

LEPANTO CONSOLIDATED MINING COMPANY (LCMC), PETITIONER, VS. LEPANTO SECURITY FORCE UNION NAFLU-KMU, RESPONDENTS.

Ponente: YBAÑEZ, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/7c1b4d012b64/>

YBAÑEZ, J.:

This is a Petition for Review[1] under Rule 43 of the Rules of Court seeking to reverse and set aside the 11 May 2010 Decision[2] and 27 July 2010 Order[3] of Voluntary Arbitrator Reynaldo B. Cajucom.

ANTECEDENTS

Petitioner Lepanto Consolidated Mining Company wrote a letter dated 13 October 2003 to Andres Victoriano, then President of Lepanto Security Force Union, reclassifying employees in the security force, who were members of the Lepanto Security Force Union or the Lepanto Security Force Bargaining Unit, as confidential rank-and-file employees. This was done in view of the purported handwritten request of twenty-nine (29) members of the Lepanto Security Force Union.[4] Because of said reclassification, the security guards were removed as union members and/or members of the bargaining unit.

On 17 September 2004, Lepanto Security Force Union manifested its desire to renew its collective bargaining agreement with the petitioner company. After a series of negotiation meetings, the two parties failed to reach an agreement.[5]

The respondent union filed a notice of strike with the National Conciliation and Mediation Board-Cordillera Administrative Region (NCMB-CAR) on 13 April 2005. Conciliation meetings were then conducted, but to no avail.[6]

On 10 May 2005, the Secretary of Labor and Employment issued an order assuming jurisdiction over the issues raised in the Notice of Strike. Meanwhile, conciliation proceedings continued.[7]

The parties agreed to submit the unresolved issues to voluntary arbitration. On the issue of the confidential employees, the voluntary arbitrator ruled against the respondent union.[8]

On appeal, this Court in CA-G.R. SP No. 97917 Decision promulgated on 27 November 2008, ruled in this wise:

“x x x Verily, the act of the respondent in automatically classifying the security guards as confidential employees, in the absence of any proof that they deal with labor relations policies in a confidential manner, is a clear contravention of the provisions of law and existing jurisprudence which cannot be countenanced.

Prescinding therefrom, the twenty-nine security guards in the present case cannot be excluded from the petitioner union on the basis that they are ‘confidential employees’. xxx.

The voluntary arbitrator justified the reclassification of the security guards to confidential employees on the ground that the security guards no longer wanted to be part of the petitioner union, and were merely exercising their right not to join the union. Such reasoning is misplaced for, if said security guards truly no longer wanted to be part of the petitioner union, they could just have voluntarily disaffiliated from the petitioner union. There was in fact no need for them to ask that they be reclassified as confidential employees if they no longer wanted to be part of the union. xxx.

Based on the foregoing discussions, we find, therefore, that the voluntary arbitrator committed grave abuse of discretion when he upheld the decision of the respondent in classifying the 29 security guards as confidential employees.

x x x.”[9]

This Court’s 27 November 2008 Decision was affirmed by the Supreme Court.[10]

Meanwhile, a new Collective Bargaining Agreement (CBA) was signed by the parties on 21 April 2008. While the said CBA was in effect, the petitioner company again reclassified union members Wilbert Palasico, Godfrey Calabot and Leopoldo Long-a as confidential security guards. The said security guards were given wage increases and other benefits over and above those provided in the CBA. The respondent union opposed the company’s act.[11]

After exhausting the grievance procedure outlined in the CBA, the respondent union filed a preventive mediation with the NCMB-CAR on 24 July 2009. The parties failed to amicably settle their differences, thus, the parties submitted the unresolved issues to voluntary arbitration.[12]

Included in the issues submitted to voluntary arbitration is the case of security guard Francis Gatayen. The petitioner company dismissed Gatayen for Qualified Theft of Diesoline Oil/Willful Breach of Trust and Confidence. Gatayen filed a case for Illegal Dismissal before the National Labor Relations Commission, but the same was amicably settled during the mandatory conference. He was reinstated on 16 October 2008, but was later transferred to another department.[13]

The voluntary arbitrator, in his 11 May 2010 Decision, ruled that the classification of the three (3) security guards as confidential employees is null and void, the petitioner company is guilty of unfair labor practices, and the transfer of security guard Francis Gatayen is illegal.[14]

The petitioner company moved for reconsideration, but the motion was denied on 27 July 2010.[15]

Hence, the instant petition.

Initially, the case was submitted to appellate Court mediation. The mediation was, however, terminated for failure of the respondent’s representative to appear before the Philippine Mediation Center-Court of Appeals.[16]

ISSUES

Thus, the case is reverted back to its appellate proceedings where petitioner raised the following grounds[17]:

“1. THAT THE VOLUNTARY ARBITRATOR ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT DECLARED THAT THE

CLASSIFICATION OF THREE SECURITY GUARDS AS CONFIDENTIAL EMPLOYEES, IS NULL AND VOID AND REVERTING THEM BACK TO LSFU-UNION AND TO PAY THEIR CORRESPONDING AGENCY FEES.

2. THAT THE VOLUNTARY ARBITRATOR ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT DECLARED THAT PETITIONER LEPANTO CONSOLIDATED MINING COMPANY IS GUILTY OF UNFAIR LABOR PRACTICES ON WAGE DISTORTION.

3. THAT THE VOLUNTARY ARBITRATOR ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT DECLARED THAT THE TRANSFER OF SECURITY GUARD FRANCIS GATAYEN IS ILLEGAL AND REINSTATING HIM TO HIS FORMER POSITION.

4. THAT THE VOLUNTARY ARBITRATOR ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT DECLARED THAT PETITIONER IS SANCTIONED AND ORDERED TO PAY THE PENALTY OF ONE HUNDRED THOUSAND PESOS (P 100,000.00) FOR UNFAIR LABOR PRACTICES.”

OUR RULING

According to the petitioner, it has the right to determine who among its employees are to be considered as confidential, and after accepting those employees listed by the company to be confidential, the respondent can no longer question the confidential status of the employees concerned.[18] The petitioner argued that the 3 security guards who want to be reclassified as confidential employees did not want to continue their membership with the union.[19]

The petitioner contended that an employer is free to manage and regulate, according to its own discretion and judgment, all phases of employment.[20] It further posited that granting that there was wage increase for confidential security guards, the same does not constitute wage discrimination.[21]

In the case of security guard Francis Gatayen, the petitioner asseverated that he was dismissed for just and valid cause for Qualified Theft of Diesoline Oil/Willful Breach of Trust and Confidence.[22]

In addition, the petitioner averred that the voluntary arbitrator erred in imposing P100,000.00 by way of penalty because the same has no factual and legal basis.[23]

On the other hand, the respondent posited that the security guards classified as confidential rank-and-file cannot be considered confidential employees because they do not have access to confidential labor relation information and their functions do not relate to labor relations.[24]

The respondent argued that since the reclassification of the 3 security guards as confidential employees is void, they remain union members and/or members of the bargaining unit. As such, they are required to pay agency fees.[25]

Another argument of the respondent is that the purpose of the petitioner in increasing the wage of confidential security guards is to discourage membership in the union and to remove them as union members, which is

prohibited under Article 248 of the Labor Code.[26] The respondent stated that the petitioner successfully decreased the membership of the union and the bargaining unit.[27]

In the alternative, the respondent union, citing Article 124 of the Labor Code, contended that wage distortion resulted when the petitioner unilaterally granted wage increases and benefits to the alleged confidential company security guards.[28]

The respondent also submitted that at the time the petitioner accepted the letter of Wilbert Palasico, Godfrey Colabot and Leopoldo Long-a, this Court has already decided a previous and similar case in its favor. In said case, the respondent stated that this Court declared null and void the reclassification of security guards as confidential rank-and-file.[29]

The petition lacks merit.

The classification by petitioner of security guards Wilbert Palasico, Godfrey Colabot and Leopoldo Long-a as confidential employees is not valid.

Confidential employees are those who (1) assist or act in a confidential capacity, (2) to persons who formulate, determine, and effectuate management policies in the field of labor relations. The two criteria are cumulative, and both must be met if an employee is to be considered a confidential employee — that is, the confidential relationship must exist between the employee and his supervisor, and the supervisor must handle the prescribed responsibilities relating to labor relations. The exclusion from bargaining units of employees who, in the normal course of their duties, become aware of management policies relating to labor relations is a principal objective sought to be accomplished by the "confidential employee rule." The broad rationale behind this rule is that employees should not be placed in a position involving a potential conflict of interests.[30]

There is no showing in this case that the subject security guards assisted or acted in a confidential capacity to managerial employees and obtained confidential information relating to labor relations policies. They did not meet the qualifications to be considered confidential employees. The fact that there was a letter-request from the subject employees asking the company for a reclassification of their post as confidential is a non-issue.

In CA-G.R. SP No. 97917, a previous and similar case involving the same parties concerning the same issue on whether or not security guards can be considered confidential employees, We ruled that the functions of security guards relate only to the petitioner company's security and peace and order concerns. They do not deal with labor relations. If in the course of protecting company property and personnel, they acquire confidential information, the same is merely incidental and not necessary in the performance of their functions. Thus, the security guards cannot be declared as confidential employees by the company.[31] This Court further elucidated that if said security guards wanted to be disaffiliated from the union, they could opt to renounce their membership without the need for them to ask to be reclassified as confidential employees.[32] It is not amiss to stress that this Court's 27 November 2008 Decision[33] was affirmed by the Supreme Court.[34]

Stare decisis et non quieta movere enjoins adherence to judicial precedents. The doctrine is based on the principle that once a question of law has been examined and decided, it should be deemed settled and closed to further argument. Thus, where the same question relating to the same event is brought by parties similarly situated as in a previous case already litigated and decided by a competent court, the rule of stare decisis is a bar to any attempt to relitigate the same issue.[35] Since the main issue in this case, i. e., the reclassification of security guards as confidential employees, is the same as the crux of the case in CA-G.R. SP No. 97917 although involving different security guards and CBA, We stand by the ruling in CA-G.R. SP No. 97917 and disturb not what is settled.

Agency fees should be collected from the three security guards not being disqualified from membership in

respondent union.

Not being confidential employees, the three security guards are not disqualified from membership in the respondent union. As part of the respondent union and the CBA between the petitioner and the respondent, the three security guards are required to pay the corresponding agency fees, especially that they accepted the benefits granted in the CBA. As correctly pointed out by the Accredited Voluntary Arbitrator, viz:

“Upon the earlier pronouncements and since there was an illegal reclassification of the three (3) subject security guards, this office therefore believes and so hold that the three (3) security guards are still members of the Union and part of the Collective Bargaining Agreement between the Company and the Union.

Being members of the bargaining unit and had accepted the benefits of the the Collective Bargaining Agreement (CBA), they are required to pay the corresponding agency fees.”[36]

There is discrimination tantamount to Unfair Labor Practice.

Discrimination, particularly in terms of wages, is frowned upon by the Labor Code.[37] Article 248 of the Labor Code makes it unlawful for an employer to discriminate in regard to wages and other terms and conditions of employment in order to encourage or discourage membership in any labor organization.

In the instant case, the security guards who were reclassified as confidential security guards were given higher wages and benefits, such as one (1) tank of liquefied petroleum gas per month. They are given an increased wage earning for the same job and responsibilities as non-confidential security guards. It is evident that discrimination and inequality exists between those reclassified as confidential employees and those regular employees and members of the union. Obviously, the petitioner aims to discourage membership in the respondent union and to remove them as union members and/or members of the bargaining unit.

Mere discrimination by an employer in regard to any term or condition of employment, is not unfair labor practice, in the absence of a showing that it was done to encourage or discourage membership in any labor organization. But, precisely, the voluntary arbitrator did find that by giving increased wage earning to confidential security guards, regular security guards were discriminated against for being members of respondent union.[38]

The transfer of Francis Gatayen is not legal.

The case between security guard Francis Gatayen and the petitioner before the NLRC was not decided on the merits by the said forum. A Memorandum of Agreement executed by Gatayen and the petitioner was entered into, reinstating Gatayen to his former position. After the said agreement, however, Gatayen was transferred to another department.[39]

As correctly found by the Voluntary Arbitrator, the compromise agreement between the petitioner and Gatayen manifests that Gatayen did not commit the act allegedly of being negligent in the performance of his work as security guard when two outsiders tried to pilfer gasoline at Buaki Portal.[40] While it is true that an employer has the prerogative to transfer an employee from one office to another within the business establishment, the petitioner cannot justify its decision in reassigning Gatayen by simply claiming that Gatayen’s acts sow in his employer the seed of mistrust and loss of confidence.[41] The transfer of Gatayen by the petitioner company was in violation of their Memorandum of Agreement, and not a mere exercise of management prerogative.

While the law recognizes and safeguards the right of an employer to exercise what are clearly management

prerogatives, such right should not be abused and used as a tool of oppression against labor. The company's prerogative must be exercised in good faith and with due regard to the rights of labor. A priori, they are not absolute prerogatives but are subject to legal limits, collective bargaining agreements and the general principles of fair play and justice.[42]

Since there is curtailment of the right of employees to self-organization, We find no reason to depart from the conclusion of the voluntary arbitrator that the petitioner is guilty of unfair labor practices and should be sanctioned and ordered to pay the penalty of One Hundred Thousand Pesos (P100,000.00).

WHEREFORE, the instant Petition for Review is DISMISSED. The 11 May 2010 Decision and 27 July 2010 Order of Voluntary Arbitrator Reynaldo B. Cajucom are AFFIRMED.

SO ORDERED.

Dimaampao, (Chairperson), and Sadang, JJ., concur.

[1] Rollo, pp. 3-17.

[2] Ibid., pp. 63-70.

[3] Ibid., p. 83.

[4] Ibid., p. 45.

[5] Ibid., p. 238.

[6] Ibid.

[7] Ibid.

[8] Ibid.

[9] Ibid., pp. 54-55.

[10] Ibid., p. 67.

[11] Ibid., p. 64.

[12] Ibid.

[13] Ibid., p. 11.

[14] Ibid., pp. 69-70.

[15] Ibid., p. 83.

[16] Ibid., p. 226.

[17] Ibid., pp. 6-7.

[18] Ibid., p. 7.

[19] Ibid.

[20] Ibid., p. 10.

[21] Ibid., p. 11.

[22] Ibid.

[23] Ibid., p. 12.

[24] Ibid., p. 113.

[25] Ibid., p. 114.

[26] Ibid., pp. 115-116.

[27] Ibid., p. 116.

[28] Ibid., pp. 117-118.

[29] Ibid., p. 119.

[30] Tunay na Pagkakaisa ng Manggagawa sa Asia Brewery v. Asia Brewery, Inc., G.R. No. 162025 August 3, 2010, 626 SCRA 376, citing San Miguel Corporation, et. al. v. Hon. Bienvenido E. Laguesma, et. al., G.R. No. 110399 August 15, 1997, 277 SCRA 370.

[31] Rollo, p. 53.

[32] Ibid., p. 55.

[33] CA-G.R. SP No. 97917

[34] Rollo, p. 67.

[35] GSIS and Winston F. Garcia vs. Maricar B. Buenviaje-Carreon, G.R. No. 189529, August, 10, 2012, 678 SCRA 259.

[36] Rollo, p. 69.

[37] International School Alliance of Educators vs. Quisumbing, et. al., G.R. No. 128845, June 1, 2000, 333 SCRA 13.

[38] National Rice and Corn Corporation vs. NARIC Workers Union and CIR, G.R. No. L-18058, August 30, 1962.

[39] Rollo, p. 68.

[40] Ibid., pp. 68-69.

[41] Ibid., p. 12.

[42] Philex Gold Philippines, et. al. v. Philex Bulawan Supervisors Union, G.R. No. 149758, August 25, 2005, 468 SCRA 111.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.