

****Title: Benguet Electric Cooperative, Inc. v. Ferrer-Calleja****

****Facts:****

On June 21, 1985, the Beneco Worker's Labor Union-Association of Democratic Labor Organizations (BWLU-ADLO) petitioned for direct certification to be the sole bargaining representative of all rank-and-file employees of Benguet Electric Cooperative, Inc. (BENECO) located in La Trinidad, Benguet. They claimed that 92.5% of the 214 employees supported this petition, and there was no existing union or collective bargaining agreement (CBA).

BENECO employees' union BENCO Employees Labor Union (BELU) opposed, arguing they had been the certified representative since 1980 and had pending cases of unfair labor practices and bargaining deadlock with BENECO, which barred a new representation question.

BENECO filed a motion to dismiss, arguing that as a non-profit cooperative, its employees, being members and co-owners, were ineligible to form or join labor unions.

On September 2, 1985, the med-arbiter ruled for a certification election, limiting it to 37 non-member, non-owner employees. Both BENECO and BELU appealed, but their appeal was dismissed on March 25, 1986. BENECO filed for certiorari to the Supreme Court, which was denied on April 28, 1986.

During the October 1, 1986, election, BENECO protested that ineligible member-consumers were allowed to vote. Despite the protest, the election proceeded, resulting in BELU winning with 49 votes out of 83 valid votes.

BELU was certified as the sole bargaining agent by the Bureau of Labor Relations (BLR) on June 23, 1987. BENECO contested this to the Supreme Court, claiming grave abuse of discretion by the BLR Director.

****Issues:****

1. Were the employees of BENECO, who are also members of the cooperative, eligible to form, assist, or join a labor union for purposes of collective bargaining?
2. Did the BLR Director commit grave abuse of discretion in certifying BELU as the exclusive bargaining representative?

****Court's Decision:****

1. **Eligibility of Member-Employees:** Referring to Cooperative Rural Bank of Davao City, the Court held that cooperative member-employees cannot form or join labor unions for collective bargaining since they are co-owners and one cannot bargain with oneself. The Court emphasized the distinction between cooperative members and regular employees.

2. **Grave Abuse of Discretion:** The Supreme Court found that allowing cooperative members to vote nullified the certification election. The med-arbiter had found only 37 employees eligible to vote, but 83 voted. Thus, the inclusion of member-employees in voting represented a grave abuse of discretion by the BLR Director. The Court annulled the certification election and ordered a new one limited to the eligible non-member, non-owner employees.

Doctrine:

1. **Membership in Cooperative and Collective Bargaining:** Members of a cooperative, by virtue of co-ownership, cannot join labor unions within the cooperative for collective bargaining purposes.

2. **Voting Eligibility:** Only employees who are outside the scope of being co-owners may participate in union-related activities, including voting in certification elections.

Class Notes:

- **Key Concept:** Cooperative entities and labor rights regarding union formation and collective bargaining.

- **Eligibility Criterion:** The legal distinction between cooperative members and regular employees for purposes of labor organization rights.

- **Article 256 of the Labor Code:** Sets the requirement that the valid certification election should have at least a majority of eligible voters.

- **Case Reference:** Cooperative Rural Bank of Davao City v. Ferrer-Calleja, et al.; Batangas-I Electric Cooperative Labor Union v. Young; San Jose City Electric Service Cooperative, Inc. v. Ministry of Labor and Employment.

Historical Background:

The case highlights the complex interplay between labor laws and cooperative management in the Philippines during the 1980s. It reflects the judiciary's role in balancing the unique business structures of cooperatives with the labor rights enshrined in the Philippine Constitution and labor statutes, particularly post-Martial Law era reforms focused on labor rights and organization.