

**SAN MIGUEL CORPORATION EMPLOYEES UNION—PHILIPPINE
TRANSPORT AND GENERAL WORKERS ORGANIZATION
(SMCEU—PTGWO), PETITIONER, VS. SAN MIGUEL PACKAGING
PRODUCTS EMPLOYEES UNION—PAMBANS...**

G.R. No. 171153. September 12, 2007

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

In this Petition for Review on Certiorari under Rule 45 of the Revised Rules of Court, petitioner SAN MIGUEL CORPORATION EMPLOYEES UNION-PHILIPPINE TRANSPORT AND GENERAL WORKERS ORGANIZATION (SMCEU-PTGWO) prays that this Court reverse and set aside the (a) Decision[2] dated 9 March 2005 of the Court of Appeals in CA-G.R. SP No. 66200, affirming the Decision[3] dated 19 February 2001 of the Bureau of Labor Relations (BLR) of the Department of Labor and Employment (DOLE) which upheld the Certificate of Registration of respondent SAN MIGUEL PACKAGING PRODUCTS EMPLOYEES UNION—PAMBANSANG DIWA NG MANGGAGAWANG PILIPINO (SMPPEU—PDMP); and (b) the Resolution[4] dated 16 January 2006 of the Court of Appeals in the same case, denying petitioner's Motion for Reconsideration of the aforementioned Decision.

The following are the antecedent facts:

Petitioner is the incumbent bargaining agent for the bargaining unit comprised of the regular monthly-paid rank and file employees of the three divisions of San Miguel Corporation (SMC), namely, the San Miguel Corporate Staff Unit (SMCSU), San Miguel Brewing Philippines (SMBP), and the San Miguel Packaging Products (SMPP), in all offices and plants of SMC, including the Metal Closure and Lithography Plant in Laguna. It had been the certified bargaining agent for 20 years — from 1987 to 1997.

Respondent is registered as a chapter of Pambansang Diwa ng Manggagawang Pilipino (PDMP). PDMP issued Charter Certificate No. 112 to respondent on 15 June 1999.[5] In compliance with registration requirements, respondent submitted the requisite documents to the BLR for the purpose of acquiring legal personality.[6] Upon submission of its charter certificate and other documents, respondent was issued Certificate of Creation of Local or Chapter PDMP-01 by the BLR on 6 July 1999.[7] Thereafter, respondent filed with the Med-Arbiter of the DOLE Regional Officer in the National Capital Region (DOLE-NCR), three separate petitions for certification election to represent SMPP, SMCSU, and SMBP.[8] All three petitions were dismissed, on the ground that the separate petitions fragmented a single bargaining unit.[9]

On 17 August 1999, petitioner filed with the DOLE-NCR a petition seeking the cancellation of respondent's registration and its dropping from the rolls of legitimate labor organizations. In its petition, petitioner accused respondent of committing fraud and falsification, and non-compliance with registration requirements in obtaining its certificate of registration. It raised allegations that respondent violated Articles 239(a), (b) and (c)[10] and 234(c)[11] of the Labor Code. Moreover, petitioner claimed that PDMP is not a legitimate labor organization, but

a trade union center, hence, it cannot directly create a local or chapter. The petition was docketed as Case No. NCR-OD-9908-007-IRD.[12]

On 14 July 2000, DOLE-NCR Regional Director Maximo B. Lim issued an Order dismissing the allegations of fraud and misrepresentation, and irregularity in the submission of documents by respondent. Regional Director Lim further ruled that respondent is allowed to directly create a local or chapter. However, he found that respondent did not comply with the 20% membership requirement and, thus, ordered the cancellation of its certificate of registration and removal from the rolls of legitimate labor organizations.[13] Respondent appealed to the BLR. In a Decision dated 19 February 2001, it declared:

As a chartered local union, appellant is not required to submit the number of employees and names of all its members comprising at least 20% of the employees in the bargaining unit where it seeks to operate. Thus, the revocation of its registration based on non-compliance with the 20% membership requirement does not have any basis in the rules.

Further, although PDMP is considered as a trade union center, it is a holder of Registration Certificate No. FED-11558-LC issued by the BLR on 14 February 1991, which bestowed upon it the status of a legitimate labor organization with all the rights and privileges to act as representative of its members for purposes of collective bargaining agreement. On this basis, PDMP can charter or create a local, in accordance with the provisions of Department Order No. 9.

WHEREFORE, the appeal is hereby GRANTED. Accordingly, the decision of the Regional Director dated July 14, 2000, canceling the registration of appellant San Miguel Packaging Products Employees Union-Pambansang Diwa ng Manggagawang Pilipino (SMPPEU-PDMP) is REVERSED and SET ASIDE. Appellant shall hereby remain in the roster of legitimate labor organizations.[14]

While the BLR agreed with the findings of the DOLE Regional Director dismissing the allegations of fraud and misrepresentation, and in upholding that PDMP can directly create a local or a chapter, it reversed the Regional Director's ruling that the 20% membership is a requirement for respondent to attain legal personality as a labor organization. Petitioner thereafter filed a Motion for Reconsideration with the BLR. In a Resolution rendered on 19 June 2001 in BLR-A-C-64-05-9-00 (NCR-OD-9908-007-IRD), the BLR denied the Motion for Reconsideration and affirmed its Decision dated 19 February 2001.[15]

Invoking the power of the appellate court to review decisions of quasi-judicial agencies, petitioner filed with the Court of Appeals a Petition for Certiorari under Rule 65 of the 1997 Rules of Civil Procedure docketed as CA-G.R. SP No. 66200. The Court of Appeals, in a Decision dated 9 March 2005, dismissed the petition and affirmed the Decision of the BLR, ruling as follows:

In Department Order No. 9, a registered federation or national union may directly create a local by submitting to the BLR copies of the charter certificate, the local's constitution and by-laws, the principal office address of the local, and the names of its officers and their addresses. Upon complying with the documentary requirements, the local shall be issued a certificate and included in the roster of legitimate labor organizations. The [herein respondent] is an affiliate of a registered federation PDMP, having been issued a charter certificate. Under the rules we have reviewed, there is no need for SMPPEU to show a membership of 20% of the employees of the bargaining unit in order to be recognized as a legitimate labor union.

x x x x

In view of the foregoing, the assailed decision and resolution of the BLR are AFFIRMED, and the petition is DISMISSED.[16]

Subsequently, in a Resolution dated 16 January 2006, the Court of Appeals denied petitioner's Motion for

Reconsideration of the aforementioned Decision.

Hence, this Petition for Certiorari under Rule 45 of the Revised Rules of Court where petitioner raises the sole issue of:

WHETHER OR NOT THE HONORABLE COURT OF APPEALS COMMITTED REVERSIBLE ERROR IN RULING THAT PRIVATE RESPONDENT IS NOT REQUIRED TO SUBMIT THE NUMBER OF EMPLOYEES AND NAMES OF ALL ITS MEMBERS COMPRISING AT LEAST 20% OF THE EMPLOYEES IN THE BARGAINING UNIT WHERE IT SEEKS TO OPERATE.

The present petition questions the legal personality of respondent as a legitimate labor organization.

Petitioner posits that respondent is required to submit a list of members comprising at least 20% of the employees in the bargaining unit before it may acquire legitimacy, citing Article 234(c) of the Labor Code which stipulates that any applicant labor organization, association or group of unions or workers shall acquire legal personality and shall be entitled to the rights and privileges granted by law to legitimate labor organizations upon issuance of the certificate of registration based on the following requirements:

- Fifty pesos (P50.00) registration fee;
- The names of its officers, their addresses, the principal address of the labor organization, the minutes of the organizational meetings and the list of the workers who participated in such meetings;
- The names of all its members comprising at least twenty percent (20%) of all the employees in the bargaining unit where it seeks to operate;
- If the applicant union has been in existence for one or more years, copies of its annual financial reports; and
- Four (4) copies of the constitution and by-laws of the applicant union, minutes of its adoption or ratification and the list of the members who participated in it.[17]

Petitioner also insists that the 20% requirement for registration of respondent must be based not on the number of employees of a single division, but in all three divisions of the company in all the offices and plants of SMC since they are all part of one bargaining unit. Petitioner refers to Section 1, Article 1 of the Collective Bargaining Agreement (CBA),[18] quoted hereunder:

ARTICLE 1
SCOPE

Section 1. Appropriate Bargaining Unit. The appropriate bargaining unit covered by this Agreement consists of all regular rank and file employees paid on the basis of fixed salary per month and employed by the COMPANY in its Corporate Staff Units (CSU), San Miguel Brewing Products (SMBP) and San Miguel Packaging Products (SMPP) and in different operations existing in the City of Manila and suburbs, including Metal Closure and Lithography Plant located at Canlubang, Laguna subject to the provisions of Article XV of this Agreement provided however, that if during the term of this Agreement, a plant within the territory covered by this Agreement is transferred outside but within a radius of fifty (50) kilometers from the Rizal Monument, Rizal Park, Metro Manila, the employees in the transferred plant shall remain in the bargaining unit covered by this Agreement. (Emphasis supplied.)

Petitioner thus maintains that respondent, in any case, failed to meet this 20% membership requirement since it based its membership on the number of employees of a single division only, namely, the SMPP.

There is merit in petitioner's contentions.

A legitimate labor organization[19] is defined as "any labor organization duly registered with the Department of

Labor and Employment, and includes any branch or local thereof." [20] The mandate of the Labor Code is to ensure strict compliance with the requirements on registration because a legitimate labor organization is entitled to specific rights under the Labor Code, [21] and are involved in activities directly affecting matters of public interest. Registration requirements are intended to afford a measure of protection to unsuspecting employees who may be lured into joining unscrupulous or fly-by-night unions whose sole purpose is to control union funds or use the labor organization for illegitimate ends. [22] Legitimate labor organizations have exclusive rights under the law which cannot be exercised by non-legitimate unions, one of which is the right to be certified as the exclusive representative [23] of all the employees in an appropriate collective bargaining unit for purposes of collective bargaining. [24] The acquisition of rights by any union or labor organization, particularly the right to file a petition for certification election, first and foremost, depends on whether or not the labor organization has attained the status of a legitimate labor organization. [25]

A perusal of the records reveals that respondent is registered with the BLR as a "local" or "chapter" of PDMP and was issued Charter Certificate No. 112 on 15 June 1999. Hence, respondent was directly chartered by PDMP.

The procedure for registration of a local or chapter of a labor organization is provided in Book V of the Implementing Rules of the Labor Code, as amended by Department Order No. 9 which took effect on 21 June 1997, and again by Department Order No. 40 dated 17 February 2003. The Implementing Rules as amended by D.O. No. 9 should govern the resolution of the petition at bar since respondent's petition for certification election was filed with the BLR in 1999; and that of petitioner on 17 August 1999. [26]

The applicable Implementing Rules enunciates a two-fold procedure for the creation of a chapter or a local. The first involves the affiliation of an independent union with a federation or national union or industry union. The second, finding application in the instant petition, involves the direct creation of a local or a chapter through the process of chartering. [27]

A duly registered federation or national union may directly create a local or chapter by submitting to the DOLE Regional Office or to the BLR two copies of the following:

- (a) A charter certificate issued by the federation or national union indicating the creation or establishment of the local/chapter;
- (b) The names of the local/chapter's officers, their addresses, and the principal office of the local/chapter; and
- (c) The local/chapter's constitution and by-laws; Provided, That where the local/chapter's constitution and by-laws is the same as that of the federation or national union, this fact shall be indicated accordingly.

All the foregoing supporting requirements shall be certified under oath by the Secretary or the Treasurer of the local/chapter and attested to by its President. [28]

The Implementing Rules stipulate that a local or chapter may be directly created by a federation or national union. A duly constituted local or chapter created in accordance with the foregoing shall acquire legal personality from the date of filing of the complete documents with the BLR. [29] The issuance of the certificate of registration by the BLR or the DOLE Regional Office is not the operative act that vests legal personality upon a local or a chapter under Department Order No. 9. Such legal personality is acquired from the filing of the complete documentary requirements enumerated in Section 1, Rule VI. [30]

Petitioner insists that Section 3 of the Implementing Rules, as amended by Department Order No. 9, violated Article 234 of the Labor Code when it provided for less stringent requirements for the creation of a chapter or local. This Court disagrees.

Article 234 of the Labor Code provides that an independent labor organization acquires legitimacy only upon its registration with the BLR:

Any applicant labor organization, association or group of unions or workers shall acquire legal personality and shall be entitled to the rights and privileges granted by law to legitimate labor organizations upon issuance of the certificate of registration based on the following requirements:

- (a) Fifty pesos (P50.00) registration fee;
- (b) The names of its officers, their addresses, the principal address of the labor organization, the minutes of the organizational meetings and the list of the workers who participated in such meetings;
- (c) The names of all its members comprising at least twenty percent (20%) of all the employees in the bargaining unit where it seeks to operate;
- (d) If the applicant union has been in existence for one or more years, copies of its annual financial reports; and
- (e) Four (4) copies of the constitution and by-laws of the applicant union, minutes of its adoption or ratification, and the list of the members who participated in it. (*Italics supplied.*)

It is emphasized that the foregoing pertains to the registration of an independent labor organization, association or group of unions or workers.

However, the creation of a branch, local or chapter is treated differently. This Court, in the landmark case of *Progressive Development Corporation v. Secretary, Department of Labor and Employment*,^[31] declared that when an unregistered union becomes a branch, local or chapter, some of the aforementioned requirements for registration are no longer necessary or compulsory. Whereas an applicant for registration of an independent union is mandated to submit, among other things, the number of employees and names of all its members comprising at least 20% of the employees in the bargaining unit where it seeks to operate, as provided under Article 234 of the Labor Code and Section 2 of Rule III, Book V of the Implementing Rules, the same is no longer required of a branch, local or chapter.^[32] The intent of the law in imposing less requirements in the case of a branch or local of a registered federation or national union is to encourage the affiliation of a local union with a federation or national union in order to increase the local union's bargaining powers respecting terms and conditions of labor.^[33]

Subsequently, in *Pagpalain Haulers, Inc. v. Trajano*^[34] where the validity of Department Order No. 9 was directly put in issue, this Court was unequivocal in finding that there is no inconsistency between the Labor Code and Department Order No. 9.

As to petitioner's claims that respondent obtained its Certificate of Registration through fraud and misrepresentation, this Court finds that the imputations are not impressed with merit. In the instant case, proof to declare that respondent committed fraud and misrepresentation remains wanting. This Court had, indeed, on several occasions, pronounced that registration based on false and fraudulent statements and documents confer no legitimacy upon a labor organization irregularly recognized, which, at best, holds on to a mere scrap of paper. Under such circumstances, the labor organization, not being a legitimate labor organization, acquires no rights.^[35]

This Court emphasizes, however, that a direct challenge to the legitimacy of a labor organization based on fraud and misrepresentation in securing its certificate of registration is a serious allegation which deserves careful scrutiny. Allegations thereof should be compounded with supporting circumstances and evidence. The records of the case are devoid of such evidence. Furthermore, this Court is not a trier of facts, and this doctrine applies with greater force in labor cases. Findings of fact of administrative agencies and quasi-judicial bodies, such as the

BLR, which have acquired expertise because their jurisdiction is confined to specific matters, are generally accorded not only great respect but even finality.[36]

Still, petitioner postulates that respondent was not validly and legitimately created, for PDMP cannot create a local or chapter as it is not a legitimate labor organization, it being a trade union center.

Petitioner's argument creates a predicament as it hinges on the legitimacy of PDMP as a labor organization. Firstly, this line of reasoning attempts to predicate that a trade union center is not a legitimate labor organization. In the process, the legitimacy of PDMP is being impugned, albeit indirectly. Secondly, the same contention premises that a trade union center cannot directly create a local or chapter through the process of chartering.

Anent the foregoing, as has been held in a long line of cases, the legal personality of a legitimate labor organization, such as PDMP, cannot be subject to a collateral attack. The law is very clear on this matter. Article 212 (h) of the Labor Code, as amended, defines a legitimate labor organization[37] as "any labor organization duly registered with the DOLE, and includes any branch or local thereof." [38] On the other hand, a trade union center is any group of registered national unions or federations organized for the mutual aid and protection of its members; for assisting such members in collective bargaining; or for participating in the formulation of social and employment policies, standards, and programs, and is duly registered with the DOLE in accordance with Rule III, Section 2 of the Implementing Rules.[39]

The Implementing Rules stipulate that a labor organization shall be deemed registered and vested with legal personality on the date of issuance of its certificate of registration. Once a certificate of registration is issued to a union, its legal personality cannot be subject to collateral attack.[40] It may be questioned only in an independent petition for cancellation in accordance with Section 5 of Rule V, Book V of the Implementing Rules. The aforementioned provision is enunciated in the following:

Sec. 5. Effect of registration. The labor organization or workers' association shall be deemed registered and vested with legal personality on the date of issuance of its certificate of registration. Such legal personality cannot thereafter be subject to collateral attack, but may be questioned only in an independent petition for cancellation in accordance with these Rules.

PDMP was registered as a trade union center and issued Registration Certificate No. FED-11558-LC by the BLR on 14 February 1991. Until the certificate of registration of PDMP is cancelled, its legal personality as a legitimate labor organization subsists. Once a union acquires legitimate status as a labor organization, it continues to be recognized as such until its certificate of registration is cancelled or revoked in an independent action for cancellation.[41] It bears to emphasize that what is being directly challenged is the personality of respondent as a legitimate labor organization and not that of PDMP. This being a collateral attack, this Court is without jurisdiction to entertain questions indirectly impugning the legitimacy of PDMP.

Corollarily, PDMP is granted all the rights and privileges appurtenant to a legitimate labor organization,[42] and continues to be recognized as such until its certificate of registration is successfully impugned and thereafter cancelled or revoked in an independent action for cancellation.

We now proceed to the contention that PDMP cannot directly create a local or a chapter, it being a trade union center.

This Court reverses the finding of the appellate court and BLR on this ground, and rules that PDMP cannot directly create a local or chapter.

After an exhaustive study of the governing labor law provisions, both statutory and regulatory,[43] we find no legal justification to support the conclusion that a trade union center is allowed to directly create a local or chapter

through chartering. Apropos, we take this occasion to reiterate the first and fundamental duty of this Court, which is to apply the law. The solemn power and duty of the Court to interpret and apply the law does not include the power to correct by reading into the law what is not written therein.[44]

Presidential Decree No. 442, better known as the Labor Code, was enacted in 1972. Being a legislation on social justice,[45] the provisions of the Labor Code and the Implementing Rules have been subject to several amendments, and they continue to evolve, considering that labor plays a major role as a socio-economic force. The Labor Code was first amended by Republic Act No. 6715, and recently, by Republic Act No. 9481. Incidentally, the term trade union center was never mentioned under Presidential Decree No. 442, even as it was amended by Republic Act No. 6715. The term trade union center was first adopted in the Implementing Rules, under Department Order No. 9.

Culling from its definition as provided by Department Order No. 9, a trade union center is any group of registered national unions or federations organized for the mutual aid and protection of its members; for assisting such members in collective bargaining; or for participating in the formulation of social and employment policies, standards, and programs, and is duly registered with the DOLE in accordance with Rule III, Section 2 of the Implementing Rules.[46] The same rule provides that the application for registration of an industry or trade union center shall be supported by the following:

- (a) The list of its member organizations and their respective presidents and, in the case of an industry union, the industry where the union seeks to operate;
- (b) The resolution of membership of each member organization, approved by the Board of Directors of such union;
- (c) The name and principal address of the applicant, the names of its officers and their addresses, the minutes of its organizational meeting/s, and the list of member organizations and their representatives who attended such meeting/s; and
- (d) A copy of its constitution and by-laws and minutes of its ratification by a majority of the presidents of the member organizations, provided that where the ratification was done simultaneously with the organizational meeting, it shall be sufficient that the fact of ratification be included in the minutes of the organizational meeting.[47]

Evidently, while a "national union" or "federation" is a labor organization with at least ten locals or chapters or affiliates, each of which must be a duly certified or recognized collective bargaining agent;[48] a trade union center, on the other hand, is composed of a group of registered national unions or federations.[49]

The Implementing Rules, as amended by Department Order No. 9, provide that "a duly registered federation or national union" may directly create a local or chapter. The provision reads:

Section 1. Chartering and creation of a local/chapter. — A duly registered federation or national union may directly create a local/chapter by submitting to the Regional Office or to the Bureau two (2) copies of the following:

- (a) A charter certificate issued by the federation or national union indicating the creation or establishment of the local/chapter;
- (b) The names of the local/chapter's officers, their addresses, and the principal office of the local/chapter; and
- (c) The local/chapter's constitution and by-laws; provided that where the local/chapter's constitution and by-laws is the same as that of the federation or national union, this fact shall be indicated accordingly.

All the foregoing supporting requirements shall be certified under oath by the Secretary or the Treasurer of the local/chapter and attested to by its President.[50]

Department Order No. 9 mentions two labor organizations either of which is allowed to directly create a local or chapter through chartering — a duly registered federation or a national union. Department Order No. 9 defines a "chartered local" as a labor organization in the private sector operating at the enterprise level that acquired legal personality through a charter certificate, issued by a duly registered federation or national union and reported to the Regional Office in accordance with Rule III, Section 2-E of these Rules.[51]

Republic Act No. 9481 or "An Act Strengthening the Workers' Constitutional Right to Self-Organization, Amending for the Purpose Presidential Decree No. 442, As Amended, Otherwise Known as the Labor Code of the Philippines" lapsed[52] into law on 25 May 2007 and became effective on 14 June 2007.[53] This law further amends the Labor Code provisions on Labor Relations.

Pertinent amendments read as follows:

SECTION 1. Article 234 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, is hereby further amended to read as follows:

ART. 234. Requirements of Registration. — A federation, national union or industry or trade union center or an independent union shall acquire legal personality and shall be entitled to the rights and privileges granted by law to legitimate labor organizations upon issuance of the certificate of registration based on the following requirements:

- (a) Fifty pesos (P50.00) registration fee;
- (b) The names of its officers, their addresses, the principal address of the labor organization, the minutes of the organizational meetings and the list of the workers who participated in such meetings;
- (c) In case the applicant is an independent union, the names of all its members comprising at least twenty percent (20%) of all the employees in the bargaining unit where it seeks to operate;
- (d) If the applicant union has been in existence for one or more years, copies of its annual financial reports; and
- (e) Four copies of the constitution and by-laws of the applicant union, minutes of its adoption or ratification, and the list of the members who participated in it.

SECTION 2. A new provision is hereby inserted into the Labor Code as Article 234-A to read as follows:

ART. 234-A. Chartering and Creation of a Local Chapter. — A duly registered federation or national union may directly create a local chapter by issuing a charter certificate indicating the establishment of the local chapter. The chapter shall acquire legal personality only for purposes of filing a petition for certification election from the date it was issued a charter certificate.

The chapter shall be entitled to all other rights and privileges of a legitimate labor organization only upon the submission of the following documents in addition to its charter certificate:

- (a) The names of the chapter's officers, their addresses, and the principal office of the chapter; and
- (b) The chapter's constitution and by-laws: Provided, That where the chapter's constitution and by-laws are the same as that of the federation or the national union, this fact shall be indicated accordingly.

The additional supporting requirements shall be certified under oath by the secretary or treasurer of the chapter and attested by its president. (Emphasis ours.)

Article 234 now includes the term trade union center, but interestingly, the provision indicating the procedure for

chartering or creating a local or chapter, namely Article 234-A, still makes no mention of a "trade union center."

Also worth emphasizing is that even in the most recent amendment of the implementing rules,[54] there was no mention of a trade union center as being among the labor organizations allowed to charter.

This Court deems it proper to apply the Latin maxim *expressio unius est exclusio alterius*. Under this maxim of statutory interpretation, the expression of one thing is the exclusion of another. When certain persons or things are specified in a law, contract, or will, an intention to exclude all others from its operation may be inferred. If a statute specifies one exception to a general rule or assumes to specify the effects of a certain provision, other exceptions or effects are excluded.[55] Where the terms are expressly limited to certain matters, it may not, by interpretation or construction, be extended to other matters.[56] Such is the case here. If its intent were otherwise, the law could have so easily and conveniently included "trade union centers" in identifying the labor organizations allowed to charter a chapter or local. Anything that is not included in the enumeration is excluded therefrom, and a meaning that does not appear nor is intended or reflected in the very language of the statute cannot be placed therein.[57] The rule is restrictive in the sense that it proceeds from the premise that the legislating body would not have made specific enumerations in a statute if it had the intention not to restrict its meaning and confine its terms to those expressly mentioned.[58] *Expressum facit cessare tacitum*. [59] What is expressed puts an end to what is implied. *Casus omissus pro omissio habendus est*. A person, object or thing omitted must have been omitted intentionally.

Therefore, since under the pertinent status and applicable implementing rules, the power granted to labor organizations to directly create a chapter or local through chartering is given to a federation or national union, then a trade union center is without authority to charter directly.

The ruling of this Court in the instant case is not a departure from the policy of the law to foster the free and voluntary organization of a strong and united labor movement,[60] and thus assure the rights of workers to self-organization.[61] The mandate of the Labor Code in ensuring strict compliance with the procedural requirements for registration is not without reason. It has been observed that the formation of a local or chapter becomes a handy tool for the circumvention of union registration requirements. Absent the institution of safeguards, it becomes a convenient device for a small group of employees to foist a not-so-desirable federation or union on unsuspecting co-workers and pare the need for wholehearted voluntariness, which is basic to free unionism.[62] As a legitimate labor organization is entitled to specific rights under the Labor Code and involved in activities directly affecting public interest, it is necessary that the law afford utmost protection to the parties affected.[63] However, as this Court has enunciated in *Progressive Development Corporation v. Secretary of Department of Labor and Employment*, it is not this Court's function to augment the requirements prescribed by law. Our only recourse, as previously discussed, is to exact strict compliance with what the law provides as requisites for local or chapter formation.[64]

In sum, although PDMP as a trade union center is a legitimate labor organization, it has no power to directly create a local or chapter. Thus, SMPPEU-PDMP cannot be created under the more lenient requirements for chartering, but must have complied with the more stringent rules for creation and registration of an independent union, including the 20% membership requirement.

WHEREFORE, the instant Petition is GRANTED. The Decision dated 09 March 2005 of the Court of Appeals in CA-GR SP No. 66200 is REVERSED and SET ASIDE. The Certificate of Registration of San Miguel Packaging Products Employees Union—Pambansang Diwa ng Manggagawang Pilipino is ORDERED CANCELLED, and SMPPEU-PDMP DROPPED from the rolls of legitimate labor organizations.

Costs against petitioner.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Nachura, and Reyes, JJ., concur.

[1]The Bureau of Labor Relations (BLR) was omitted as public respondent from the title of the case. In appeals via Petition for Certiorari under Rule 45 of the Revised Rules of Court, the tribunal promulgating the appealed Decision is not impleaded.

[2] Penned by Associate Justice Mario L. Guarina III with Associate Justices Marina L. Buzon and Santiago Javier Ranada, concurring; Rollo, pp. 23-31.

[3]CA rollo, pp. 17-21.

[4] Rollo, p. 51.

[5]Charter Certificate; CA rollo, p. 45.

[6] The following documents were submitted:

- Charter Certificate
- Constitution and By-Laws
- Lists and Addresses of Union Officers
- Financial Report
- Organization Meeting and Joint Resolution and Petition for Certification Election

[7]Certificate of Creation of Chapter/local; CA rollo, p. 44.

[8]On 15 June 1999, within the freedom period of the Collective Bargaining Agreement, respondent filed a Petition for Certification Election covering SMC-SMPP. The three petitions were consolidated on appeal with an earlier petition for certification election filed by San Miguel Corporation Employees Union Greater Manila and Canlubang Area (SMCEU-GMCA) docketed as OS-A-2-17-00.

[9] Id. at 18; Section 2 of Rule XI, Book V of the Implementing Rules, as amended by D.O. No. 9 provides that where two or more petitions for certification election involving the same bargaining unit are filed in one Regional Office, the same shall be automatically consolidated.

[10] Article 239. Grounds for Cancellation of Union Registration. The following shall constitute grounds for cancellation of union registration:

- Misrepresentation, false statement or fraud in connection with the adoption or ratification of the constitution and by-laws or amendments thereto, the minutes of ratification, and the list of members who took part in the ratification;
- Failure to submit the documents mentioned in the preceding paragraph within thirty (30) days from adoption or ratification of the constitution and by-laws of amendments thereto;
- Misrepresentation, false statements or fraud in connection with the election of officers, minutes of the election of officers, the list of voters, or failure to submit these documents together with the list of the newly elected/appointed officers and their postal addresses within thirty (30) days from election; x x x.

[11] The Labor Code stipulates the following:

Article 234. Requirements of Registration. Any applicant labor organization, association or group of unions or workers shall acquire legal personality and shall be entitled to the rights and privileges granted by law to legitimate labor organizations upon issuance of the certificate of registration based on the following requirements:

- Fifty pesos (P50.00) registration fee;
- The names of its officers, their addresses, the principal address of the labor organization, the minutes of the organizational meetings and the list of the workers who participated in such meetings;
- The names of all its members comprising at least twenty percent (20%) of all the employees in the bargaining unit where it seeks to operate;
- If the applicant union has been in existence for one or more years, copies of its annual financial reports; and
- Four (4) copies of the constitution and by-laws of the applicant union, minutes of its adoption or ratification and the list of the members who participated in it.

[12]CA rollo, pp. 33-39.

[13]Id. at 25-32.

[14]Id. at 20-21.

[15] Id. at 22-24.

[16]Rollo, pp. 29-30.

[17] Article 234, Labor Code.

[18] CA rollo, pp. 31-32.

[19] A labor organization is any union or association of employees which exists in whole or in part for the purpose of collective bargaining or for dealing with employers concerning terms and conditions of employment. [Section 1(h), Rule 1, Book V of the Implementing Rules, as amended by Department Order No. 9].

[20] Article 212(g), Labor Code; Section 1(i), Rule 1, Book V of the Implementing Rules, as amended by Department Order No. 9.

[21] Article 242 of the Labor Code grants the following:

Rights of Legitimate Labor Organizations. A legitimate labor organization shall have the right:

- (a) To act as the representative of its members for the purpose of collective bargaining;
- (b) To be certified as the exclusive representative of all the employees in an appropriate collective bargaining unit for purposes of collective bargaining;
- (c) To be furnished by the employer, upon written request, with the annual audited financial statements, including the balance sheet and the profit and loss statement, within thirty (30) calendar days from the date of receipt of the request, after the union has been duly recognized by the employer or certified as the sole and exclusive bargaining representatives of the employees in the bargaining unit, or within sixty (60) calendar days before the expiration of the existing collective bargaining agreement, or during the collective bargaining negotiation;
- (d) To own property, real or personal, for the use and benefit of the labor organization and its members;
- (e) To sue and be sued in its registered name; and

(f) To undertake all other activities designed to benefit the organization and its members including cooperative, housing welfare and other projects not contrary to law.

[22] *Progressive Development Corporation v. Secretary, Department of Labor and Employment*, G.R. No. 96425, 4 February 1992, 205 SCRA 802, 808.

[23] Provided there is compliance with the requirements.

[24] *San Miguel Foods, Inc.-Cebu B-Meg Feed Plant v. Laguesma*, 331 Phil. 356, 371 (1996).

[25] *Progressive Development Corporation-Pizza Hut v. Laguesma*, 338 Phil. 310, 321 (1997).

[26] Section 1, Rule XXVI, Department Order No. 40, which states:

Section 1. Rules governing prior applications, petitions, complaints, cases. - All applications, petitions, complaints, cases or incidents commenced or filed prior to the effectivity of these amendatory Rules shall be governed by the old rules as amended by Department Order No. 9, series of 1997.

[27] Rule VI, Book V, Implementing Rules, as amended by Department Order No. 9. Additionally, section 2 thereof provides that a duly registered workers' association may likewise charter any of its branches, subject to the filing of the documents prescribed under Section 1.

[28] Section 1, Rule VI, Book V of the Implementing Rules, as amended by Department Order No. 9.

[29] Section 3, Rule VI of the Implementing Rules of Book V, as amended by Department Order No. 9, clearly states:

SEC. 3. Acquisition of legal personality by local/chapter. A local/chapter constituted in accordance with Section 1 of this Rule shall acquire legal personality from the date of filing of the complete documents enumerated therein. Upon compliance with all documentary requirements, the Regional Office or Bureau shall issue in favor of the local/chapter a certificate indicating that it is included in the roster of legitimate labor organizations. (*Laguna Autoparts Manufacturing Corporation v. Office of the Secretary, Department of Labor and Employment*, G.R. No. 157146, 29 April 2005, 457 SCRA 730, 740.

[30] *Progressive Development Corporation v. Secretary, Department of Labor and Employment*, supra note 22.

[31] *Id.*

[32] *Progressive Development Corporation v. Secretary, Department of Labor and Employment*, *id.*; *San Miguel Foods, Inc.-Cebu B-Meg Feed Plant v. Laguesma*, supra note 24.

[33] *Progressive Development Corporation v. Secretary, Department of Labor and Employment*, supra note 22.

[34] 369 Phil. 618, 627 (1999).

[35] *Progressive Development Corporation—Pizza Hut v. Laguesma*, supra note 25.

[36] *Seastar Marine Services, Inc. v. Bul-An, Jr.*, G.R. No. 142609, 25 November 2004, 444 SCRA 140, 154-155; *Naguiat v. National Labor Relations Commission*, 336 Phil. 545, 553 (1997).

[37] A labor organization is any union or association of employees which exists in whole or in part for the purpose of collective bargaining or for dealing with employers concerning terms and conditions of employment. [Section 1(h), Rule 1, Book V of the Implementing Rules, as amended by Department Order No. 9].

[38] Article 212(g), Labor Code; Section 1(i), Rule 1, Book V of the Implementing Rules, as amended by

Department Order No. 9.

[39] Section 1(p), Rule I, Book V, of the Implementing Rules, as amended by Department Order No. 9.

[40] Tagaytay Highlands International Golf Club Incorporated v. Tagaytay Highlands Employees Union-PGTWO, 443 Phil. 841, 852 (2003).

[41] Laguna Autoparts Manufacturing Corporation v. Office of the Secretary, Department of Labor and Employment, *supra* note 29.

[42] Under Article 234 of the Labor Code, any applicant labor organization, association or group of unions or workers shall acquire legal personality and shall be entitled to the rights and privileges granted by law to legitimate labor organizations upon issuance of the certificate of registration upon compliance with the documentary requirements.

[43] As amended by Department Order No. 9, Department Order No. 40-03, and Department Order No. 40-B-03.

[44] Agote v. Lorenzo, G.R. No. 142675, 22 July 2005, 464 SCRA 60, 76.

[45] As aptly put by Justice Laurel, social justice is the humanization of laws and the equalization of social and economic forces by the state so that justice in its rational and objectively secular conception may at least be approximated.

[46] Section 1(p), Rule I, Book V, of the Implementing Rules, as amended by Department Order No. 9.

[47] Under a different section; Section 2 (III), Rule III, Book V of the Implementing Rules, as amended by Department Order No. 9.

[48] Rule I(m), Book V, Implementing Rules, as amended by Department Order No. 9.

[49] Rule (p), *id.*

[50] Section 1, Rule VI, Book V, *id.*

[51] Section 1(i), Rule I, Book V, Implementing Rules, as amended by Department Order No. 40-03.

[52] Republic Act No. 9481 was not signed by the President, but lapsed into law by virtue of the provisions of the 1987 Philippine Constitution.

[53] Republic Act No. 9481 was published on 30 May 2007 in a newspaper of general circulation (MALAYA). The date of effectivity is computed 15 days from date of publication.

[54] Subsequently amended by Department Order No. 40-B-03, Department Order No. 40-C-05, and Department Order No. 40-D-05.

[55] Black's Law Dictionary, p. 581; Office of the Ombudsman v. Valera, G.R. No. 164250, 5 September 2005, 471 SCRA 715, 746 and City Government of San Pablo, Laguna v. Reyes, 364 Phil. 842, 853 (1999).

[56] Sarmiento, III v. Mison, G.R. No. 79974, 17 December 1987, 156 SCRA 549, 552; Integrated Bar of the Philippines v. Zamora, 392 Phil. 618, 642 (2000).

[57] Singapore Airlines Local Employees Association v. National Labor Relations Commission, 215 Phil. 420, 428 (1984).

[58] San Pablo Mfg. Corp. v. Commissioner of Internal Revenue, G.R. No. 147749, 22 June 2006, 492 SCRA 192, 200.

[59] *Abakada Guro Party List v. Ermita*, G.R. No. 168056, 1 September 2005, 469 SCRA 1, *Espiritu v. Cipriano*, G.R. No. 32743, February 15, 1974, 55 SCRA 533, 538.

[60] Chapter 1, Book V, Labor Code, as amended by Republic Act No. 6715.

[61] As embodied under Article 3 of the Labor Code.

[62] *Progressive Development Corporation v. Secretary, Department of Labor and Employment*, supra note 22.

[63] Article 242 of the Labor Code grants the following:

Rights of Legitimate Labor Organizations. A legitimate labor organization shall have the right:

- (a) To act as the representative of its members for the purpose of collective bargaining;
- (b) To be certified as the exclusive representative of all the employees in an appropriate collective bargaining unit for purposes of collective bargaining;
- (c) To be furnished by the employer, upon written request, with the annual audited financial statements, including the balance sheet and the profit and loss statement, within thirty (30) calendar days from the date of receipt of the request, after the union has been duly recognized by the employer or certified as the sole and exclusive bargaining representatives of the employees in the bargaining unit, or within sixty (60) calendar days before the expiration of the existing collective bargaining agreement, or during the collective bargaining negotiation;
- (d) To own property, real or personal, for the use and benefit of the labor organization and its members;
- (e) To sue and be sued in its registered name; and
- (f) To undertake all other activities designed to benefit the organization and its members including cooperative, housing welfare and other projects not contrary to law.

[64] Supra note 22.

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