

FVC LABOR UNION-PHILIPPINE TRANSPORT AND GENERAL WORKERS ORGANIZATION (FVCLU-PTGWO), PETITIONER, VS. SAMA-SAMANG NAGKAKAISANG MANGGAGAWA SA FVC-SOLIDARITY OF INDEPENDENT AND GEN...

G.R. No. 176249. November 27, 2009

Ponente: BRION, J.

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BRION, J.:

We pass upon the petition for review on certiorari under Rule 45 of the Rules of Court[1] filed by FVC Labor Union-Philippine Transport and General Workers Organization (FVCLU-PTGWO) to challenge the Court of Appeals' (CA) decision of July 25, 2006[2] and its resolution rendered on January 15, 2007[3] in C.A. G.R. SP No. 83292.[4]

THE ANTECEDENTS

The facts are undisputed and are summarized below.

On December 22, 1997, the petitioner FVCLU-PTGWO - the recognized bargaining agent of the rank-and-file employees of the FVC Philippines, Incorporated (company) - signed a five-year collective bargaining agreement (CBA) with the company. The five-year CBA period was from February 1, 1998 to January 30, 2003.[5] At the end of the 3[rd] year of the five-year term and pursuant to the CBA, FVCLU-PTGWO and the company entered into the renegotiation of the CBA and modified, among other provisions, the CBA's duration. Article XXV, Section 2 of the renegotiated CBA provides that "this re-negotiation agreement shall take effect beginning February 1, 2001 and until May 31, 2003" thus extending the original five-year period of the CBA by four (4) months.

On January 21, 2003, nine (9) days before the January 30, 2003 expiration of the originally-agreed five-year CBA term (and four [4] months and nine [9] days away from the expiration of the amended CBA period), the respondent Sama-Samang Nagkakaisang Manggagawa sa FVC-Solidarity of Independent and General Labor Organizations (SANAMA-SIGLO) filed before the Department of Labor and Employment (DOLE) a petition for certification election for the same rank-and-file unit covered by the FVCLU-PTGWO CBA. FVCLU-PTGWO moved to dismiss the petition on the ground that the certification election petition was filed outside the freedom period or outside of the sixty (60) days before the expiration of the CBA on May 31, 2003.

Action on the Petition and Related Incidents

On June 17, 2003, Med-Arbiter Arturo V. Cosuco dismissed the petition on the ground that it was filed outside the 60-day period counted from the May 31, 2003 expiry date of the amended CBA.[6] SANAMA-SIGLO appealed the Med-Arbiter's Order to the DOLE Secretary, contending that the filing of the petition on January 21, 2003 was within 60-days from the January 30, 2003 expiration of the original CBA term.

DOLE Secretary Patricia A. Sto. Tomas sustained SANAMA-SIGLO's position, thereby setting aside the decision

of the Med-Arbiter.[7]She ordered the conduct of a certification election in the company.FVCLU-PTGWO moved for the reconsideration of the Secretary's decision.

On November 6, 2003, DOLE Acting Secretary Manuel G. Imson granted the motion; he set aside the August 6, 2003 DOLE decision and dismissed the petition as the Med-Arbiter's Order of June 17, 2003 did.[8]The Acting Secretary held that the amended CBA (which extended the representation aspect of the original CBA by four [4] months) had been ratified by members of the bargaining unit some of whom later organized themselves as SANAMA-SIGLO, the certification election applicant.Since these SANAMA-SIGLO members fully accepted and in fact received the benefits arising from the amendments, the Acting Secretary rationalized that they also accepted the extended term of the CBA and cannot now file a petition for certification election based on the original CBA expiration date.

SANAMA-SIGLO moved for the reconsideration of the Acting Secretary's Order, but Secretary Sto. Tomas denied the motion in her Order of January 30, 2004.[9]

SANAMA-SIGLO sought relief from the CA through a petition for certiorari under Rule 65 of the Rules of Court based on the grave abuse of discretion the Labor Secretary committed when she reversed her earlier decision calling for a certification election.SANAMA-SIGLO pointed out that the Secretary's new ruling is patently contrary to the express provision of the law and established jurisprudence.

THE CA DECISION

The CA found SANAMA-SIGLO's petition meritorious on the basis of the applicable law[10] and the rules,[11] as interpreted in the congressional debates. It set aside the challenged DOLE Secretary decisions and reinstated her earlier ruling calling for a certification election.The appellate court declared:

It is clear from the foregoing that while the parties may renegotiate the other provisions (economic and non-economic) of the CBA, this should not affect the five-year representation aspect of the original CBA. If the duration of the renegotiated agreement does not coincide with but rather exceeds the original five-year term, the same will not adversely affect the right of another union to challenge the majority status of the incumbent bargaining agent within sixty (60) days before the lapse of the original five (5) year term of the CBA.In the event a new union wins in the certification election, such union is required to honor and administer the renegotiated CBA throughout the excess period.

FVCLU-PTGWO moved to reconsider the CA decision but the CA denied the motion in its resolution of January 15, 2007.[12]With this denial, FVCLU-PTGWO now comes before us to challenge the CA rulings.[13]It argues that in light of the peculiar attendant circumstances of the case, the CA erred in strictly applying Section 11 (11b), Rule XI, Book V of the Omnibus Rules Implementing the Labor Code, as amended by Department Order No. 9, s. 1997.[14]

Apparently, the "peculiar circumstances" the FVCLU-PTGWO referred to relate to the economic and other provisions of the February 1, 1998 to January 30, 2003 CBA that it renegotiated with the company.The renegotiated CBA changed the CBA's remaining term from February 1, 2001 to May 31, 2003.To FVCLU-PTGWO, this extension of the CBA term also changed the union's exclusive bargaining representation status and effectively moved the reckoning point of the 60-day freedom period from January 30, 2003 to May 30, 2003.FVCLU-PTGWO thus moved to dismiss the petition for certification election filed on January 21, 2003 (9 days before the expiry date on January 30, 2003 of the original CBA) by SANAMA-SIGLO on the ground that the petition was filed outside the authorized 60-day freedom period.

It also submits in its petition that the SANAMA-SIGLO is estopped from questioning the extension of the CBA

term under the amendments because its members are the very same ones who approved the amendments, including the expiration date of the CBA, and who benefited from these amendments.

Lastly, FVCLU-PTGWO posits that the representation petition had been rendered moot by a new CBA it entered into with the company covering the period June 1, 2003 to May 31, 2008.[15]

Required to comment by the Court[16] and to show cause for its failure to comply,[17] SANAMA-SIGLO manifested on October 10, 2007 that: since the promulgation of the CA decision on July 25, 2006 or three years after the petition for certification election was filed, the local leaders of SANAMA-SIGLO had stopped reporting to the federation office or attending meetings of the council of local leaders; the SANAMA-SIGLO counsel, who is also the SIGLO national president, is no longer in the position to pursue the present case because the local union and its leadership, who are principals of SIGLO, had given up and abandoned their desire to contest the representative status of FVCLU-PTGWO; and a new CBA had already been signed by FVCLU-PTGWO and the company.[18] Under these circumstances, SANAMA-SIGLO contends that pursuing the case has become futile, and accordingly simply adopted the CA decision of July 25, 2006 as its position; its counsel likewise asked to be relieved from filing a comment in the case. We granted the request for relief and dispensed with the filing of a comment.[19]

THE COURT'S RULING

While SANAMA-SIGLO has manifested its abandonment of its challenge to the exclusive bargaining representation status of FVCLU-PTGWO, we deem it necessary in the exercise of our discretion to resolve the question of law raised since this exclusive representation status issue will inevitably recur in the future as workplace parties avail of opportunities to prolong workplace harmony by extending the term of CBAs already in place.[20]

The legal question before us centers on the effect of the amended or extended term of the CBA on the exclusive representation status of the collective bargaining agent and the right of another union to ask for certification as exclusive bargaining agent. The question arises because the law allows a challenge to the exclusive representation status of a collective bargaining agent through the filing of a certification election petition only within 60 days from the expiration of the five-year CBA.

Article 253-A of the Labor Code covers this situation and it provides:

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.

This Labor Code provision is implemented through Book V, Rule VIII of the Rules Implementing the Labor Code[21] which states:

Sec. 14. Denial of the petition; grounds. - The Med-Arbitrator may dismiss the petition on any of the following grounds:

x x x x

(b) the petition was filed before or after the freedom period of a duly registered collective bargaining agreement; provided that the sixty-day period based on the original collective bargaining agreement shall not be affected by any amendment, extension or renewal of the collective bargaining agreement (underscoring supplied).

x x x x

The root of the controversy can be traced to a misunderstanding of the interaction between a union's exclusive bargaining representation status in a CBA and the term or effective period of the CBA.

FVCLU-PTGWO has taken the view that its exclusive representation status should fully be in step with the term of the CBA and that this status can be challenged only within 60 days before the expiration of this term. Thus, when the term of the CBA was extended, its exclusive bargaining status was similarly extended so that the freedom period for the filing of a petition for certification election should be counted back from the expiration of the amended CBA term.

We hold this FVCLU-PTGWO position to be correct, but only with respect to the original five-year term of the CBA which, by law, is also the effective period of the union's exclusive bargaining representation status. While the parties may agree to extend the CBA's original five-year term together with all other CBA provisions, any such amendment or term in excess of five years will not carry with it a change in the union's exclusive collective bargaining status. By express provision of the above-quoted Article 253-A, the exclusive bargaining status cannot go beyond five years and the representation status is a legal matter not for the workplace parties to agree upon. In other words, despite an agreement for a CBA with a life of more than five years, either as an original provision or by amendment, the bargaining union's exclusive bargaining status is effective only for five years and can be challenged within sixty (60) days prior to the expiration of the CBA's first five years. As we said in *San Miguel Corp. Employees Union-PTGWO, et al. v. Confesor, San Miguel Corp., Magnolia Corp. and San Miguel Foods, Inc.*, [22] where we cited the Memorandum of the Secretary of Labor and Employment dated February 24, 1994:

In the event however, that the parties, by mutual agreement, enter into a renegotiated contract with a term of three (3) years or one which does not coincide with the said five-year term and said agreement is ratified by majority of the members in the bargaining unit, the subject contract is valid and legal and therefore, binds the contracting parties. The same will however not adversely affect the right of another union to challenge the majority status of the incumbent bargaining agent within sixty (60) days before the lapse of the original five (5) year term of the CBA.

In the present case, the CBA was originally signed for a period of five years, i.e., from February 1, 1998 to January 30, 2003, with a provision for the renegotiation of the CBA's other provisions at the end of the 3rd year of the five-year CBA term. Thus, prior to January 30, 2001 the workplace parties sat down for renegotiation but instead of confining themselves to the economic and non-economic CBA provisions, also extended the life of the CBA for another four months, i.e., from the original expiry date on January 30, 2003 to May 30, 2003.

As discussed above, this negotiated extension of the CBA term has no legal effect on the FVCLU-PTGWO's exclusive bargaining representation status which remained effective only for five years ending on the original expiry date of January 30, 2003. Thus, sixty days prior to this date, or starting December 2, 2002, SANAMA-SIGLO could properly file a petition for certification election. Its petition, filed on January 21, 2003 or nine (9) days before the expiration of the CBA and of FVCLU-PTGWO's exclusive bargaining status, was

seasonably filed.

We thus find no error in the appellate court's ruling reinstating the DOLE order for the conduct of a certification election. If this ruling cannot now be given effect, the only reason is SANAMA-SIGLO's own desistance; we cannot disregard its manifestation that the members of SANAMA themselves are no longer interested in contesting the exclusive collective bargaining agent status of FVCLU-PTGWO. This recognition is fully in accord with the Labor Code's intent to foster industrial peace and harmony in the workplace.

WHEREFORE, premises considered, we AFFIRM the correctness of the challenged Decision and Resolution of the Court of Appeals and accordingly DISMISS the petition, but nevertheless DECLARE that no certification election, pursuant to the underlying petition for certification election filed with the Department of Labor and Employment, can be enforced as this petition has effectively been abandoned.

SO ORDERED.

Carpio, Leonardo-De Castro, Del Castillo, and Abad, JJ., concur.

[1] Rollo, pp. 3-17.

[2] Id. at 69-85. Penned by Associate Justice Mariflor P. Punzalan Castillo and concurred in by Associate Justice Remedios A. Salazar Fernando and Associate Justice Noel G. Tijam.

[3] Id. at 94-96.

[4] Sama-Samang Nagkakaisang Manggagawa sa FVC-Solidarity of Independent and General Labor Organizations (SANAMA-FVC-SIGLO) v. Hon. Patricia Sto. Tomas, Secretary of Labor and Employment, FVC Labor Union-PTGWO and FVC Philippines.

[5] Petition, Annex "A"; rollo, pp. 19-35.

[6] Petition, Annex "C"; id. at 51-55.

[7] Dated August 6, 2003; Petition, Annex "D"; id. at 56-60.

[8] Petition, Annex "E"; id. at 61-64.

[9] Petition, Annex "F"; id. at 65-67.

[10] LABOR CODE, Article 253-A.

[11] Omnibus Rules Implementing the Labor Code, Book V, Rule XI, Section 11(11b).

[12] Supra note 3.

[13] Supra note 1.

[14] Supra note 11.

[15] Petition, Annex "J"; rollo, pp. 97-120.

[16] Resolution dated February 26, 2007; id. at 127.

[17] Resolution dated July 16, 2007; id. at 138.

[18] Id. at 140-142.

[19] Resolution dated November 19, 2007; *id.* at 144-145.

[20] *Caneland Sugar Corporation v. Alon, et al.*, G.R. No. 142896, September 12, 2007, 533 SCRA 29; *Manalo v. Calderon*, G.R. No. 178920, October 15, 2007, 536 SCRA 2007; See *Acop v. Guingona*, G.R. No. 134855, July 2, 2002, 383 SCRA 577; 433 Phil 62 (2002).

[21] *Supra* note 11.

[22] G.R. No. 111262, September 19, 1996, 262 SCRA 81.

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