SUPREME COURT
FIRST DIVISION

NEW PACIFIC TIMBER & SUPPLY COMPANY, CO., INC.,
***Petitioner*,**

-versus-

G.R. No. 124224
March 17, 2000

NATIONAL LABOR RELATIONS COMMISSION, MUSIB M. BUAT, LEON G. GONZAGA, JR., ET AL., NATIONAL FEDERATION OF LABOR, MARIANO AKILIT and 350 OTHERS,
***Respondents*.**
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D E C I S I O N

KAPUNAN, *J.*:

May the term of a Collective Bargaining Agreement (CBA) as to its economic provisions be extended beyond the term expressly stipulated therein, and, in the absence of a new CBA, even beyond the three-year period provided by law? Are employees hired after the stipulated term of a CBA entitled to the benefits provided thereunder?

These are the issues at the heart of the instant petition for certiorari with prayer for the issuance of preliminary injunction and/or

temporary restraining order filed by petitioner New Pacific Timber & Supply Company, Incorporated against the National Labor Relations Commission NLRC, et al. and the National Federation of Labor, et al.

The antecedent facts, as found by the NLRC, are as follows:

The National Federation of Labor (NFL, for brevity) was certified as the sole and exclusive bargaining representative of all the regular rank-and-file employees of New Pacific Timber & Supply Co., Inc. (hereinafter referred to as petitioner Company).[1] As such, NFL started to negotiate for better terms and conditions of employment for the employees in the bargaining unit which it represented. However, the same was allegedly met with stiff resistance by petitioner Company, so that the former was prompted to file a complaint for unfair labor practice (ULP) against the latter on the ground of refusal to bargain collectively.[2]

On March 31, 1987, then Executive Labor Arbiter Hakim S. Abulwahid issued an order declaring (a) herein petitioner Company guilty of ULP; and (b) the CBA proposals submitted by the NFL as the CBA between the regular rank-and-file employees in the bargaining unit and petitioner Company.[3]

Petitioner Company appealed the above order to the NLRC. On November 15, 1989, the NLRC rendered a decision dismissing the appeal for lack of merit. A motion for reconsideration thereof was, likewise, denied in a Resolution, dated November 12, 1990.[4]

Unsatisfied, petitioner Company filed a petition for certiorari with this Court. But the Court dismissed said petition in a Resolution, dated January 21, 1991.[5]

Thereafter, the records of the case were remanded to the arbitration branch of origin for the execution of Labor Arbiter Abulwahid's Order, dated March 31, 1987, granting monetary benefits consisting of wage increases, housing allowances, bonuses, etc. to the regular rank-and-file employees. Following a series of conferences to thresh out the details of computation, Labor Arbiter Reynaldo S. Villena issued an Order, dated October 18, 1993, directing petitioner Company to pay the 142 employees entitled to the aforesaid benefits

the respective amounts due them under the CBA. Petitioner Company complied; and, the corresponding quitclaims were executed. The case was considered closed following NFL's manifestation that it will no longer appeal the October 18, 1993 Order of Labor Arbiter Villena.[6]

However, notwithstanding such manifestation, a "Petition for Relief" was filed in behalf of 186 of the private respondents "Mariano J. Akilit and 350 others" on May 12, 1994. In their petition, they claimed that they were wrongfully excluded from enjoying the benefits under the CBA since the agreement with NFL and petitioner Company limited the CBA's implementation to only the 142 rank-and-file employees enumerated. They claimed that NFL's misrepresentations had precluded them from appealing their exclusion.[7]

Treating the petition for relief as an appeal, the NLRC entertained the same. On August 4, 1994, said commission issued a resolution[8] declaring that the 186 excluded employees "form part and parcel of the then existing rank-and-file bargaining unit" and were, therefore, entitled to the benefits under the CBA. The NLRC held, thus:

> WHEREFORE, the appeal is hereby granted and the Order of the Labor arbiter dated October 18, 1993 is hereby Set Aside and Vacated. In lieu hereof, a new Order is hereby issued directing respondent New Pacific Timber & Supply Co., Inc. to pay all its regular rank-and-file workers their wage differentials and other benefits arising from the decreed CBA as explained above, within ten (10) days from receipt of this order.
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> SO ORDERED.[9]

Petitioner Company filed a motion for reconsideration of the aforequoted resolution.

Meanwhile, four separate groups of the private respondents, including the original 186 who had filed the "Petition for Relief" filed individual money claims, docketed as NLRC Cases Nos. M-001991-94 to M-001994-94, before the Arbitration Branch of the NLRC, Cagayan de Oro City. However, Labor Arbiter Villena dismissed these cases in Orders, dated March 11, 1994; April 13, 1994; March 9, 1994, and, May 10, 1994. The employees appealed the respective dismissals of

their complaints to the NLRC The latter consolidated these appeals with the aforementioned motion for reconsideration filed by petitioner Company.

On February 29, 1996, the NLRC issued a resolution, the dispositive portion of which reads as follows:

> WHEREFORE, the instant petition for reconsideration of respondent is Denied for lack of merit and the Resolution of this Commission dated August 4, 1994 Sustained. The separate orders of the Labor Arbiter dated March 11, 1994, April 13, 1994, March 9, 1994 and May 10, 1994, respectively, in NLRC Cases Nos. M-001991-94 to M-001994-94 are Set Aside and Vacated for lack of legal bases.
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> Conformably, respondent New Pacific Timber and Supply Co., Inc. is hereby directed to pay individual complainants their CBA benefits in the aggregate amount of P13,559,510.37, the detailed computation thereof is contained in Annex "A" which forms an integral part of this resolution, plus ten (10%) percent thereof as Attorney's fees.
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> SO ORDERED.[10]

Hence, the instant petition wherein petitioner Company raises the following issues:

> I
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> THE PUBLIC RESPONDENT NLRC COMMITTED GRAVE ABUSE OF DISCRETION IN ALLOWING THE "PETITION FOR RELIEF" TO PROSPER.
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> II
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> THE PUBLIC RESPONDENT NLRC COMMITTED GRAVE ABUSE OF DISCRETION IN RULING THAT PRIVATE RESPONDENTS MARIANO AKILIT AND 350 OTHERS ARE ENTITLED TO BENEFITS UNDER THE COLLECTIVE BARGAINING AGREEMENT IN SPITE OF THE FACT THAT

THEY WERE NOT EMPLOYED BY THE PETITIONER MUCH LESS WERE THEY MEMBERS OF THE BARGAINING UNIT DURING THE TERM OF THE CBA.

III

PUBLIC RESPONDENT NLRC COMMITTED GRAVE ABUSE OF DISCRETION IN MAKING FACTUAL FINDINGS WITHOUT BASIS.

IV

THE DISPOSITIVE PORTIONS OF THE ASSAILED RESOLUTIONS ARE DEFECTIVE AND/OR REVEAL THE GRAVE ABUSE OF DISCRETION COMMITTED BY PUBLIC RESPONDENT.[11]

Petitioner Company contends that a "Petition for Relief" is not the proper mode of seeking a review of a decision rendered by the arbitration branch of the NLRC.[12] According to the petitioner, nowhere in the Labor Code or in the NLRC Rules of Procedure is there such a pleading. Rather, the remedy of a party aggrieved by an unfavorable ruling of the labor arbiter is to appeal said judgment to the NLRC.[13]

Petitioner asseverates that even assuming that the NLRC correctly treated the petition for relief as an appeal, still, it should not have allowed the same to prosper, because the petition was filed several months after the ten-day reglementary period for filing an appeal had expired; and, therefore, it failed to comply with the requirements of an appeal under the Labor Code and the NLRC Rules of Procedure.

Petitioner Company further contends that in filing separate complaints and/or money claims at the arbitration level in spite of their pending petition for relief and in spite of the final order, dated October 18, 1993, in NLRC Case No. RAB-IX-0334-82, the private respondents were in fact forum-shopping, an act which is proscribed as trifling with the courts and abusing their practices.

Anent the second issue, petitioner argues that the private respondents are not entitled to the benefits under the CBA because employees hired after the term of a CBA are not parties to the agreement, and therefore, may not claim benefits thereunder, even if they subsequently become members of the bargaining unit.

As for the term of the CBA, petitioner maintains that Article 253 of the Labor Code refers to the continuation in full force and effect of the previous CBA's terms and conditions. By necessity, it could not possibly refer to terms and conditions which, as expressly stipulated, ceased to have force and effect.[14]

According to petitioner, the provision on wage increase in the 1981 to 1984 CBA between petitioner Company and NFL provided for yearly wage increases. Logically, these provisions ended in the year 1984 — the last year that the economic provisions of the CBA were, pursuant to contract and law, effective. Petitioner claims that there is no contractual basis for the grant of CBA benefits such as wage increases in 1985 and subsequent years, since the CBA stipulates only the increases for the years 1981 to 1984.

Moreover, petitioner alleges that it was through no fault of theirs that no new CBA was entered pending appeal of the decision in NLRC Case No. RAB-IX-0334-82.

Finally, petitioner Company claims that it was never given the opportunity to submit a counter-computation of the benefits supposedly due the private respondents. Instead, the NLRC allegedly relied on the self-serving computations of private respondents.

Petitioner's contentions are untenable.

We find no grave abuse of discretion on the part of the NLRC, when it entertained the petition for relief filed by the private respondents and treated it as an appeal, even if it was filed beyond the reglementary period for filing an appeal. Ordinarily, once a judgment has become final and executory, it can no longer be disturbed, altered or modified. However, a careful scrutiny of the facts and circumstances of the instant case warrants liberality in the application of technical rules and procedure. It would be a greater injustice to deprive the

concerned employees of the monetary benefits rightly due them because of a circumstance over which they had no control. As stated above, private respondents, in their petition for relief, claimed that they were wrongfully excluded from the list of those entitled to the CBA benefits by their union, NFL, without their knowledge; and, because they were under the impression that they were ably represented, they were not able to appeal their case on time.

The Supreme Court has allowed appeals from decisions of the labor arbiter to the NLRC, even if filed beyond the reglementary period, in the interest of justice.[15] Moreover, under Article 218 (c) of the Labor Code, the NLRC may, in the exercise of its appellate powers, "correct, amend or waive any error, defect or irregularity whether in substance or in form." Further, Article 221 of the same provides that: "In any proceeding before the Commission or any of the Labor Arbiters, the rules of evidence prevailing in courts of law or equity shall not be controlling and it is the spirit and intention of this Code that the Commission and its members and the Labor Arbiters shall use every and all reasonable means to ascertain the facts in each case speedily and objectively and without regard to technicalities of law or procedure, all in the interest of due process."[16]

Anent the issue of whether or not the term of an existing CBA, particularly as to its economic provisions, can be extended beyond the period stipulated therein, and even beyond the three-year period prescribed by law, in the absence of a new agreement, Article 253 of the Labor Code explicitly provides:

> ARTICLE 253. Duty to bargain collectively when there exists a collective bargaining agreement. — When there is a collective bargaining agreement, the duty to bargain collectively shall also mean that neither party shall terminate nor modify such agreement during its lifetime. However, either party can serve a written notice to terminate or modify the agreement at least sixty (60) days prior to its expiration date. It shall be the duty of both parties to keep the status quo and to continue in full force and effect the terms and conditions of the existing agreement during the 60-day period and/or until a new agreement is reached by the parties. *(Emphasis supplied.)*

It is clear from the above provision of law that until a new Collective Bargaining Agreement has been executed by and between the parties, they are duty-bound to keep the status quo and to continue in full force and effect the terms and conditions of the existing agreement. The law does not provide for any exception nor qualification as to which of the economic provisions of the existing agreement are to retain force and effect; therefore, it must be understood as encompassing all the terms and conditions in the said agreement.

In the case at bar, no new agreement was entered into by and between petitioner Company and NFL pending appeal of the decision in NLRC Case No. RAB-IX-0334-82; nor were any of the economic provisions and/or terms and conditions pertaining to monetary benefits in the existing agreement modified or altered. Therefore, the existing CBA in its entirety, continues to have legal effect.

In a recent case, the Court had occasion to rule that Articles 253 and 253-A[17] mandate the parties to keep the status quo and to continue in full force and effect the terms and conditions of the existing agreement during the 60-day period prior to the expiration of the old CBA and/or until a new agreement is reached by the parties. Consequently, the automatic renewal clause provided for by the law, which is deemed incorporated in all CBA's, provides the reason why the new CBA can only be given a prospective effect.[18]

In the case of Lopez Sugar Corporation vs. Federation of Free Workers, et al.,[19] this Court reiterated the rule that although a CBA has expired, it continues to have legal effects as between the parties until a new CBA has been entered into. It is the duty of both parties to the CBA to keep the status quo, and to continue in full force and effect the terms and conditions of the existing agreement during the 60-day period and/or until a new agreement is reached by the parties.[20]

To rule otherwise, i.e., that the economic provisions of the existing CBA in the instant case ceased to have force and effect in the year 1984, would be to create a gap during which no agreement would govern, from the time the old contract expired to the time a new agreement shall have been entered into. For if, as contended by the petitioner, the economic provisions of the existing CBA were to have no legal effect, what agreement as to wage increases and other

monetary benefits would govern at all? None, it would seem, if we are to follow the logic of petitioner Company. Consequently, the employees from the year 1985 onwards would be deprived of a substantial amount of monetary benefits which they could have enjoyed had the terms and conditions of the CBA remained in force and effect. Such a situation runs contrary to the very intent and purpose of Articles 253 and 253-A of the Labor Code which is to curb labor unrest and to promote industrial peace, as can be gleaned from the discussions of the legislators leading to the passage of said laws, thus:

> HON. CHAIRMAN HERRERA:
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> Pag nag-survey tayo sa mga unyon, ganoon ang mangyayari. And I think our responsibility here is to create a legal framework to promote industrial peace and to develop responsible and fair labor movement.
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> HON. CHAIRMAN VELOSO:
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> In other words, the longer the period of the effectivity.
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> x x x
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> HON. CHAIRMAN VELOSO:
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> (continuing) in other words, the longer the period of effectivity of the CBA, the better for industrial peace.
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> x x x.[21]

Having established that the CBA between petitioner Company and NFL remained in full force and effect even beyond the stipulated term, in the absence of a new agreement; and, therefore, that the economic provisions such as wage increases continued to have legal effect, we are now faced with the question of who are entitled to the benefits provided thereunder.

Petitioner Company insists that the rank-and-file employees hired after the term of the CBA in spite of their subsequent membership in

the bargaining unit, are not parties to the agreement, and certainly may not claim the benefits thereunder.

We do not agree. In a long line of cases, this Court has held that when a collective bargaining contract is entered into by the union representing the employees and the employer, even the non-member employees are entitled to the benefits of the contract. To accord its benefits only to members of the union without any valid reason would constitute undue discrimination against nonmembers.[22] It is even conceded, that a laborer can claim benefits from a CBA entered into between the company and the union of which he is a member at the time of the conclusion of the agreement, after he has resigned from said union.[23]

In the same vein, the benefits under the CBA in the instant case should be extended to those employees who only became such after the year 1984. To exclude them would constitute undue discrimination and deprive them of monetary benefits they would otherwise be entitled to under a new collective bargaining contract to which they would have been parties. Since in this particular case, no new agreement had been entered into after the CBA's stipulated term, it is only fair and just that the employees hired thereafter be included in the existing CBA. This is in consonance with our ruling that the terms and conditions of a collective bargaining agreement continue to have force and effect even beyond the stipulated term when no new agreement is executed by and between the parties to avoid or prevent the situation where no collective bargaining agreement at all would govern between the employer company and its employees.

Anent the other issues raised by petitioner Company, the Court finds that these pertain to questions of fact that have already been passed upon by the NLRC. It is axiomatic that, the factual findings of the National Labor Relations Commission, which have acquired expertise because its jurisdiction is confined to specific matters, are accorded respect and finality by the Supreme Court, when these are supported by substantial evidence. A perusal of the assailed resolution reveals that the same was reached on the basis of the required quantum of evidence.

WHEREFORE, in view of the foregoing, the instant petition for certiorari is hereby **DISMISSED** for lack of merit.

SO ORDERED.

Davide, Jr., *C.J.*, Puno and Ynares-Santiago, *JJ.*, concur. Pardo, *J.*, is on official business abroad.

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[1] Rollo, p. 42.
[2] Ibid.
[3] Id., at 42.
[4] Id., at 43.
[5] Id., at 43.
[6] Id., at 46.
[7] Id., at 137.
[8] Id., at 40.
[9] Id., at 138.
[10] Id., at 69-70.
[11] Id., at 12.
[12] Id., at 12.
[13] Id., at 13.
[14] Id., at 25.
[15] City Fair Corporation vs. NLRC, 243 SCRA 572 (1995).
[16] Id., at 576.
[17] Art. 253-A. 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. . . . 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.
[18] Union of Filipino Employees vs. NLRC, 192 SCRA 414 (1990).
[19] 189 SCRA 179.
[20] Pier 8 Arrastre & Stevedoring Services, Inc. vs. Hon. Ma. Nieves Roldan-Confesor, et al., 241 SCRA 294 (1995).
[21] Conference Committee on Labor, December 15, 1988.

[22] International Oil Factory Workers Union vs. Hon. Martinez, et al., 110 Phil. 595 (1960); National Brewery & Allied Industries Labor Union vs. San Miguel Brewery, Inc., et al., 118 Phil 806 (1963).
[23] Kapisanan Ng Mga Manggagawang Pinagyakap vs. Franklin Baker Co. of the Phil., June 3. 1949.