

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
SECOND DIVISION**

**LUDO & LUYM CORPORATION,  
*Petitioner,***

***-versus-***

**G.R. No. 140960  
January 20, 2003**

**FERDINAND SAORNIDO as voluntary  
arbitrator and LUDO EMPLOYEES  
UNION (LEU) representing 214 of its  
officers and members,  
*Respondents.***

X-----X

**DECISION**

**QUISUMBING, J.:**

This Petition for Review on Certiorari seeks to annul and set aside the Decision<sup>[1]</sup> of the Court of Appeals promulgated on July 6, 1999 and its Order denying petitioner's motion for reconsideration in CA-G.R. SP No. 44341.

The relevant facts as substantially recited by the Court of Appeals in its decision are as follows:

Petitioner LUDO & LUYM CORPORATION (LUDO for brevity) is a domestic corporation engaged in the manufacture of coconut oil, corn

starch, glucose and related products. It operates a manufacturing plant located at Tupas Street, Cebu City and a wharf where raw materials and finished products are shipped out.

In the course of its business operations, LUDO engaged the arrastre services of Cresencio Lu Arrastre Services (CLAS) for the loading and unloading of its finished products at the wharf. Accordingly, several arrastre workers were deployed by CLAS to perform the services needed by LUDO.

These arrastre workers were subsequently hired, on different dates, as regular rank-and-file employees of LUDO every time the latter needed additional manpower services. Said employees thereafter joined respondent union, the LUDO Employees Union (LEU), which acted as the exclusive bargaining agent of the rank-and-file employees.

On April 13, 1992, respondent union entered into a collective bargaining agreement with LUDO which provides certain benefits to the employees, the amount of which vary according to the length of service rendered by the availing employee.

Thereafter, the union requested LUDO to include in its members' period of service the time during which they rendered arrastre services to LUDO through the CLAS so that they could get higher benefits. LUDO failed to act on the request. Thus, the matter was submitted for voluntary arbitration.

The parties accordingly executed a submission agreement raising the sole issue of the date of regularization of the workers for resolution by the Voluntary Arbitrator.

In its decision dated April 18, 1997, the Voluntary Arbitrator ruled that: (1) the respondent employees were engaged in activities necessary and desirable to the business of petitioner, and (2) CLAS is a labor-only contractor of petitioner.<sup>[2]</sup> It disposed of the case thus:

WHEREFORE, in view of the foregoing, this Voluntary Arbitrator finds the claims of the complainants meritorious and so hold that:

- a. the 214 complainants, as listed in the Annex A, shall be considered regular employees of the respondents six (6) months from the first day of service at CLAS;
- b. the said complainants, being entitled to the CBA benefits during the regular employment, are awarded a) sick leave, b) vacation leave & c) annual wage and salary increases during such period in the amount of FIVE MILLION SEVEN HUNDRED SEVEN THOUSAND TWO HUNDRED SIXTY ONE PESOS AND SIXTY ONE CENTAVOS (P5,707,261.61) as computed in “Annex A”;
- c. the respondents shall pay attorney’s fees of ten (10) percent of the total award;
- d. an interest of twelve (12) percent per annum or one (1) percent per month shall be imposed to the award from the date of promulgation until fully paid if only to speed up the payment of these long over due CBA benefits deprived of the complaining workers.

Accordingly, all separation and/or retirement benefits shall be construed from the date of regularization aforementioned subject only to the appropriate government laws and other social legislation.

SO ORDERED.<sup>[3]</sup>

In due time, LUDO filed a motion for reconsideration, which was denied. On appeal, the Court of Appeals affirmed in toto the decision of the Voluntary Arbitrator, thus:

WHEREFORE, finding no reversible error committed by respondent voluntary arbitrator, the instant petition is hereby DISMISSED.

SO ORDERED.<sup>[4]</sup>

Hence this petition. Before us, petitioner raises the following issues:

## I

WHETHER OR NOT BENEFITS CONSISTING OF SALARY INCREASES, VACATION LEAVE AND SICK LEAVE BENEFITS FOR THE YEARS 1977 TO 1987 ARE ALREADY BARRED BY PRESCRIPTION WHEN PRIVATE RESPONDENTS FILED THEIR CASE IN JANUARY 1995;

## II

WHETHER OR NOT A VOLUNTARY ARBITRATOR CAN AWARD BENEFITS NOT CLAIMED IN THE SUBMISSION AGREEMENT.<sup>[5]</sup>

Petitioner contends that the appellate court gravely erred when it upheld the award of benefits which were beyond the terms of submission agreement. Petitioner asserts that the arbitrator must confine its adjudication to those issues submitted by the parties for arbitration, which in this case is the sole issue of the date of regularization of the workers. Hence, the award of benefits by the arbitrator was done in excess of jurisdiction.<sup>[6]</sup>

Respondents, for their part, aver that the three-year prescriptive period is reckoned only from the time the obligor declares his refusal to comply with his obligation in clear and unequivocal terms. In this case, respondents maintain that LUDO merely promised to review the company records in response to respondents' demand for adjustment in the date of their regularization without making a categorical statement of refusal.<sup>[7]</sup> On the matter of the benefits, respondents argue that the arbitrator is empowered to award the assailed benefits because notwithstanding the sole issue of the date of regularization, standard companion issues on reliefs and remedies are deemed incorporated. Otherwise, the whole arbitration process would be rendered purely academic and the law creating it inutile.<sup>[8]</sup>

The jurisdiction of Voluntary Arbitrator or Panel of Voluntary Arbitrators and Labor Arbiters is clearly defined and specifically

delineated in the Labor Code. The pertinent provisions of the Labor Code, read:

Art. 217. Jurisdiction of Labor Arbiters and the Commission. — (a) Except as otherwise provided under this Code the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

1. Unfair labor practice cases;
2. Termination disputes;
3. If accompanied with a claim for reinstatement, those cases that workers may file involving wage, rates of pay, hours of work and other terms and conditions of employment;
4. Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations;

Art. 261. Jurisdiction of Voluntary Arbitrators or panel of Voluntary Arbitrators. — The Voluntary Arbitrator or panel of Voluntary Arbitrators shall have original and exclusive jurisdiction to hear and decide all unresolved grievances arising from the interpretation or implementation of the Collective Bargaining Agreement and those arising from the interpretation or enforcement of company personnel policies referred to in the immediately preceding article. Accordingly, violations of a Collective Bargaining Agreement, except those which are gross in character, shall no longer be treated as unfair labor practice and shall be resolved as grievances under the Collective Bargaining Agreement. For purposes of this article, gross violations of Collective Bargaining Agreement shall mean flagrant and/or malicious refusal to comply with the economic provisions of such agreement.

The Commission, its Regional Offices and the Regional Directors of the Department of Labor and Employment shall

not entertain disputes, grievances or matters under the exclusive and original jurisdiction of the Voluntary Arbitrator or panel of Voluntary Arbitrators and shall immediately dispose and refer the same to the Grievance Machinery or Voluntary Arbitration provided in the Collective Bargaining Agreement.

Art. 262. Jurisdiction over other labor disputes. — The Voluntary Arbitrator or panel of Voluntary Arbitrators, upon agreement of the parties, shall also hear and decide all other labor disputes including unfair labor practices and bargaining deadlocks.”

In construing the above provisions, we held in *San Jose vs. NLRC*,<sup>[9]</sup> that the jurisdiction of the Labor Arbiter and the Voluntary Arbitrator or Panel of Voluntary Arbitrators over the cases enumerated in the Labor Code, Articles 217, 261 and 262, can possibly include money claims in one form or another.<sup>[10]</sup> Comparatively, in *Reformist Union of R.B. Liner, Inc. vs. NLRC*,<sup>[11]</sup> compulsory arbitration has been defined both as “the process of settlement of labor disputes by a government agency which has the authority to investigate and to make an award which is binding on all the parties, and as a mode of arbitration where the parties are compelled to accept the resolution of their dispute through arbitration by a third party (emphasis supplied).”<sup>[12]</sup> While a voluntary arbitrator is not part of the governmental unit or labor department’s personnel, said arbitrator renders arbitration services provided for under labor laws.

Generally, the arbitrator is expected to decide only those questions expressly delineated by the submission agreement. Nevertheless, the arbitrator can assume that he has the necessary power to make a final settlement since arbitration is the final resort for the adjudication of disputes.<sup>[13]</sup> The succinct reasoning enunciated by the CA in support of its holding, that the Voluntary Arbitrator in a labor controversy has jurisdiction to render the questioned arbitral awards, deserves our concurrence, thus:

In general, the arbitrator is expected to decide those questions expressly stated and limited in the submission agreement. However, since arbitration is the final resort for the adjudication of disputes, the arbitrator can assume that he has

the power to make a final settlement. Thus, assuming that the submission empowers the arbitrator to decide whether an employee was discharged for just cause, the arbitrator in this instance can reasonable assume that his powers extended beyond giving a yes-or-no answer and included the power to reinstate him with or without back pay.

In one case, the Supreme Court stressed that “the Voluntary Arbitrator had plenary jurisdiction and authority to interpret the agreement to arbitrate and to determine the scope of his own authority subject only, in a proper case, to the certiorari jurisdiction of this Court. The Arbitrator, as already indicated, viewed his authority as embracing not merely the determination of the abstract question of whether or not a performance bonus was to be granted but also, in the affirmative case, the amount thereof.

By the same token, the issue of regularization should be viewed as two-tiered issue. While the submission agreement mentioned only the determination of the date or regularization, law and jurisprudence give the voluntary arbitrator enough leeway of authority as well as adequate prerogative to accomplish the reason for which the law on voluntary arbitration was created — speedy labor justice. It bears stressing that the underlying reason why this case arose is to settle, once and for all, the ultimate question of whether respondent employees are entitled to higher benefits. To require them to file another action for payment of such benefits would certainly undermine labor proceedings and contravene the constitutional mandate providing full protection to labor.<sup>[14]</sup>

As regards petitioner’s contention that the money claim in this case is barred by prescription, we hold that this contention is without merit. So is petitioner’s stance that the benefits claimed by the respondents, i.e., sick leave, vacation leave and 13<sup>th</sup>-month pay, had already prescribed, considering the three-year period for the institution of monetary claims.<sup>[15]</sup> Such determination is a question of fact which must be ascertained based on the evidence, both oral and documentary, presented by the parties before the Voluntary Arbitrator. In this case, the Voluntary Arbitrator found that

prescription has not as yet set in to bar the respondents' claims for the monetary benefits awarded to them. Basic is the rule that findings of fact of administrative and quasi-judicial bodies, which have acquired expertise because their jurisdiction is confined to specific matters, are generally accorded not only great respect but even finality.<sup>[16]</sup> Here, the Voluntary Arbitrator received the evidence of the parties first-hand. No compelling reason has been shown for us to diverge from the findings of the Voluntary Arbitrator, especially since the appellate court affirmed his findings, that it took some time for respondent employees to ventilate their claims because of the repeated assurances made by the petitioner that it would review the company records and determine therefrom the validity of the claims, without expressing a categorical denial of their claims. As elucidated by the Voluntary Arbitrator:

The respondents had raised prescription as defense. The controlling law, as ruled by the High Court, is:

“The cause of action accrues until the party obligated refuses to comply with his duty. Being warded off by promises, the workers not having decided to assert their rights, their causes of action had not accrued.” (*Citation omitted.*)

Since the parties had continued their negotiations even after the matter was raised before the Grievance Procedure and the voluntary arbitration, the respondents had not refused to comply with their duty. They just wanted the complainants to present some proofs. The complainant's cause of action had not therefore accrued yet. Besides, in the earlier voluntary arbitration case aforementioned involving exactly the same issue and employees similarly situated as the complainants', the same defense was raised and dismissed by Honorable Thelma Jordan, Voluntary Arbitrator.

In fact, the respondents' promised to correct their length of service and grant them the back CBA benefits if the complainants can prove they are entitled rendered the former in estoppel, barring them from raising the defense of laches or prescription. To hold otherwise amounts to rewarding the respondents for their duplicitous

representation and abet them in a dishonest scheme against their workers.<sup>[17]</sup>

Indeed, as the Court of Appeals concluded, under the equitable principle of estoppel, it will be the height of injustice if we will brush aside the employees' claims on a mere technicality, especially when it is petitioner's own action that prevented them from interposing the claims within the prescribed period.

**WHEREFORE**, the petition is **DENIED**. The appealed decision of the Court of Appeals in CA-G.R. SP No. 44341 and the resolution denying petitioner's motion for reconsideration, are **AFFIRMED**. Costs against petitioner.

**SO ORDERED.**

**Bellosillo, Mendoza, Austria-Martinez and Callejo, Sr., JJ., concur.**

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[1] Rollo, pp. 29–34. Penned by Associate Justice Angelina Sandoval Gutierrez, former Associate Justice of the CA.

[2] Id. at 60–61.

[3] Id. at 63.

[4] Id. at 33.

[5] Id. at 10–11.

[6] Id. at 16.

[7] Id. at 97–98.

[8] Id. at 99–101.

[9] 294 SCRA 336 (1998).

[10] Supra note 9 at 348.

[11] 266 SCRA 713 (1997).

[12] Supra note 11, at 723.

[13] Rollo, pp. 31–32 citing C.A. Azucena, *The Labor Code, With Comments and Cases*, 1993 Ed., p. 283 and *Sime Darby Pilipinas, Inc. vs. Magsalin*, G.R. No. 90426, 180 SCRA 177, 183 (1989).

[14] *Ibid.*

[15] Labor Code, ART. 291. Money claims. — All money claims arising from employer-employee relation accruing during the effectivity of this Code shall be filed within three (3) years from the time that cause of action accrues; otherwise they shall be forever barred.

[16] Conti vs. NLRC, G.R. No. 119253, 271 SCRA 114, 122 (1997).

[17] Rollo, pp. 61–62.

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