SUPREME COURT
THIRD DIVISION

UERM EMPLOYEES UNION-FFW,
***Petitioner*,**

-versus-

G.R. No. 75838
August 31, 1989

THE HONORABLE MINISTER OF LABOR AND EMPLOYMENT and the UERM MEMORIAL MEDICAL CENTER,
***Respondents*.**
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D E C I S I O N

FERNAN, *C.J.*:

In the instant Petition for Certiorari, the petitioner labor union seeks the annulment of the decisions dated June 5 and June 6, 1986 and the order dated August 19, 1986 of the then Minister of Labor and Employment Augusto S. Sanchez on the ground of the finality of his earlier decision dated March 18, 1986 involving general salary increase and longevity pay. It also prays that the respondent Minister of Labor be compelled to execute said decision of March 18, 1986 insofar as it grants a P100 salary increase to its members for the year 1984.[1]

Petitioner union is the bargaining representative of the employees of the University of the East — Ramon Magsaysay Memorial Medical Center (UERM, a non-stock, non-profit corporation operating a college of medicine, a college of nursing, and a 256-bed hospital). The union members are employees of the UERM, including the faculty members of the College of Nursing but excluding the managerial personnel and faculty members of the College of Medicine.

The collective bargaining agreement between petitioner and the UERM having expired on December 31, 1983, the parties went through a phase of renegotiation. On October 18, 1984, they signed a memorandum agreement, the pertinent portions of which state:

> "2. That the EMPLOYER agrees to Implement Wage Order No. 3 effective November 1, 1984 and Wage Order No. 5 effective June 16, 1984, and therefore the EMPLOYER further agrees to cause the immediate withdrawal of its pending application for exemption from Wage Order No. 5 despite its dire financial straits;
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> "3. That the EMPLOYEE agrees to withdraw all present political and economic demands, except the negotiation of salary increases which will be reopened on May 25, 1985, and whatever across-the board salary increases granted by the EMPLOYER shall be retroactive January 1, 1984, after the preparation of a tentative financial statement for the fiscal period ending March 31, 1985; and
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> "4. That the same Collective Bargaining Agreement which expired on December 31, 1983 will be in full force and effect until a new agreement is made between the EMPLOYER and the EMPLOYEE."[2]

No agreement having been reached by UERM and the union on the issue of an across-the-board salary increase, the dispute was submitted by both parties to a voluntary arbitrator (Froilan M. Bacungan) who, on November 26, 1984 rendered a decision, the dispositive portion of which reads:

> "CONSIDERING ALL THE ABOVE, the Voluntary Arbitrator hereby decides that UERM should grant to all its employees in the bargaining unit where the Union is the bargaining representative an across-the-board salary increase at the rate of P20.00 per month, effective January 1, 1984."[3]

Said decision was immediately implemented.

It turned out, however, that the union was not fully satisfied. Hence, on October 2, 1985 on the ground of bargaining deadlock over the renegotiation of CBA wage increase,[4] the union filed a notice of strike with the Bureau of Labor Relations and on November 6, 1985, it declared a strike and started picketing the UERM premises.

In view of the fact that a prolonged stoppage of work at the UERM may not only disrupt hospital services but would also affect the community as a whole, the then Ministry of Labor and Employment, in an order issued on the same day of the strike by the then Acting Minister Carmelo C. Noriel, assumed jurisdiction over the dispute,[5] under Article 264 (should be 263), paragraph (g). Consequently, the union lifted the picket line on November 9, 1985.

UERM then filed a petition for compulsory arbitration. The parties conferred at a series of meetings at the offices of Director Cresencio Trajano and Deputy Minister Noriel. Later on, they submitted their respective position papers. But the labor dispute was not fated for an immediate settlement. A political upheaval intervened.

An aftermath of the February, 1986 revolution was the change in leadership within the Ministry. Augusto S. Sanchez became its head. Shortly thereafter or on March 18, 1986, a decision signed by Minister Sanchez was released or somehow got into the hands of union representatives. Petitioner herein admits that a xerox copy of the decision was received by some of its officers who had been following up the case, from "the trusted assistants" of Minister Sanchez.[6] Allegedly, the Minister's men requested the union officers to deliver a copy of the decision to the UERM. According to the private respondent herein, said union officers left the original copy of the decision at the office of the Chairman of the Board of UERM at around 9:00 o'clock in the morning of March 19, 1986.[7]

The dispositive portion of said decision, which contains data relative to the financial status and capacity of UERM to meet the claims of its employees, states:

> "WHEREFORE, premises considered, and in the interest of industrial peace, the UERM Employees Association and the UERM Memorial Medical Center are directed to conclude a collective agreement for a three-year period to expire on 31 December 1986 pursuant to their Memorandum of Agreement on October 18, 1984, including an across-the-board wage increase for the rank-and-file covered in the bargaining unit, as follows:
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> "a) P100 per month, effective January 1, 1984;
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> "b) P50 per month, effective January 1, 1985; and
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> "c) P50 per month, effective January 1, 1986; and longevity pay of P5.00 from six months to less than five years of service, P10.00 from five years to less than 10 years, P15 from 10 years to less than 15 years and P20 from 15 years and more of service.
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> "The retroactive pay shall be payable on staggered basis, fifty (50%) percent upon receipt of this order and the balance on or before 16 May 1986.
>
> "It is further ordered that the three days during which the employees did not work shall be applied to their unused vacation leave.
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> "SO ORDERED."[8]

Alleging that she had not received a copy of the decision, on March 20, 1986, UERM's counsel filed a manifestation and motion praying that she be given a copy thereof as she intended to file a motion for reconsideration.[9] On April 9, 1986, said counsel wrote a follow-up letter to Minister Sanchez calling his attention to the fact that when she went to the Minister's office, there cord of the case could not be

found; that her client's copy of the decision was served on her client by union officers and that these facts lend credence to alleged eyewitnesses' accounts that the record of the case was in the possession of the union.[10]

In his answer to said letter, Minister Sanchez informed UERM's counsel that "the subject decision is not yet official and still subject to dissession (sic).[11]

On the other hand, on April 14, 1986, acting on the theory that the March 18, 1986 decision had become final and executory, the union filed a motion for a writ of execution praying that the total amount of P1,837,190.00 awarded under said decision be divided equally so that one-half thereof or P918,595.00 should be delivered immediately while the balance would be collectible on or before May 16, 1986.[12]

The Minister did not act on said motion. But early May, 1986, the union officers learned from Minister Sanchez that he had not authorized the release of the March 18, 1986 decision even if he had already signed it as he later found out that the decision had certain "defects." The Minister allegedly told the union officers that the management could not afford the monetary award given in the decision of March 18, 1986 as it might result in the UERM's closure. He did not heed their pleas for the implementation of the March 18, 1986 decision despite the fact that the union members had shown him a memorandum of the chairman of the board of the UERM increasing substantially the salaries of the university's faculty members effective June 1, 1986.[13]

On June 6, 1986, the Minister showed union representatives a decision dated June 5, 1986 which had his signature. The dispositive portion of the two-page decision states:

> "WHEREFORE, in the interest of industrial peace, the UERM Employees Association and the UERM Memorial Medical Center are hereby directed to conclude a collective agreement for a three-year period ending on 31 December 1988, providing for an across-the-board wage increase for the rank-and-file employees covered in the bargaining unit, as follows:

"(a) P100 a month, effective 1 January 1986;

"(b) P50 a month, effective 1 January 1987;

"(c) P50 a month, effective 1 January 1988;

and a longevity pay of P5 for workers with a service of six months, P10 for those with five years' service, P15 for those with 10 years' service, and P20 for those with 15 years' service.

"The retroactive pay for the wage increase in the first year of the agreement shall be due in two installments: 50 per cent upon receipt by the parties of this Order and the balance on or before 15 August 1985. It is further ordered that the three days during which the employees did not work shall be applied to their unused vacation leave.

"SO ORDERED."[14]

After reading said decision, the union representatives allegedly objected on the ground that it did not provide for an across the-board salary increase retroactive January 1, 1984. Worse, it supposedly extended the life time of the CBA from 1986 to 1988; and struck the union as containing virtually the same economic package which UERM had earlier proposed but which proposal the union outrightly rejected. The Minister allegedly said that he had signed the decision but he did not intend to release it and that he had handwritten a notice declaring the first decision (dated March 18, 1986) as null and void as he did not authorize its release. The union representatives' audience with the Minister ended with the latter exhorting them to return on June 9, 1986 as he had to "input" the retroactive provisions of the October 18, 1984 memorandum agreement.[15]

The third decision, dated June 6, 1986, has the following dispositive portion:

"WHEREFORE, in the interest of industrial peace, the UERM Employees Association and the UERM Memorial Medical Center are hereby directed to conclude a collective agreement for a three-year period ending on 31 December 1986, providing

for an across-the-board wage increase for the rank-and-file employees covered in the bargaining unit, as follows:

> "(a) P20 a month, effective 1 January 1984 as awarded by the voluntary arbitrator;
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> "(b) P50 a month, effective 1 January 1985;
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> "(c) P50 a month, effective 1 January 1986;
>
> "(d) and a longevity pay of P5 for workers with a service of six months, P10 for those with five years' service, P15 for those with 10 years service, and P20 for those with 15 years' service.

"The retroactive pay on account of this Order shall be due in two installments: 50 per cent upon receipt by the parties of this Order and the balance on or before 15 August 1986. It is further ordered that the three days during which the employees did not work shall be applied to their unused vacation leave.

"SO ORDERED."[16]

The union filed an urgent motion to set aside the decision of June 6, 1986 on the following grounds: (a) the first decision of March 18, 1986 had long become final and executory and could not be superseded by a third decision which was "the product of a hasty and ill-studied cover-up of patent mistakes in the second decision;" (b) the third decision patently violated the memorandum agreement of October, 1984; and (c) the third decision unduly favored the management by relieving it of the payment of benefits, and deceitfully granted the P20 increase of the first year which benefit was "in actuality not there."

The said motion also sought the inhibition of Minister Sanchez from "further involving himself" in the dispute because his younger brother (Dr. Fernando Sanchez) was a leading member of the management negotiating panel, and he had demonstrated a "wishy-washy disposition" by signing no less than three decisions which, "in their

chronology, had geometrically reduced the benefits accruing to the workers without rhyme or reason."[17]

In his order of August 19, 1986, the Minister denied the said motion. On the issue of the finality of the March 18, 1986 decision, he quoted from his June 6, 1986 decision the following:

> "Parenthetically, there is a matter that calls for some clarification. An earlier draft decision in this case was prepared sometime in March 1986. That draft was among the several papers reviewed and signed on the same day but further reflection and subsequent discussions on the draft indicated a need for another review. The issuance of the draft decision was therefore withheld and a deeper study of the record was directed. Unfortunately, word had reached this Office that a final decision in this case had been officially issued. Efforts were then taken to correct that impression and the forebearance of the parties was earnestly requested to afford this Office an opportunity to have a fair and objective examination of the record. This Office now trusts that this Order will put all doubts and misimpressions to rest."[18]

On the allegation that the contested decision violates the Memorandum Agreement of October 18, 1984, Minister Sanchez ruled that aside from the fact that such wage increase of P20 was considered as fair and equitable, the records show that it was awarded by the voluntary arbitrator whose award had become final.[19]

On whether he should inhibit himself due to his relationship with a management negotiator, the Minister pointed out that the union wished him "to inhibit himself in a decision it consider(ed) not favorable to its interest and on the same vine (sic) execute the decision it consider(ed) beneficial to it."[20]

Inasmuch as two weeks earlier or on August 4, 1988, the union had filed a notice of strike due to long-standing economic issues, on August 25, 1986, the union and UERM signed a memorandum of agreement, one of the stipulations of which states:

> "7. Finally, the Parties agree that the issue on the salary increase corresponding to the year 1984 shall continue to be the subject of litigation before the proper authorities or courts."[21]

Hence, the instant recourse.

The petition for certiorari cites as grounds therefor (a) grave abuse of discretion on the part of the Minister of Labor for his failure to order the execution of the March 18, 1986 decision which, petitioner herein reiterates, had become final and executory; (b) the Minister's "unbecoming" behaviour of participating in the disposition of the labor dispute wherein his brother had a "direct involvement", and (c) the Minister's having "gravely erred" in promulgating the June 6, 1986 decision decreeing the salary increase of P20 for 1984 instead of the P100 salary increase awarded in the March 18, 1986 decision.

The sole issue in this case is whether or not the subject decision of March 18, 1986 became final and executory.

We hold that the March 18, 1986 decision had not become final and executory so as to entitle petitioner to the issuance of a writ of execution with respect to the award therein of a P100 across-the-board salary increase for 1984.

Foremost is the fact that petitioner's ultimate objective in filing the instant petition is to obtain a higher salary increase for 1984. Petitioner has not interposed any objections to the other awards in the June 6, 1986 decision, as in fact, such other awards have all been received by its members.[22] We hold, however, that under the circumstances, the instant petition cannot accord the union any relief.

It is undisputable from the records that the issue of the across-the-board salary increase for 1984 had already been resolved in the November 26, 1984 decision of the voluntary arbitrator which having long become final, may not be modified or amended by another decision on the same issue.

Article 262 of the Labor Code provides that voluntary arbitration awards or decisions shall be final, unappealable and executory. Under similar circumstances, this Court held that the decision of the

voluntary arbitrator should be immediately implemented for nothing could be clearer than the fact that private respondent had no choice but to comply with said decision.[23] The union could have appealed under Section 5, Rule XI of the implementing rules of the Labor Code to the National Labor Relations Commission within ten (10) days from receipt of the voluntary arbitrator's decision, on the grounds of abuse of discretion and gross incompetence of the voluntary arbitrator, but petitioner did not only fail to avail itself of said remedy but its members also had received the P20 salary increase for 1984.[24] Hence, the respondent Minister could not have decreed an award any thing more than what was granted by the voluntary arbitrator. His June 6, 1986 decision is but a reiteration thereof.

And even assuming that the March 18, 1986 decision is valid, it has nonetheless failed to reach finality on the ground that it was not properly served on the parties.

Decisions emanating from administrative tribunals or officials like the Minister (now Secretary) of Labor should be served in accordance with law. In the absence of specific provisions in the applicable laws like the Labor Code and its implementing rules on the service of decisions or orders, the provisions of the Rules of Court shall be applied in a suppletory character.

With respect to service of orders and/or decisions, Rule 13 of the Rules of Court states:

> "SEC. 2. Papers to be filed and served — Every order required by its terms to be served, every pleading subsequent to the complaint, every written motion other than one which may be heard ex parte, and every written notice, appearance, demand, offer of judgment or similar papers shall be filed with the court, and served upon the parties affected thereby. If any of such parties has appeared by an attorney or attorneys, service upon him shall be made upon his attorneys or one of them, unless service upon the party himself is ordered by the court. Where one attorney appears for several parties, he shall only be entitled to one copy of any paper served upon him by the opposite side."

Accordingly, when a party is represented by counsel, notices should be made upon the counsel of record at his given address, to which notices of all kinds emanating from the court should be sent.[25]

It is not disputed that both parties herein were represented by counsel. However, instead of proper service by Ministry process servers on the said lawyers of the parties, the xerox copy of the decision of March 18, 1986 was released to and received by representatives of the union who had been following up the case in the office of the Minister. Petitioner admits that its counsel, Atty. Ruben F. Santos, was then not with the union representatives. It was also through said union representatives that the original copy of said decision was delivered to the office of the chairman of the board of UERM. Counsel of record for UERM was not served a copy of the March 18, 1986 decision. In fact she filed a manifestation and motion dated March 26, 1986 praying that she be given a copy of the purported decision so that she could take appropriate action.[26] Subsequently on April 9, 1986, she followed up her request by a letter to the Minister of Labor and Employment.[27] However, in the Minister's reply of April 14, 1986, she was informed that subject decision is not yet official and still subject to review and was assured of the immediate release of an official resolution.[28]

Clearly, therefore, as correctly observed by the Solicitor General, the period of appeal has not commenced to run against private respondent UERM.[29]

Petitioner's insistence that the above procedure of service of a copy of the decision not by official process servers, but by evidently unauthorized union officials to private respondent is not unusual at all in the Labor Ministry, is untenable. In the absence of any showing that such practice is sanctioned by the Implementing Rules of the Ministry of Labor or by the Rules of Court, the party who took advantage of such irregular practice does so at its own risk and cannot now be heard to complain.

In addition, UERM's counsel of record has never been changed, so that petitioner cannot use the pretext of not knowing who is the present counsel of private respondent as an excuse for furnishing the copy of the decision on the chairman of UERM and not on its counsel.

Under the circumstances, it is the consistent ruling of this Court that where no notice of withdrawal or substitution of counsel was shown, notice to counsel of record is for all purposes, notice to the client. Such notice is properly sent to the address of the counsel of record in the absence of due notice to the court of change of address and the date of receipt is considered the starting point from which the period of appeal prescribed by law shall begin to run.[30]

Be that as it may, we cannot condone the manner by which respondent Minister handled the disposition of this case. Observance of a modicum of prudence on the Minister's part and or on the part of his subordinates would have prevented the premature release of the March 18, 1986 decision, and the complications engendered thereby and ensured the attainment of a fair and speedy resolution of the dispute. More than that, the records do not show any form of disciplinary action meted out on those responsible for the highly irregular service of the decision. The confusion caused by the change in leadership within the Ministry might have partly contributed to the fiasco. But that is not an excuse. The burden of strict observance of the law and propriety tilted heavily on the part of the Ministry officials and employees concerned.

Moreover, having discovered defects in the prematurely released and improperly served decision, matters would have been greatly facilitated had the Minister issued an order recalling the decision. Said order should have been properly served on both parties, instead of informing only the UERM counsel through a private letter[**] that he had not authorized the release of the March 18, 1986 decision.

No less important is the fact that to avoid any suspicion of bias or partiality, however far-fetched it might really have been, the Minister should have refrained from having a direct participation in deciding the labor dispute under paragraph 1, section 1, Rule 137 of the Rules of Court, applied suppletorily, which provides:

> "No judge or judicial officer shall sit in any case in which he or his wife or child is pecuniarily interested as heir, legatee, creditor or otherwise, or in which he is related to either party within the sixth degree of consanguinity or affinity or to counsel within the fourth degree."

While there were no hard facts indicating bias on his part, his brother as a member of the UERM negotiating panel is undoubtedly covered by this prohibition. In this situation, the Minister is not without a choice. Article 263 of the Labor Code, paragraph (g) provides:

> "(g) When in his opinion there exists a labor dispute causing or likely to cause strikes or lockouts adversely affecting the national interest, such as may occur in but not limited to public utilities, companies engaged in the generation or distribution of energy, banks, hospitals, and export-oriented industries, including those within export processing zones, the Minister of Labor and Employment shall assume jurisdiction over the dispute and decide it or certify the same to the Commission for compulsory arbitration. Such assumption or certification shall have the effect of automatically enjoining the intended or impending strike or lockout as specified in the assumption or certification order. If one has already taken place at the time of assumption or certification, all striking or locked out employees shall immediately return to work and the employer shall immediately resume operations and readmit all workers under the same terms and conditions prevailing before the strike or lockout." (Emphasis supplied.)

Thereunder, he could have certified the case to the National Labor Relations Commission and disengaged himself from the potentially explosive situation which usually attends the settlement of a labor dispute. Relevant in this regard is the oft-repeated purpose of inhibition which is "to preserve the prized ideal of the cold neutrality of an impartial judge" implicit in the guarantee of due process.[31] Elementary due process requires a hearing before an impartial and disinterested tribunal.[32]

In any event, it is evident that no unfair advantage had been taken by the Minister against the union. In fact, when he signed the March 18, 1986 decision, his brother was already a member of the UERM negotiating panel. If the interest of the UERM was uppermost in his mind, he would not under any circumstance have signed said decision. It is, therefore, credible that he sensed that something is wrong and withheld the release. Ultimately, he correctly reiterated

the decision of the voluntary arbitrator which has long become final and executory.

WHEREFORE, the instant petition for certiorari is hereby **DISMISSED**. No costs.

SO ORDERED.

Gutierrez, Jr., Feliciano, Bidin and Cortes, *JJ.*, concur.

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[1] Petition, p. 14; Rollo, p. 15.
[2] Rollo, p. 17.
[3] Rollo, p. 51.
[4] Rollo, p. 121.
[5] Rollo, p. 121-122.
[6] Petition, p. 6; Rollo, p. 7.
[7] Rollo, p. 109-A.
[8] Rollo, pp. 25-26.
[9] Rollo, p. 139.
[10] Rollo, p. 140.
[11] Rollo, p. 141.
[12] Rollo, p. 27-29.
[13] Rollo, p. 7-8; 31.
[14] Rollo, pp. 32-33.
[15] Rollo, p. 8-9.
[16] Rollo, p. 36.
[17] Rollo, pp. 52-59.
[18] Rollo, pp. 61.
[19] Rollo, p. 62.
[20] Rollo, pp. 60-62.
[21] Rollo, p. 64.
[22] Rollo, p. 211.
[23] See: United RCPI Communications Labor Association [URCPICLA]-FUR vs. Inciong, G.R. No. 49959, June 19, 1984, 129 SCRA 587.
[24] Rollo, p. 9.
[25] Cubar vs. Mendoza, G.R. No. 55035, February 23, 1983, 120 SCRA 768, 772.
[26] Rollo, p. 139.
[27] Rollo, p. 140.
[28] Rollo, p. 141.
[29] Rollo, p. 152.
[30] Juan vs. Musngi, 155 SCRA 134 [1987]; Francisco vs. Puno, 108 SCRA 427 [1981]; PLDT vs. NLRC, 128 SCRA 402 [1984]; Cubar vs. Mendoza, supra.

[**] Petitioner learned of said letter from a letter written by UERM's counsel to the Philippine Daily Inquirer reacting to a column of Luis Beltran on the labor dispute. The said counsel's letter was published in the July 26, 1986 issue of said newspaper (Rollo, p. 30).

[31] Mateo, Jr. vs. Villaluz, 50 SCRA 18; Masadao and Elizaga Re: Criminal Case No. 954-M, 155 SCRA 75 [1987].

[32] Ibid.; Geotina vs. Gonzales, 41 SCRA 73-74.