

Title: National Union of Workers in Hotel Restaurant and Allied Industries (NUWHRAIN-APL-IUF), Philippine Plaza Chapter vs Philippine Plaza Holdings, Inc.

Facts:

- Parties and Initial Agreement:** Philippine Plaza Holdings, Inc. (PPHI) and the National Union of Workers in Hotel Restaurant and Allied Industries (NUWHRAIN-APL-IUF), Philippine Plaza Chapter (Union) executed a CBA on November 24, 1998, including a 10% service charge on sales of food, beverage, transportation, laundry, and rooms, excluding negotiated contracts and special rates.
- Claim of Uncollected Service Charges (1998):** On February 25, 1999, an audit report by the Union's Service Charge Committee identified uncollected service charges from the last quarter of 1998 totaling P2,952,467.61 from specific revenue streams. PPHI admitted liability for P80,063.88 but disputed the remainder, citing exemptions due to special promotions and negotiated contracts.
- Progression to Deadlock:** During meetings in 1999, including the June 9 and July 12 sessions, disputes about what constitutes collectable service charges led to no resolution, prompting the Union to present revised claims and audit reports.
- Third Audit Report (2000):** On August 10, 2000, the Service Charge Committee issued another report identifying uncollected service charges amounting to P5,566,007.62.
- Labor Arbitrator's Decision (2001):** The Union filed a complaint on May 3, 2001. The Labor Arbiter (LA) dismissed the complaint on April 30, 2002, maintaining that the Union did not prove its entitlement based on the specified CBA terms.
- National Labor Relations Commission (NLRC) Decision (2005):** The NLRC reversed the LA's decision, ruling that the specified transactions were "service chargeable," obliging PPHI to pay the Union P5,566,007.62.
- Court of Appeals (CA) Decision (2007):** The CA overturned the NLRC's decision, reinstating the LA's dismissal but ordered PPHI to pay P80,063.88. CA found that the Union failed to prove its claims and that several transactions fell under the CBA exceptions.
- Supreme Court Petition (2009):** The Union elevated the case to the Supreme Court following the CA's denial of its motion for reconsideration.

****Issues:****

1. ****Are the transactions specified by the Union “service chargeable” under the CBA and Article 96 of the Labor Code?***
2. ****Did the CA commit grave abuse of discretion in its decision?***
3. ****Did the Union’s claim for unpaid service charges for 1997 and early 1998 prescribe?***

****Court’s Decision:****

1. ****CBA Interpretation and Article 96 Application:**** The Court affirmed that transactions such as “Westin Gold Cards,” “Maxi-Media Barter,” and “Business Promotions” did not fall under the CBA’s criteria for service charges, as they were either non-sale transactions or fell under negotiated contracts and special rates. Consequently, no service charges were due.
2. ****Grave Abuse of Discretion by NLRC:**** The Court ruled that NLRC erroneously presumed that service charges were collected without analyzing whether transactions were “service chargeable” under the CBA.
3. ****Prescription of Claims:**** The Court applied Article 1155 of the Civil Code, stating that the prescription was interrupted by the Union’s extrajudicial demand via the 1999 audit report. Therefore, claims for 1997 and early 1998 had not prescribed.

****Doctrine:****

1. ****Interpretation of CBA:**** A CBA must be interpreted by its plain language unless ambiguity necessitates further construction.
2. ****Service Charge Collection:**** Article 96 of the Labor Code is only applicable when service charges are collected; it does not mandate collection on exempted transactions agreed upon in a CBA.
3. ****Prescription and Interruption:**** Prescription is interrupted by a written extrajudicial demand, as per Article 1155 of the Civil Code.

****Class Notes:****

1. ****CBA and Contracts:****
 - CBA - A contract between employers and employee unions regulating wages, working hours, and other employment terms.
 - Article 96 Labor Code - Service charges distribution: 85% to employees, 15% to the

employer.

- Essential Interpretation Rule - Plain language prevails.

2. **Jurisdictional Considerations:**

- Rule 45 Review - Limited to legal questions.
- Rule 65 Review - Focuses on grave abuse of discretion by quasi-judicial bodies.

3. **Prescription of Actions:**

- Article 291, Labor Code - Three-year period for filing employment-related monetary claims.
- Article 1155, Civil Code - Prescription interrupts upon written extrajudicial demand or acknowledgment.

Historical Background:

This case occurs within context of labor rights and union activities in the Philippines, where disputes on service charges and CBA interpretations are common. It underscores judicial principles on labor contract adherence and statutory interpretation nuances, reflecting broader labor relations dynamics at the turn of the century. Specifically, it highlights evolving jurisprudence on how exceptions within labor contracts are managed, and the acknowledgment of written demands in extending prescription periods for claims.