Court issued a temporary restraining order on April 15, 1987, but the election proceeded because the order wasn't timely transmitted.
12. The respondents complied with the court's requirement to file their comment, and the Solicitor General argued that the petition was moot since the election had already taken place.
13. The case was submitted for decision on January 6, 1988.

****Issues:****

1. Whether the case is moot and academic because the certification election already occurred.

2. Whether employees of a cooperative who are members and co-owners can form and join labor organizations for collective bargaining purposes.

Court's Decision:

1. **Mootness:** The Court held that the petition was not moot and academic despite the election proceeding because it involved alleged jurisdictional errors, which, if found valid, would nullify the certification election.

2. **Employees' Right to Unionize:**

- **Eligible Employees:** The Court determined that under Article 243 of the Labor Code, employees in commercial enterprises, including those not operated for profit, have the right to unionize unless they are managerial employees as outlined in Article 245.

- **Cooperative Employees as Members/Owners:** The Court concluded that members and co-owners of a cooperative cannot organize for collective bargaining, citing that owners cannot negotiate with themselves for labor terms and conditions.

- **Non-Member Employees:** Employees of the cooperative who are not members or co-owners retain their rights to organize and engage in collective bargaining under the Labor Code and the Constitution.

- The Court upheld the public respondent's findings regarding the lack of evidence that two employees in question were managerial.

Hence, the decision of BLR Director Calleja was modified: only non-owner/non-member employees could exercise the right to self-organization and collective bargaining.

Doctrine:

- Members and co-owners of a cooperative cannot form or join labor unions for the purpose of collective bargaining due to their dual role as both employer and employee.

- Non-owner/non-member employees of a cooperative retain their rights to organize and engage in collective bargaining.

Class Notes:

- Right to self-organization (Article 243, Labor Code)

- Managerial employees ineligibility (Article 245, Labor Code)

- Definition and characteristics of cooperatives (Section 2, P.D. No. 175)

- Employee vs. owner distinctions in collective bargaining contexts.

Historical Background:

This case arose during a robust period of labor rights advocacy in the Philippines, reflecting

the social and legislative attention toward defining and protecting workers' rights in various employment contexts, including unique entities such as cooperatives that blend ownership and employment roles.