

MACLIN ELECTRONICS EMPLOYEES LABOR UNION-KILUSAN NG MANGGAGAWANG MAKABAYAN (MEELU-KMM-KATIPUNAN), EDGARDO V. HERRERA, ROGELIO N. LANZONA, ANTONINA C. MELCHOR, ELIZALDE C. GITO, ...

Ponente: ZALAMEDA, R.V., J.

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ZALAMEDA, R.V., J.:

This resolves the Motion for Reconsideration[1] filed by respondent Maclin Electronics Incorporated,[2] seeking for a reconsideration of Our Decision[3] dated 21 October 2013, the dispositive portion of which reads —

"X x x

WHEREFORE, premises considered, the instant Petition for Review is GRANTED and the assailed Decision is ANNULLED AND SET ASIDE. In lieu thereof, this Court hereby declares that respondent Maclin Electronics, Inc. is guilty of illegal dismissal and is hereby ordered to —

- reinstate individual petitioners to their former or equivalent positions without loss of seniority rights and with full back wages, inclusive of allowances and other benefits or their monetary equivalent, pursuant to Article 279 of the Labor Code, as amended, from the time their compensation was withheld from them up to their actual reinstatement;

- pay petitioners attorney's fees equivalent to ten percent (10%) of the total monetary judgment.

All other claims are hereby denied for lack of factual and legal basis.

SO ORDERED.

X x x"[4]

After a perusal of the records and an assessment of the merits of the arguments raised by respondent in the Motion for Reconsideration, this Court resolves to affirm the Decision dated 21 October 2013, subject to certain modifications.

Insofar as Our finding of illegality of dismissal, We stand firm with Our ruling as respondent failed to show new cogent justification to reverse the same.

Be it stressed, while it cannot be gainsaid that a termination of employment based on union security clause is recognized under this jurisdiction, the dismissal must still be made in accordance with the requirements of due process.

In the instant case, respondent cannot validly avail of the union security clause as justification for terminating individual petitioners from employment since their local union, petitioner MEELU-KMM-KATIPUNAN,[5] had validly disaffiliated from Trade Unions of the Philippines and Allied Services,[6] its mother union, before individual petitioners' termination. As We have stated in Our Decision, this fact worked to divest TUPAS of any

authority to act in representation of petitioner MEELU and the individual petitioners. Hence, its acts subsequent to the disaffiliation cannot bind the petitioners.[7]

Notably, respondent pointed out that TUPAS was declared in the Interpleader case filed before the Bureau of Labor Relations[8] as the sole and exclusive bargaining agent of respondent's rank and file and employees. As can be seen from the records, however, individual petitioners were terminated from employment in June 2011 while such declaration by the BLR came only in December 2011.[9] Clearly, even conceding that TUPAS may have regained its status as duly certified sole and exclusive bargaining agent of respondent's rank and file employees, this event transpired subsequent to petitioners' valid disaffiliation and the illegal dismissal of individual petitioners that followed, thereafter.

It was even clear in the BLR's ruling that TUPAS was declared to be as such only after some of the union members who comprised the majority support of the disaffiliation bolted back to TUPAS. To be sure, BLR even referred to this event as a "supervening circumstance,"[10] which further proves that TUPAS no longer enjoyed its status as exclusive bargaining agent at the time of the dismissal of individual petitioners. Given these facts, it goes without saying then that such ruling by the BLR cannot legitimize the illegal dismissal in this case.

On respondent's claim that We erred in not giving respect and finality to the findings of the Voluntary Arbitrator and Bureau of Labor Relations on the validity of dismissal in this case, suffice it to state this policy of non-interference is merely a general rule and not one cast in stone. Certainly, factual findings of labor tribunals cannot be binding upon this Court if there is a showing of grave abuse of discretion, or where it is clearly shown that they were arrived at arbitrarily or in disregard of the evidence on record.[11] In addition, it should not be forgotten that this Court is given an express mandate to review the factual findings of the labor courts under Our expanded jurisdiction. As explained by the High Court in one case —

"X x x

The CA can grant the petition for certiorari if it finds that the NLRC, in its assailed decision or resolution, made a factual finding not supported by substantial evidence. It is within the jurisdiction of the CA, whose jurisdiction over labor cases has been expanded to review the findings of the NLRC. In *R & E Transport, Inc. v. Latag*, we held:

The power of the CA to review NLRC decisions via a Rule 65 petition is now a settled issue. As early as *St. Martin Funeral Homes v. NLRC*, we have definitively ruled that the proper remedy to ask for the review of a decision of the NLRC is a special civil action for certiorari under Rule 65 of the Rules of Court, and that such petition should be filed with the CA in strict observance of the doctrine on the hierarchy of courts. Moreover, it has already been explained that under Section 9 of *Batas Pambansa (BP) 129*, as amended by Republic Act 7902, the CA — pursuant to the exercise of its original jurisdiction over petitions for certiorari — was specifically given the power to pass upon the evidence, if and when necessary, to resolve factual issues.

X x x"[12]

With respect to Our award of attorney's fees, We reiterate that the award of attorney's fees in labor cases is sanctioned by Article 111 of the Labor Code of the Philippines. Furthermore, it is settled that the grant of attorney's fees depends on the circumstances of each case and lies within the discretion of the court. It may be awarded when a party is compelled to litigate or to incur expenses to protect its interest by reason of an unjustified act by the other.[13] As petitioners, no doubt, were constrained to engage the services of counsel and to spend in order to contest the illegality of their dismissal, the attorney's fees awarded to them is only proper.

Anent the issue of payment of backwages, respondent notably complains this Court's ruling against it and argues that it should not be held liable for backwages because the dismissal of the individual petitioners were done in

good faith, as supposedly held by this Court.

We do not agree.

Ostensibly, respondent had justification to terminate individuals and that it was not prompted to curtail petitioners' right to self-organization. Hence, respondent cannot definitively be held guilty of unfair labor practice. Illegal dismissal is an altogether different cause of action, though. For as long as there was no just cause in terminating an employee, it has to be declared by the courts as illegal, regardless if the same was effected by the employer in an oppressive manner or not. Since the employee's right to payment of backwages flow from a finding of the illegality of dismissal, it must be given as a matter of course, as what this Court did in this case.

This Court is cognizant of those cases where the Supreme Court did not award backwages when there is a clear showing of good faith on the part of the employer. A perusal of these cases, however, easily shows that in most, if not all, of these cases, the employer had valid cause to terminate the employee, albeit the Supreme Court found the penalty of dismissal too severe or not commensurate to the offense committed, especially considering the length of service rendered by the employee.

This is certainly not the case here. Trite to restate, respondent was adjudged by this Court to have illegally dismissed the individual petitioners. Concededly, this Court stated that petitioner had justification for the dismissal of individual petitioners. It should be stressed, however, that We likewise stated that its justification turned out to be based on its erroneous interpretation of its right under the Collective Bargaining Agreement.[14] As such, We ultimately declared respondent's reason for the termination of individual petitioners as invalid. In addition to the fact of illegality of dismissal in this case, there may be reservation as to respondent's good faith in this case. As We have said in Our Decision, "there is not enough substantial evidence to conclude that respondent Maclin was impelled to do so out of spite or that such dismissal was attended by bad faith and effected in an oppressive manner." [15] In another manner of saying it, while there may not be enough evidence to conclude that respondent acted in bad faith, it cannot likewise be said with certainty that respondent did act in good faith.

On another point, We likewise find no merit in respondent's argument that it cannot be held liable for payment of backwages, pursuant to Section 5, Article III of its CBA, which supposedly insulates it from any liability that may arise from its enforcement of the union security clause of its CBA.

After much deliberation, though, We find that this provision in the CBA cannot be given legal effect as it is violative of the State's policy towards protection of labor as enshrined in the highest law of the land, viz. —

Article II, Section 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.

x x x

Article XIII, Sec. 3. The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all.

It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage. They shall also participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

The State shall promote the principle of shared responsibility between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth.

Too, it cannot be overemphasized that payment of backwages to an illegally dismissed employee is a matter of course as it is expressly required under Article 279 of the Labor Code. The statutory intent on this matter is clearly discernible. The grant of backwages allows the same employee to recover from the employer that which he had lost by way of wages as a result of his dismissal.[16] Such provision in the CBA clearly circumvents the law as it is, no doubt, thwarts the right of individual petitioners to receive backwages. This cannot be countenanced.

To be sure, "[n]othing is more settled in our jurisprudence than the rule that when the conflicting interest of loan and capital are weighed on the scales of social justice, the heavier influence of the latter must be counter-balanced by the sympathy and compassion the law must accord the under-privileged worker." [17]

It is likewise apt to emphasize on this score that as expressly stated under Article 1700 of the New Civil Code, "[t]he relations between capital and labor are not merely contractual. They are so impressed with public interest that labor contracts must yield to the common good. Therefore, such contracts are subject to the special laws on labor unions, collective bargaining, strikes and lockouts, closed shop, wages, working conditions, hours of labor and similar subjects." [Emphasis supplied]

"For this reason, provisions of applicable statutes are deemed written into the contract. Hence, the 'parties are not at liberty to insulate themselves and their relationships from the impact of labor laws and regulations by simply contracting with each other.' Moreover, in case of doubt, the terms of a contract should be construed in favor of labor." [18]

Thus, even as the law and jurisprudence recognize the binding force of contractual agreements and contractual stipulations, the courts will not hesitate to strike down stipulations which not only transgresses the law but likewise unduly impinges the Constitutionally protected rights of our workers, as in this case.

Finally, with respect to this Court's order for reinstatement, it bears stating that it was only a natural consequence of Our ruling. There being a finding of illegal dismissal in this case, reinstatement, like with payment of backwages, follows as a matter of course.

Although there are notable exceptions to this settled rule, We are not wont to consider pleas for exemption from the general rule unless there is a clear showing that the litigant's case is truly meritorious. As such, respondent's new allegation that there is currently no vacancy or substantially equivalent positions in its office can only be given credence and duly considered if there is substantial proof to that effect. In like vein, insofar as respondent's allegation of strained relations, it is settled that strained relations must be demonstrated as a fact and to be adequately supported by substantial evidence to show that the relationship between the employer and the employee is indeed strained as a necessary consequence of the judicial controversy.[19]

After much deliberation, though, We agree that We need to reconsider Our order as reinstatement as it is, indeed, no longer viable at this point. Although a perusal of the records shows that respondent did not bother to present even an iota of proof to buttress its allegation of the lack of vacant positions in their company, We find that the passage of time and the realities of the situation should put an end to the relation of the parties.

It can be fairly deduced from the facts that as this case continues to drag on, the parties' irreconcilable differences could only mount further. It is worth mentioning on this score that the individual petitioners were union leaders before they were dismissed. However, while petitioners continue to insist that they are the legitimate bargaining agent of the rank and file employees of respondent, respondent has already shown that it does not acknowledge petitioners as such and does not recognize petitioners' legitimacy. Respondent even mentioned of a new CBA signed by respondent and a supposedly new legitimate bargaining agent.

Given the prevailing circumstances, to insist on reinstatement would only exacerbate the tension between the

parties, as well as the antipathy between the individual petitioners and the employees who have bolted to the new union. It is more than likely that once the individual petitioners are reinstated, another controversy will ensue as petitioners try to assert their authority. Not only will there be uncertainty and instability among the rank and file but a serious case of antipathy and antagonism will definitely be generated between the new set of officers and the individual petitioners, as well as their respective supporters. This will surely adversely affect the efficiency and productivity not only of the individual petitioners but the respondent's workforce, in general.

The long and short of it, We find that it is to the best interest of both parties that their vinculum as employer-employee be officially severed as they will no longer have a good working relationship together. As such, Our order of reinstatement should be deleted and payment of separation pay should be given to the individual petitioners, in lieu thereof. Under the doctrine of strained relations, the payment of separation pay is considered an acceptable alternative to reinstatement when the latter option is no longer desirable or viable. Pursuant to prevailing jurisprudence, separation pay shall be computed at one (1) month salary for every year of service; a fraction of at least six (6) months to be considered as one whole year. In addition, the period where backwages are awarded must be included.[20] Corollary to this, backwages shall be computed from the time of illegal termination up to the finality of the decision instead of up to time of the individual petitioners' actual reinstatement, as We have previously decreed.[21]

WHEREFORE, premises considered, the instant Motion for Reconsideration is hereby DENIED. The Decision dated 21 October 2013 is however MODIFIED as follows —

1. The order of reinstatement is DELETED.
2. In lieu of reinstatement, respondent Maclin is ordered to pay separation pay computed at one-month salary for every year of service. A fraction of at least six (6) months considered as one (1) whole year and the period where backwages are awarded to be included, pursuant to prevailing jurisprudence.
3. The award of backwages shall be computed from the time of illegal termination up to the finality of the decision instead of actual reinstatement.

The Decision stands in all other respects.

SO ORDERED.

Reyes, Jr., (Chairperson), and Bato, Jr., JJ., concur.

[1] Rollo, pages 997 to 1018.

[2] "Respondent," for brevity.

[3] Rollo, page 982 to 986

[4] Id. at 995 to 996.

[5] "Petitioner MEELU," for brevity.

[6] "TUPAS," for brevity.

[7] Rollo, page 992; citing Alliance of National Genuine Labor Organization [ANGLO-KMU] v. Samahan ng Manggagawang Nagkakaisa sa Manila Bay Spinning Mills at J.P. Coats, G.R. No. 118562, 05 July 1996, 258 SCRA 371.

- [8] "BLR," for brevity.
- [9] See Order dated 20 December 2011, Rollo, pages 806 to 809.
- [10] Rollo, page 808.
- [11] *Maritime Factors, Inc. v. Bienvenido R. Hindang*, G.R. No. 151993, 19 October 2011.
- [12] *EMCOR Incorporated v. Ma. Lourdes D. Sienes*, G.R. No. 152101, 08 September 2009; citations omitted.
- [13] *Joaquin Quimpo, Sr. v. Consuelo Abad vda. de Beltran, et al.*, G.R. No. 160956, 13 February 2008.
- [14] "CBA," for brevity.
- [15] Rollo, page 995.
- [16] *Pepito Velasco v. National Labor Relations Commission, et al.*, G.R. No. 161694, 26 June 2006.
- [17] *Fernando G. Manaya v. Alabang Country Club, Incorporated*, G.R. No. 168988, 19 June 2007.
- [18] *Innodata Philippines, Inc. v. Jocelyn L. Quejada-Lopez, et al.*, G.R. No. 162839, 12 October 2006; citations omitted.
- [19] *Golden Ace Builders, et al. v. Jose A. Talde*, G.R. No. 187200, 05 May 2010; citation omitted.
- [20] *Armando Aliling v. Jose B. Feliciano, et al.*, G.R. No. 185829, 25 April 2012.
- [21] *Bank of Lubao, Inc. v. Rommel J. Manabat, et al.*, G.R. No. 188722, 01 February 2012; citation omitted.

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