

UNITED CMC TEXTILE WORKERS UNION, PETITIONER, VS. HON. JACOBO C. CLAVE, HON. BENIGNO L. VIVAR, JR., AND CENTRAL TEXTILE MILLS, INC., RESPONDENTS.

G.R. No. 52720, August 19, 1982

Ponente: DE CASTRO, J.

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DE CASTRO, J.:

In this special civil action of certiorari, petitioner seeks to set aside the resolution[1] of respondent Presidential Executive Assistant Jacobo C. Clave in NLRC Case No. RB-IV-2230-75 entitled "In the matter of voluntary arbitration between United CMC Textile Workers' Union, Complainant, and Central Textile Mills, Inc., Respondent," dated September 13, 1979, on the ground that the aforesaid resolution was allegedly issued with grave abuse of discretion and in excess of jurisdiction, and the resolution[2] of the same respondent dated December 14, 1979, denying petitioner's motion for reconsideration of the aforementioned resolution.

The relevant facts which precipitated the filing of this suit, are as stated in the decision dated March 9, 1979 rendered by respondent Clave in the aforesaid case, to wit:

"Records show that in 1970, respondent Central Textile Mills, Inc., and complainant United CMC Textile Workers Union negotiated and signed a collective bargaining agreement for a term of three (3) years, Article II, Section 2 thereof providing that:

"Section 1. Probationary Employment: All new regular employees of the corporation shall be subject to a probationary period of six (6) months. Such apprentices as the corporation may engage under the provisions of R.A. 1826 and the Bureau of Labor Standards, Department of Labor, are exempted from the provision and shall, instead be covered by their respective contracts of apprenticeship."

"Notwithstanding the above provision, respondent company employed a number of casual or contractual employees in 1970 prompting complainant union to file a request for grievance on May 23, 1970, culminating eventually in the change of status of casual or contractual employees to regular with payment of salary differentials. Thereafter and until the early part of 1973, respondent company ceased employing casuals and instead employed new employees to undergo a probationary period of six (6) months after which they were considered as regular employees with corresponding hike in their salaries of P.90 a day, the P.50 increase as provided for in a memorandum agreement entered into sometime in March 1970 as a consequence of a complaint filed in court by the union against the company for breach of contract, while the amount of P.40 as embodied in a Return-To-Work Agreement dated December 21, 1971, as an offshoot of the strike staged by complainant union.

"During the year 1972 up to the early part of 1973, the management religiously complied with provisions of the CBA, Memorandum Agreement and Return-To-Work Agreement. However, when a new management took over during the latter part of 1973, respondent company started hiring casuals who were required to sign monthly contracts upon the termination of which they were laid off for two to three days and then rehired for another month under a new contract. Complainant union protested against said practice but to no avail.

"Subsequently, some of these casual employees joined the union and signed check-off authorizations which, however, were not enforced by the company. Hence, on January 6, 1975, the union filed a complaint with the Department of Labor charging the company with unfair labor practice acts, as follows: (1) refusal to convert regular employees Felicitas Nadonga, et al. despite more than two years service to the company, in violation of the CBA and the Labor Code; (2) non-payment of benefits contained in the CBA to Felicitas Nadonga, et al. and non-adjustment of their wages; and (3) under-statement of vacation leave pay of Mr. Manuel Fernandez, and illegal collection/keeping of his leave benefits from the SSS.

"During the conciliation stage of the proceedings, the parties agreed in writing to submit the case for voluntary arbitration and selected Mr. Manuel Dia for that purpose. On account of the protracted delay caused by the repeated non-appearance of the company's representative in the scheduled hearing, the voluntary arbitrator heard the case ex-parte, but later ordered both parties to submit their respective memoranda together with supporting evidences with which only the union complied. As stated in the memorandum submitted by the union, five issues were presented for voluntary arbitration, to wit:

"I. Whether or not the following employees namely, (1) Bayani Alcayde, (2) Fortunato Samson, (3) Antonio Mariano, (4) Ernesto Fabro, (5) Danilo Buban, (6) Jessie Vergara, (7) Melencio Marcelo, (8) Narciso de Leon, (9) Bernardo Esteban, (10) Rizalino Braccina, (11) Remedios de Guia, (12) Isabel de Roxas, (13) Marina Joban, and (14) Priscilla Jimenez are entitled to be regularized pursuant to the Collective Bargaining Agreement between the parties;

"II. Whether or not the employees named in Issue No. 1 are entitled to the benefits of the Collective Bargaining Agreement, Memorandum Agreement, and Return-To-Work Agreement between the parties;

"III. Whether or not the names listed in the 'Appendix' are casuals or not;

"IV. Whether or not the employees listed under issue No. 3 are entitled to the benefits contained in the Collective Bargaining Agreement, Memorandum Agreement, and Return-To-Work Agreement between the parties; and

"V. Whether or not the Company committed unfair labor practice."

"As regards the first issue, the arbitrator opined that the aforementioned 14 employees should have been extended regular appointments after passing the six-month probationary period. Although the CBA stipulates that "all new regular employees shall, undergo a probationary employment of six (6) months" without expressly providing that said employees shall be converted to regular after the lapse of the probationary period, the arbitrator, viewing the CBA provision "in the light of the antecedent acts of the company," construed the same as implicative of the company's obligation to extend regular appointments to probationary employees after the lapse of the required period.

"Conformably to the above conclusion, the arbitrator held that the 14 employees became entitled as a matter of right to the benefits provided for under the CBA, Memorandum Agreement and Return-To-Work Agreement between the parties after undergoing the 6-month probationary employment period.

"For insufficiency of evidence, the third and fourth issues were not resolved by the arbitrator, while on the fifth issue, no legal ground was found to exist to declare respondent company guilty of unfair labor practice.

"On August 20, 1975, the union filed an unopposed partial motion for reconsideration of the decision of the voluntary arbitrator who, in an amended decision dated October 3, 1975, ruled thus:

"In view, therefore, of the uncontested Partial Motion for Reconsideration filed by the Union and the above consideration, we are hereby modifying our decision dated August 11, 1975, in the above entitled case, to the effect that we are setting aside our ruling on Issues Nos. 3 and 4, and in lieu thereof, we are declaring as it is hereby declared that the employees listed in Issue No. 3 are not casuals, and therefore, they are entitled to the

benefits of the CBA, Return-to-Work Agreement, and the Memorandum Agreement of the parties, six months after they have completed their probationary employment.

"The benefits which are to be enjoyed by the regularized employees under issue No. 1 shall commence from the completion of the probationary employment in the Company which is defined in the CBA.

"With respect to Issue No. 5., however, we maintain that the evidence presented by the Union of its unfair labor practice charge, remained insufficient to establish a moral certainty that will give us a clear conscience to declare the Company guilty of the offense charged."

"Upon appeal by the Company, the National Labor Relations Commission (NLRC), First Division, issued a resolution on March 31, 1977, dismissing the appeal for lack of merit on the ground that the decision of the voluntary arbitrator had become final and executory pursuant to Article 262 of the New Labor Code. In an order dated November 24, 1977, the Secretary of Labor affirmed the NLRC decision. Hence, the instant appeal."^[3]

Resolving the appeal as well as the motion to dismiss filed by petitioner, respondent Clave issued a decision^[4] dated March 9, 1979, dismissing said appeal and affirming in toto the questioned Order. However, upon a motion for reconsideration filed by the private respondent, respondent Clave modified his decision in the Resolution^[5] of September 13, 1979, insofar as the third and fourth issues were concerned and declared the employees involved under said issues to be apprentices and hence, not entitled to the benefits provided for in the collective bargaining agreement, the memorandum agreement and the return-to-work agreement, since they are covered by their respective contracts of apprenticeship.

Unable to obtain a reconsideration of said Resolution, the present recourse was filed, petitioner claiming that the decision of the voluntary arbitrator is final and is, therefore, no longer appealable, much less subject to modification. The issues presented by the parties boil down to the question of whether or not respondent Clave gravely abused his discretion in taking cognizance of private respondent's appeal and finally resolving the same in said respondent's favor.

The parties are in harmony that pursuant to the provisions of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, Article 294 of which reads:

"ART. 294. Application of law enacted prior to this Code. - All actions or claims accruing prior to the effectivity of this Code shall be determined in accordance with the laws in force at the time of their accrual."

the applicable law in this case is Presidential Decree No. 21, which is the controlling enactment at the time the cause of action of petitioner accrued, since it was in the later part of 1973 that private respondent had allegedly violated the provisions of the collective bargaining agreement entered into by and between the parties, when said respondent started rehiring casuals who were required to sign monthly contracts upon the termination of which, they were laid off for two or three days and then rehired for another month under a new contract, an act allegedly not sanctioned by the aforementioned bargaining agreement.

Traversing the charge of grave abuse of discretion and/or lack of jurisdiction in entertaining the appeal, the respondents invoked the provisions of the Ad Hoc NLRC Supplementary Rules and Regulations, Section 1 of which, allows any aggrieved party in any award, whether voluntary or compulsory arbitration, to appeal to the National Labor Relations Commission or to the Secretary (now Minister) of Labor, as the case may be, on the ground, inter alia, that the Arbitrator had disregarded vital evidence which if considered may substantially change the nature of the award.^[6] Based on the aforecited provision, it is argued that the appeal was properly filed before, and was rightly entertained by, the Office of the President, which is the last recourse for redress in the

administrative hierarchy, to satisfy the requirement of exhaustion of administrative remedies. It is then submitted that the questioned resolution of September 13, 1979 should be sustained, the same being amply supported by substantial evidence on record.

After a careful review and perusal of the entire records of this case, the Court finds the stand of petitioner meritorious. The very same Ad Hoc NLRC Supplementary Rules and Regulations invoked by respondents provide in Section 7 thereof, that "an award shall become final and executory between the parties upon the expiration of the period to appeal and no appeal is made within the reglementary period," which is, according to Section 2 of the said Rules and Regulations, ten (10) days from receipt of the award by the aggrieved party.[7] It is the contention of the petitioner, not rebutted nor denied by the respondents and which is ascertained to be supported by the records of the case, that the amended decision[8] of the voluntary arbitrator dated October 3, 1975 has lapsed to finality without an appeal having been timely interposed by the private respondent within the reglementary period. Having thus become final, even the voluntary arbitrator who rendered it cannot lawfully alter or modify the same especially where the alteration or modification is material and substantial, the only power retained being limited to the execution and enforcement of the said final judgment in all of its parts and in accordance with its express orders.[9]

Indeed, as the records reveal, during the hearing held on December 16, 1975[10] incident to the execution of the judgment, the parties manifested on record that they would be filing a motion for clarification, as they apparently did file,[11] on the following points, to wit:

"1) Is wage increase included under Issues No. 1 and No. 2, if yes, when?

"2) Who are the employees so called 'casuals', employees referred to in the award No. 3?

"3) When to reckon the six months period?

"4) What are the benefits granted pursuant to ruling No. 4 and whether it contemplates inclusion of wage increase?"[12]

which were resolved by the voluntary arbitrator on February 26, 1976, as follows:

"1. That wage increase is part and parcel of the benefits granted in Issues No. 1 & No. 2, which must be enjoyed by the regularized employees six months counted from the date of their employment in the Company.

"2. That the 'casual' employees referred to in the award No. 3 in the previous decision are limited to the names submitted by the Union during the initial hearing of this case as reflected in the stenographic notes taken during the hearing of the case. x x x (The names of the employees concerned, their respective dates of employment & ID Nos. are omitted.)

"3. That the six months probationary employment of the so-called 'casual' should be reckoned from their respective dates of employment, for purposes of enjoying the benefits of the CBA, Memorandum Agreement, and Return-to-Work Agreement; and

"4. That the benefits to be enjoyed by the so-called 'casuals' are the same as those to be or are being enjoyed by employees who have become 'regular' including the wage increases."[13]

The motion filed by the private respondent for the reconsideration of the above-resolution of the motion for clarification was denied by the voluntary arbitrator.

There is further on record the uncontradicted averment that in the subsequent hearings of March 11 and 20, 1976, also incident to the execution of the judgment, private respondent appearing thru counsel manifested that they be given enough time within which to compute the monetary liabilities of the company arising from the decision of

the voluntary arbitrator as amended.[14]

In fine, the Court finds that the decision of the voluntary arbitrator dated August 12, 1975, as amended by his decision of October 3, 1975, has long become final and executory when private respondent appealed said decision to the National Labor Relations Commission on July 1, 1976, or around nine months thereafter.

More importantly, the Court also finds as well-taken petitioner's citation and invocation of Section 19 of the implementing rules and regulations of P.D. 21, likewise not controverted nor traversed by the respondents, to fortify its claim that the decision of the voluntary arbitrator is final, executory and not appealable. Said provision reads as follows:

"Decision of the arbitrator shall be final and executory in the following cases:

"1. If the arbitrator is chosen by the parties themselves.[15]

x x x x x

There appears no dispute that the voluntary arbitrator in this case was chosen by the parties pursuant to their collective bargaining agreement, which declares that the decision of said arbitrator shall be final and binding.

"If the Grievance Committee fails to settle the dispute, the corporation and the union hereby agree to submit the case to arbitration by one disinterested person acceptable to both sides and whose decision shall be final and binding on all concerned." (Section 5, Article VI, CBA).[16]

The only fair implication from the fact that the collective bargaining agreement between the Company and the Union, herein private respondent and petitioner respectively, provided for arbitration as the final step in the settlement of disputes between them, is that the parties took this step clearly for the purpose of preserving industrial peace and avoiding unnecessary litigation between them. Their solemn agreement to accept the award to be rendered by the chosen arbitrator as final, impliedly gave the award the character of a compromise agreement binding upon the contending parties. As such, the Court sees no reason why the parties, especially the private respondent, may not be bound by the decision of the aforesaid arbitrator, in the absence of a showing that the latter has exceeded the powers delegated to him.

WHEREFORE, the questioned resolutions are hereby set aside and the decision of the voluntary arbitrator is hereby reinstated, with costs against the private respondent.

SO ORDERED.

Barredo, (Chairman), Concepcion, Jr., Guerrero, and Escolin, JJ., concur.

Aquino, J., in the result.

Abad Santos, J., no part.

[1] Annex "KK" of the Petition, pp. 279-282, Rollo.

[2] Annex "OO" of the Petition, p. 294, Id.

[3] pp. 1-5, Annex "AA" of the Petition, p. 229, Id.

[4] p. 229, Ibid.

[5] p. 279, Id.

[6] Annex "A" of Private Respondent's comment, pp. 366-367, Rollo.

[7] Ibid.

[8] Annex "H" of the Petition, pp. 97-100, Rollo.

[9] Samson v. Montejo, 9 SCRA 419; Ocampo v. Caluag, 19 SCRA 971.

[10] Annex "O" of the Petition, pp. 139-140, Rollo.

[11] Annexes "J" and "K" of the Petition, pp. 104-122, Id.

[12] Annex "L" of the Petition, pp. 123-128, Id.

[13] Ibid.

[14] pp. 160-161, 194-195, & 221, Rollo.

[15] p. 23, Petition.

[16] Annex "A" of the Petition, pp. 35-41, Rollo.

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