

Case Title: New World International Development (Phil.), Inc., Stephan Stoss, and Geuel F. Auste vs. New World Renaissance Hotel Labor Union

Facts:

- Certification as Bargaining Agent:** Following a certification election on July 10, 2002, the New World Renaissance Hotel Labor Union was certified as the sole and exclusive bargaining agent of the rank-and-file employees of New World International Development (Phil.), Inc.
- CBA Proposal Submission:** On September 3, 2002, the Union submitted a proposal for a collective bargaining agreement (CBA) to the Hotel management, receiving no response. This prompted the Union to seek preventive mediation with the National Conciliation and Mediation Board on September 25, 2002.
- Petition to Cancel Union Certification:** The Hotel and others petitioned to cancel the Union's certification. This petition was dismissed by the National Capital Region of the Department of Labor and Employment (DOLE-NCR) on May 8, 2003, and the decision was affirmed by the Bureau of Labor Relations (BLR) on December 17, 2003, becoming final on January 16, 2004.
- Alleged Bad Faith in Negotiations:** Despite these affirmations, the hotel management continued to withhold negotiations on the CBA, claiming that the Union's legitimacy was still pending before the Court of Appeals. Despite receiving no injunction against the execution of the December 17, 2003, resolution, the hotel did not engage in negotiations.
- Alleged Unfair Labor Practice:** The Union alleged that the hotel committed unfair labor practices by refusing negotiations and demoting union officers through transfers that did not reduce their benefits.
- Labor Arbiter and NLRC Rulings:** The Labor Arbiter dismissed the union's complaint of unfair labor practice, a decision which the National Labor Relations Commission (NLRC) affirmed. Both held that the hotel's actions were justified due to the pending case on the Union's legitimacy.
- Court of Appeals:** On further review, the Court of Appeals reversed the decisions of the Labor Arbiter and the NLRC, finding that the hotel's refusal to negotiate despite the finality of the BLR decision constituted unfair labor practice and bad faith. The court ordered negotiation and awarded attorney's fees to the Union.

8. **Mootness Claim:** The hotel subsequently argued the matter was moot due to the Union's dissolution by its members in late 2005, a development formally communicated to the Bureau of Labor Relations.

Issues:

1. Whether the court was required to mandate collective bargaining given the finality of the Union's status as a certified bargaining agent.
2. Whether the employer's refusal to negotiate pending a decision on the union's legitimacy amounted to bad faith and unfair labor practice.
3. Whether the decision to dissolve the union by its members rendered the case moot.
4. Appropriateness of the awarded attorney's fees.

Court's Decision:

1. **Mootness:** The Supreme Court found the case moot due to the dissolution of the Union, eliminating any possibility of collective bargaining benefiting the Union. A supervening event, such as the union's dissolution, terminated any actual controversy, rendering a judicial determination moot.
2. **Refusal to Bargain:** The initial refusal to bargain was deemed, in light of the judicially accepted finality of union legitimacy as ruled by lower courts, to be moot. The hotel's subsequent arguments based on the union's dissolution superseded the need to assess past refusals.
3. **Attorney's Fees:** The court vacated the award of attorney's fees given the mootness of the case.

Doctrine:

The court reiterated that a labor union's petition becomes moot if the union is dissolved after the petition's filing, effectively removing an enforceable controversy necessary for judicial relief determination.

Class Notes:

- **Unfair Labor Practice:** Refusal to engage in collective bargaining when procedural preconditions are met.
- **Mootness Doctrine:** Legal proceedings must resolve an actual, ongoing controversy; if not, they may be rendered moot by circumstances such as dissolution of the plaintiff entity.
- **Management Prerogative in Assignments:** Assess whether transfers are conducted in good faith, lacking ulterior motive and aligning with business needs.

****Historical Background:****

This case emerges from a timeframe capturing labor tensions indicative of the economic and industrial complexities in the Philippines, highlighting procedural adherence within labor relations and the procedural strategic defenses employers might employ in union disputes. The court's decision reflects an equilibrium between managing formal procedural labor frameworks and employer prerogatives in a transitional economic system.