

STANFILCO CALINAN LABOR UNION – FEDERATION OF INTEGRATED LABOR UNION (SCLU-FILU), PETITIONER, VS. ELMER C. FEROLINO, GUILLERMO C. CASINILLO AND NATIONAL LABOR RELATIONS COMMISSI...

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SINGH, J.:[*]

Petitioner Stanfilco Calinan Labor Union – Federation of Integrated Labor Union (SCLU-FILU) seeks, through this petition for certiorari under Rule 65 of the Revised Rules of Court, to annul and set aside the Decisions respectively dated August 31, 2011¹ and December 21, 2011,^[2] of public respondent National Labor Relations Commission (NLRC) Eighth Division in NLRC No. MAC-04-012020-2011 (RAB XI-07-00759-2010).

THE FACTS

The facts, as summarized by the NLRC, are:

“Complainants worked with respondent Stanfilco, an organized establishment that has current collective bargaining agreement (CBA) with its rank and file employees through Stanfilco Calinan Labor Union-Federation of Integrated Labor Union (SCLU-FILU) as their sole bargaining representative for collective bargaining purposes.

The records show that respondent Stanfilco and SCLU-FILU first negotiated and conducted a CBA effective for five (5) years from 24 June 2002 to 23 May 2007. About three (3) years thereafter, respondent Stanfilco and SCLU-FILU renewed the CBA for another 5-year term effective 24 May 2005 until 23 May 2010. Again, without waiting for the term of the CBA to expire, respondent Stanfilco and SCLU-FILU renewed the CBA effective 24 May 2008 until 23 May 2013.

On 04 April 2010, however, complainants, together with other union members of SCLU-FILU, organized a new labor union known as DOLE-Stanfilco Calinan Workers Union (DSCWU) and have (sic) it affiliated with Philippine Integrated Industries Labor Union (PIILU)-Trade Union Congress of the Philippines (TUCP), in order to vie for representation in collective bargaining negotiation against SCLU-FILU through the process of certification election. In fact, on 21 May 2010 DSCWU-PIILU-TUCP filed a petition for certification election.

Upon learning of the petition, Mr. Filomeno C. Rosal, the President of FILU wrote a letter, dated 24 May 2010, to respondent Stanfilco recommending for (sic) the termination from employment of complainants for committing acts of “disloyalty to the union” in accordance, according (sic) to him, with the provision of the CBA and the union's Constitution and By-Laws. He appended to the letter excerpts from the minutes of the investigation proceedings conducted by the FILU.

Subsequently or on 25 May 2010, Mr. Cesar B. Ogena, respondent Stanfilco's Human Resource Head, separately served to complainants' memorandums (sic) requiring them to submit their written explanations within five (5) days from receipt thereof why they should not be terminated from employment due to the acts of disloyalty to the union.

On 31 May 2010, complainants jointly submitted their letter-explanation explaining their side in (sic) the

controversy. They averred and argued that the petition for certification election was validly filed within the sixty (60) day freedom period prior to the expiration of the CBA on 23 May 2010; that the employees in the bargaining unit have, within the freedom period, the right to express their personal views of their union without violating any provision of the law and CBA; and that to allow the lifetime of the CBA extended for another five (5) years, without regard of the petition, would render nugatory the law on the matter as it would deprive another legitimate union the right to challenge the majority status of the incumbent bargaining representative through the democratic process of certification election among the rank-and-file employees in the bargaining unit.

On 09 July 2010, apparently not satisfied with the explanations of complainants, respondent Stanfilco terminated the employment of complainants"[3]

Claiming to have been illegally dismissed, private respondents Elmer C. Ferolino and Guillermo C. Casinillo filed a Complaint[4] for unfair labor practice, illegal dismissal, reinstatement with full backwages, unpaid benefits and allowances, as well as moral and exemplary damages and attorney's fees against their employer, Stanfilco, a division of Dole Philippines, Incorporated, and herein petitioner SCLU-FILU, before the Regional Arbitration Branch No. XI of the NLRC, Davao City.

After failure to amicably settle their differences, the parties were required to file their position papers. Petitioner SCLU-FILU and Stanfilco filed their Position Papers[5] on September 30, 2010, while private respondents filed their Position Paper[6] on October 28, 2010.

On February 23, 2011, Labor Arbiter Merceditas C. Larida rendered a Decision,[7] the dispositive portion of which states:

“WHEREFORE, with the foregoing premises, judgment is hereby rendered:

1. Declaring illegal the termination of complainants' employment by respondents;
2. Declaring both respondents guilty of unfair labor practice;
3. Ordering respondent Stanfilco-A Division of Dole Philippines, Inc.-Calinan Zone, to immediately reinstate complainants to their former positions without loss of seniority rights and other privileges;
4. Directing both respondents to pay, jointly and severally, full backwages to complainants in the amount of P55,620.30 each, as well as their unpaid allowances and benefits under the CBA;
5. Ordering respondents Stanfilco and Stanfilco Calinan Labor Union-Federation of Integrated Labor Union through their respective officers to solidarily pay each complainant moral damages in the amount of P10,000.00 and another P10,000.00 each as exemplary damages; and
6. Ordering same respondents to pay, severally and jointly, attorney's fee in the amount equivalent to ten percent (10%) of the total judgment awards.

Respondent Stanfilco-A Division of Dole Philippines, Inc.-Calinan Zone, through its officers, is further ordered to submit a compliance report to the order of reinstatement of the complainants, within ten (10) days from receipt of this Decision. The order of reinstatement is immediately executory.

SO ORDERED.”

Petitioner SCLU-FILU and Stanfilco appealed[8] the Labor Arbiter's Decision to the NLRC, Cagayan de Oro City.

On August 31, 2011, public respondent NLRC (8[th] Division) issued the assailed Decision,[9] the dispositive portion of which states:

“WHEREFORE, foregoing premises considered, the appealed decision is AFFIRMED, subject to the modification that respondent Stanfilco Calinan Labor Union-Federation of Integrated Labor Union (SCLU-FILU) is ordered to refund to respondent Stanfilco-A Division of Dole Phils., Inc. whatever amount paid by it involving the awarded benefits in accordance with their CBA.

SO ORDERED.”

Dissatisfied, petitioner SCLU-FILU filed a Motion for Reconsideration^[10] of the August 31, 2011 Decision but the same was denied by the NLRC on December 21, 2011.^[11]

THE ISSUES

Aggrieved, petitioner SCLU-FILU filed the instant petition with the following issues:

“WITH DUE RESPECT, PUBLIC RESPONDENT COMMITTED ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT IGNORED THE PROVEN AND ADMITTED BLATANT ACTS OF DISLOYALTY TO THE UNION COMMITTED BY PRIVATE RESPONDENTS IN AFFIRMING THE LABOR ARBITER'S FINDING THAT THERE WERE NO PROVEN SUFFICIENT AND LEGAL GROUNDS FOR THEIR EXPULSION FROM UNION MEMBERSHIP,” AND,

“PUBLIC RESPONDENT ALSO COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DECLARING THAT THE UNION'S ACT OF ENFORCING AND IMPLEMENTING ITS CONSTITUTION AND BY-LAWS AS TO COMPLAINANTS' EXPULSION FROM UNION MEMBERSHIP AND ITS RECOMMENDING TO THE COMPANY THEIR DISMISSAL AMOUNTED TO UNFAIR LABOR PRACTICE.”^[12]

THE RULING OF THIS COURT

The petition lacks merit.

An act of a court or tribunal may only be considered as committed in grave abuse of discretion when the same was performed in a capricious or whimsical exercise of judgment, which is equivalent to lack of jurisdiction. The abuse of discretion must be so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform a duty enjoined by law or to act at all in contemplation of law, as where the power is exercised in an arbitrary and despotic manner by reason of passion or personal hostility.^[13]

In labor disputes, the NLRC's findings are said to be tainted with grave abuse of discretion when its conclusions are not supported by substantial evidence.^[14] In the case of *Rio v. Colegio de Santa Rosa-Makati*,^[15] the Supreme Court reiterated that:

“As a general rule, in certiorari proceedings under Rule 65 of the Rules of Court, the appellate court does not assess and weigh the sufficiency of evidence upon which the Labor Arbiter and the NLRC based their conclusion. The query in this proceeding is limited to the determination of whether or not the NLRC acted without or in excess of its jurisdiction or with grave abuse of discretion in rendering its decision. However, as an exception, the appellate court may examine and measure the factual findings of the NLRC if the same are not supported by substantial evidence. The Court has not hesitated to affirm the appellate court's reversals of the decisions of labor tribunals if they are not supported by substantial evidence.” (emphasis supplied)

Guided by the foregoing, this Court reviewed the evidence submitted a quo by both parties and agrees with the NLRC that petitioner SCLU-FILU and Stanfilco are guilty of unfair labor practice and that private respondents' dismissal from employment was illegal.

Petitioner SCLU-FILU insists that private respondents' expulsion from the union and their eventual termination/dismissal from employment was for a just cause in view of its union security clause in the CBA (Section 2, Article III of the CBA).[16] As a condition for continued employment, the clause imposes upon the workers the obligation to join and maintain membership in the company's recognized union. Due to alleged acts of disloyalty, private respondents, who were members of petitioner SCLU-FILU, were terminated by Stanfilco.

However, in the case of *Picop Resources, Incorporated (PRI) v. Dequilla, et al.*,[17] it was emphasized that:

“It is basic in labor jurisprudence that the burden of proof rests upon management to show that the dismissal of its worker was based on a just cause. When an employer exercises its power to terminate an employee by enforcing the union security clause, it needs to determine and prove the following: (1) the union security clause is applicable; (2) the union is requesting for the enforcement of the union security provision in the CBA; and (3) there is sufficient evidence to support the decision of the union to expel the employee from the union.” (emphasis supplied)

Here, there is no dispute as to the first and second requisites. However, as to the third requisite, the Court finds that there is no sufficient evidence to support the decision of Stanfilco to terminate the employment of private respondents.

Stanfilco argued, and the NLRC upheld it as correct, that it only effected the dismissal of private respondents upon request of petitioner SCLU-FILU in compliance with the union security clause of the CBA. According to Stanfilco, it should not be held guilty of unfair labor practice since it merely complied in good faith with the written demand of petitioner SCLU-FILU to carry out the said security clause.

Nevertheless, the NLRC Decision repeatedly points to the liability of both Stanfilco and petitioner SCLU-FILU for unfair labor practice, specifically "as they coordinately restrained complainants, together with other workers, in the exercise of their rights to self-organization." [18] Stanfilco therefore cannot be absolved of responsibility for the monetary damages awarded in favor of private respondents. The NLRC Decision surprisingly and without any basis reversed the finding of solidary liability on the part of Stanfilco and petitioner SCLU-FILU but only in the fallo, by ordering petitioner SCLU-FILU to refund Stanfilco any amount paid by the latter for the awarded damages. This was grave error on the part of the NLRC.

As for petitioner SCLU-FILU, it anchored its decision to request for private respondents' termination when the latter allegedly committed acts of disloyalty by organizing a new union intended to challenge SCLU-FILU as the exclusive bargaining agent with Stanfilco. Petitioner SCLU-FILU argued that these acts were in gross violation of its constitution and by-laws,[19] which among others prohibits any member from organizing or supporting another union. It claimed that, at the time private respondents organized a new union and subsequently filed a petition for certification election, they were still bound by the union security clause of the CBA. Hence, the need to terminate the employment of private respondents.

As already stated, the Court agrees with both the NLRC and the Labor Arbiter that both petitioner SCLU-FILU and Stanfilco are guilty of unfair labor practice and illegal dismissal.

The explanation of the Supreme Court in the case of *Picop Resources, Incorporated (PRI) v. Teñaca*[20] is enlightening:

“x x x the last sentence of Article 253 which provides for automatic renewal pertains only to the economic provisions of the CBA, and does not include representational aspect of the CBA. An existing CBA cannot constitute a bar to a filing of a petition for certification election. When there is a representational issue, the status quo provision in so far as the need to await the creation of a new agreement will not apply. Otherwise, it will create an absurd situation where the union members will be forced to maintain membership by virtue of

the union security clause existing under the CBA and, thereafter, support another union when filing a petition for certification election. If we apply it, there will always be an issue of disloyalty whenever the employees exercise their right to self-organization. The holding of a certification election is a statutory policy that should not be circumvented, or compromised.” (emphasis supplied)

When private respondents organized a new union on April 4, 2010 and filed a petition for certification on May 21, 2010 before the Med-Arbiter, they were just exercising their right to self-organization within the ambit of the freedom period which commenced from March 24, 2005 until May 23, 2010 (the renewed term of the first CBA). What is prohibited, as provided under Article 253-A of the Labor Code,[21] is the filing of a petition for certification election outside the 60-day freedom period, a situation that does not obtain in the case at bar.

In this regard, the following findings of the NLRC bears reiterating:

“It is quite clear therefrom that even if the CBA was re-negotiated before its five-year term ends and the new CBA was ratified by majority of the members in the bargaining unit, the same would not affect the right of another union to challenge the majority status of the incumbent bargaining agent within 60 days before the lapse of the original five-year term of the CBA, which in the present case, should be on 23 May 2007. However, it bears noting that respondents Company and Union re-negotiated their CBA twice: the first re-negotiation extended its expiration to 23 May 2010, and the second extended the term until 23 May 2013. As we see it, the challenge put up by DSWU-PIILU against the majority status of respondent Union on 21 May 2010 was within the freedom period of the first re-negotiated CBA effective until 23 May 2010. It then follows that the 60-day freedom period within which complainants could validly resign from membership with respondent Union and form or join DSWU-PIILU in the exercise of their fundamental right to self-organization is reckoned on the said 2005-2010 CBA. Thus, the logical conclusion therefrom is that complainants were illegally dismissed from their jobs for they were dismissed for no just cause, there being no violation of the said union security clause in the CBA. Complainants resigned from membership with respondent union during the freedom period of the CBA.

x x x x x

As borne out in the records, respondent Company and Union renegotiated the economic terms of their CBA so as to extend the five-year representation aspect of the CBA and thus prevent union members from forming or joining another union that may challenge the majority status of the incumbent bargaining agent during the freedom period of the CBA. By what they did, both respondents Company and Union committed acts of unfair labor practice as they coordinately restrained complainants, together with other workers, in the exercise of their rights to self-organization. They then acted in bad faith in the dismissal from employment of complainants for no just cause. Thus, they are indeed guilty of unfair labor practice.” (emphasis supplied)

To sum up, Stanfilco and petitioner SCLU-FILU are both guilty of unfair labor practice and the illegal dismissal of private respondents. They are thus held jointly and severally liable to private respondents for all the monetary awards given by the Labor Arbiter in the Decision dated February 23, 2011.

WHEREFORE, the petition is PARTLY GRANTED but for reasons different from petitioner's. The NLRC Decision dated August 31, 2011 is affirmed save for the MODIFICATION that Stanfilco-A Division of Dole Philippines, Inc.-Calinan Zone and Stanfilco Calinan Labor Union – Federation of Integrated Labor Union (SCLU-FILU) are held jointly and severally liable for all the monetary awards in favor of private respondents Elmer C. Ferolino and Guillermo C. Casinillo under the Labor Arbiter's Decision dated February 23, 2011.

SO ORDERED.

Borja, Ch., and Badelles, JJ., concur.

[*] This case was assigned to the ponente by re-affle only on July 30, 2014.

[1] Rollo, pp. 28-36

[2] Id., pp. 37-38.

[3] Id., pp. 29-30.

[4] Id., pp. 50-53.

[5] Id., pp. 82-95 and pp. 113-129.

[6] Id., pp. 54-72.

[7] Id., pp. 149-158.

[8] Id., pp. 153-174 and pp. 175-190.

[9] Id., pp. 28-36

[10] Id., pp. 39-46.

[11] Id., pp. 37-38.

[12] Id., p. 12 and p. 20.

[13] People v. Dela Rosa, G.R. No. 191015, August 06, 2014, citing Litton Mills, Inc. v. Galleon Trader, Inc., 246 Phil. 503, 509 (1988).

[14] Section 5, Rule 133 of the Rules of Court provides that “[i]n cases filed before administrative or quasi-judicial bodies, a fact may be deemed established if it is supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.”

[15] G.R. No. 189629, August 06, 2014, citing Mercado v. AMA Computer College-Parañaque City, Inc., G.R. No. 183572, 13 April 2010, 618 SCRA 218, 232., further citing Protacio v. Laya Mananghaya & Co., G.R. No. 168654, 25 March 2009, 582 SCRA 417, 427.

[16] Section 2. The COMPANY agrees to require as a condition of continued employment of those workers covered by this Agreement who are members of the UNION on the date of effectivity hereof that said workers shall not resign from the UNION earlier than sixty (60) days before the expiry of this Agreement.

[17] G.R. No. 172666, December 07, 2011.

[18] Rollo, p. 35.

[19] Id., pp. 210-221.

[20] G.R. No. 160828, August 09, 2010, citing Associated Labor Unions (ALU) v. Ferrer-Calleja, G.R. No. 85085, November 6, 1989, 179 SCRA 127, 134.

[21] Art. 253-A. Terms of a collective bargaining agreement. - Any Collective Bargaining Agreement that the parties may enter into shall, insofar as the representation aspect is concerned, be for a term of five (5) years. No

petition questioning the majority status of the incumbent bargaining agent shall be entertained and no certification election shall be conducted by the Department of Labor and Employment outside of the sixty-day period immediately before the date of expiry of such five-year term of the Collective Bargaining Agreement. All other provisions of the Collective Bargaining Agreement shall be renegotiated not later than three (3) years after its execution. Any agreement on such other provisions of the Collective Bargaining Agreement entered into within six (6) months from the date of expiry of the term of such other provisions as fixed in such Collective Bargaining Agreement, shall retroact to the day immediately following such date. If any such agreement is entered into beyond six months, the parties shall agree on the duration of retroactivity thereof. In case of a deadlock in the renegotiation of the Collective Bargaining Agreement, the parties may exercise their rights under this Code. (As amended by Section 21, Republic Act No. 6715, March 21, 1989).

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