Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

BONPACK CORPORATION,
Petitioner,

- versus -

NAGKAKAISANG MANGGAGAWA SA BONPACK-SOLIDARITY OF UNIONS IN THE PHILIPPINES FOR EMPOWERMENT AND REFORMS (NMB-SUPER), represented by its Union President, Zosima[**] Bucio,
Respondent.

G.R. No. 230041

Present:

GESMUNDO, *C.J., Chairperson,*
HERNANDO,[*]
ZALAMEDA,
ROSARIO, and
MARQUEZ, *JJ.*

Promulgated:

DEC 05 2022

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DECISION

GESMUNDO, *C.J.*:

This Appeal by *Certiorari*[1] seeks to reverse and set aside the Decision[2] dated July 29, 2016 and the Resolution[3] dated February 14, 2017 of the Court of Appeals *(CA)* in CA-G.R. SP No. 141529. In that case, the CA modified the Decision[4] dated July 13, 2015 of the Office of the Voluntary Arbitrator *(VA)* of the National Conciliation and Mediation Board *(NCMB)* in AC-820-

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[*] On Official Leave.
[**] *Rollo*, pp. 35, 47 and 50; also referred to as "Zosimo Bucio" in some parts of the *rollo* (see *rollo*, pp. 3, 12. 270, and 302).
[1] *Rollo*, pp. 12-33.
[2] Id. at 35-45; penned by Associate Justice Rosmari D. Carandang (a retired Member of this Court) and concurred in by Associate Justices Mario V. Lopez (now a Member of this Court) and Myra V. Garcia-Fernandez.
[3] Id. at 47-49a.
[4] Id. at 91-95; penned by Accredited Voluntary Arbitrator Tomas E. Semana.

RCMB-NCR-LVA-008-02-2015. The VA found the complaint for violation of the Collective Bargaining Agreement *(CBA)* filed by Nagkakaisang Manggagawa sa Bonpack – Solidarity of Unions in the Philippines for Empowerment and Reforms *(respondent)* against Bonpack Corporation *(petitioner)* partly meritorious.

The Antecedents

Petitioner is a domestic corporation engaged in the business of manufacturing flexible packaging for snack foods, breads, juices, and candies.[5] Respondent, on the other hand, is a legitimate labor organization and the sole and exclusive bargaining agent of all the rank-and-file employees of petitioner.[6]

From August 2, 2009 to August 1, 2014, the parties were governed by their duly executed and registered CBA. On October 17, 2014, the parties executed a new CBA, which also had a term of five years.[7]

On compensable working hours and payment of overtime work, Sections 1 and 2 of Article VII of the CBA essentially states that the working hours shall be eight hours a day including meal break of 30 minutes and two 15-minute coffee breaks.[8] Regarding overtime, it provides that any employee who works in excess of eight hours in any regular working day shall be entitled to an additional 25% of the daily hour basic rate as overtime premium.[9]

On the exercise of management prerogatives, Sec. 3 of Art. VI of the CBA provides that "[t]he COMPANY shall discuss with the UNION matters that may involve decisions or policies that may adversely affect the general welfare of the members."[10] The parties likewise agreed to establish a labor-management committee, per Art. XXIV of the CBA, a forum in which the parties are compelled to meet at least once a month to tackle matters of "mutual interest particularly those affecting labor-management relations" and/or even resolve "any dispute, controversy, problem, complaint or disagreement between the COMPANY and the UNION or its members on matters arising out of employer-employee relationship" with the end goal of "promoting and maintaining harmonious labor-management relationship."[11]

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[5] CA *rollo*, p. 67.
[6] Id. at 33.
[7] Id. at 67.
[8] Id. at 168.
[9] Id. at 168-169.
[10] Id. at 168.
[11] Id. at 176.

Petitioner then unilaterally revised its old Company Rules and Regulations *(CRR)*,[12] purportedly to harmonize it with the new CBA.[13] According to petitioner, it rearranged the CRR's layout for easy reference of their employees and incorporated therein the 120-minute grace period policy. The revised CRR[14] also defined the act of committing an "over break" as an offense with a corresponding disciplinary action of "final written warning," thus:

> Over break. Taking coffee or snack breaks of more than fifteen (15) minutes, **lunch breaks more than one (1) hour for non-straight time** and more than thirty (30) minutes for straight time employees.[15] (Emphasis supplied)

From January 16-17, 2014, petitioner conducted a general assembly of its employees and held a discussion about the revised CRR. By the end of said gathering, each employee was handed a copy of the revised CRR. Petitioner subsequently implemented the same.[16]

However, respondent unfavorably reacted to the implementation of the revised CRR without it being consulted at all, especially on the imposition of harsher penalties in the commission of company-defined offenses. It further lamented that the revised CRR was unfair and discriminatory for being applicable only to rank-and-file employees.[17] Respondent also claimed that petitioner was underpaying the employees' overtime pay by deducting their one-hour meal period from their total number of working hours with overtime.[18]

In order that its concerns may be heard and given the appropriate response, respondent repeatedly requested petitioner to formally organize a labor-management committee. However, said requests went unheeded.[19]

Respondent raised its concerns during the grievance proceedings but no settlement was reached. Thus, in February 2015, respondent lodged a complaint before the NCMB questioning the validity of the issuance and implementation of the revised CRR on the abovementioned grounds, and asking for the correct payment of the employees' overtime pay. Thereafter, the case was referred to the VA for appropriate action.[20]

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[12] Id. at 94-103.
[13] Id. at 67.
[14] Id. at 104-112.
[15] Id. at 105.
[16] Id. at 301-302.
[17] Id. at 33-36 and 39.
[18] Id. at 37.
[19] Id. at 39.
[20] Id. at 26.

In the course of the conferences conducted by the VA, the parties attempted to amicably settle the case on several instances, but all to no avail. Consequently, the parties exchanged position papers[21] and replies.[22]

Respondent claimed that the relevant CBA provisions requiring the parties thereto to organize a labor-management committee was violated by petitioner when it adopted and implemented the revised CRR "without consulting or discussing it with the officers of [respondent] union." Through the revised CRR, petitioner allegedly imposed a harsher system of punishing erring employees, which matter definitely "affects the rights, duties and welfare of its members." The revision allegedly had no other purpose than to prejudice the tenure of the regular rank-and-file employees.[23]

As to its claim of underpayment of overtime pay, respondent contended that petitioner required the employees to consume a full hour as meal break, instead of the CBA mandated 30-minute meal break and two 15-minute coffee breaks included in the eight-hour workday. In treating the meal break to a complete and continuous one-hour meal break, petitioner essentially created a 60-minute non-compensable meal period, contrary to the intent of Secs. 1 and 2 of Art. VII of the CBA. Therefore, a number of employees who worked for 12 hours in an eight-hour workday were paid only for 11 hours of work rendered or merely three hours of overtime pay.[24]

Petitioner countered that it merely exercised its management prerogative when it adopted and implemented the revised CRR.[25] According to petitioner, respondent's contention that the CRR was unreasonable, unfair, and oppressive is completely baseless. It explained that the offenses enumerated in the revised CRR are all work-related; that the penalties prescribed are commensurate to the degree of the infraction committed; and that due process shall be strictly observed in disciplinary cases. These rules and regulations have long been in existence and remained substantially unaltered, and that the same are being enforced on all employees of petitioner without regard to their ranks as a necessary means of enhancing their performance.[26]

As to the claim of underpayment of overtime pay, petitioner contended that it had long been observing the "statutory eight-hour workday with one-hour meal break and two 15-minute coffee breaks."[27] The one-hour meal break is non-compensable under the law. Thus, as illustrated by petitioner, an

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[21] Id. at 31-43 and 66-76.
[22] Id. at 77-85 and 86-93.
[23] Id. at 39.
[24] Id. at 36-37 and 80-83.
[25] Id. at 70-72.
[26] Id. at 89-91.
[27] Id. at 72-73.

employee who renders 12 hours of work in an eight-hour workday is entitled only to an overtime pay equivalent to three hours of overtime work. Similarly, an employee who had a 30-minute meal break and who renders 12 hours of work in an eight-hour is entitled to an overtime pay for three and a half hours of overtime work.[28]

The VA Ruling

In its Decision dated July 13, 2015, the VA partially ruled in favor of respondent. The dispositive portion states:

> **WHEREFORE,** in consideration of the foregoing, a Decision is hereby rendered ordering the respondent Company to immediately comply with the express mandate of the CBA.
>
> A decision is also hereby rendered upholding the validity of the reformatted Company Rules and Regulations.
>
> **SO ORDERED.**[29]

On the issue of underpayment of overtime pay, the VA ruled that, since the CBA is the law between the parties, the agreed 30-minute meal break must be viewed as included in their normal hours of work. However, the VA also found that some employees of petitioner were actually taking meal breaks longer than 30 minutes. The VA, thus, resolved to treat differently those employees taking the one-hour meal break from those taking the 30-minute meal break. Those employees taking the one-hour meal break were declared as not entitled to be compensated for such time-off from work, following the *no work, no pay* policy. On the other hand, those employees taking the 30-minute meal break were deemed already compensated for such time-off, as agreed upon in the CBA. Accordingly, the VA devised a formula in the computation of the overtime pay of petitioner's employees:

> Those employees who worked for twelve (12) hours and finished their meal breaks within thirty (30) minutes and resumed working, are entitled to four and half (4.5) hours of overtime work.[30]

As regards the revised CRR, the VA upheld its validity finding that its implementation was in the exercise of petitioner's management prerogative in disciplining employees. Petitioner allegedly made no substantial changes

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[28] Id. at 91-93.
[29] *Rollo*, p. 95.
[30] Id. at 94.

from the old CRR that merited consultation with respondent before adopting the revised CRR.

Unsatisfied, petitioner filed a Motion for Partial Reconsideration dated July 23, 2015, seeking re-examination of the computation of the overtime pay. The VA granted said motion in its Resolution[31] dated January 5, 2016, and partially modified its ruling as follows:

> **WHEREFORE,** the Decision dated 13 July 2015 is hereby **partially modified** as follows:
>
> 1. Those employees who worked for twelve [(12)] hours and finished their meal breaks within thirty (30) minutes and resumed working, are entitled to four (4) hours of overtime work;
>
> 2. Ordering the respondent Company to immediately comply with the express mandate of the CBA.
>
> Other portion of the DECISION is AFFIRMED.
>
> **SO ORDERED.**[32]

Meanwhile, instead of filing a motion for reconsideration, respondent opted to assail the July 13, 2015 Decision of the VA directly before the CA *via* a Petition for Review[33] under Rule 43 of the Rules of Court. The petition was filed on August 3, 2015, or within fifteen (15) days from the date respondent received a copy of the July 13, 2015 VA's Decision. In said petition, respondent appealed to the appellate court and prayed that petitioner be ordered to implement the revised CRR on all of its employees. It likewise prayed that petitioner be directed to pay in full the four hours overtime work of those employees who rendered 12 hours of work.[34]

By way of comment to respondent's petition for review before the CA, petitioner pointed out that the July 13, 2015 Decision of the VA had already attained finality because respondent failed to file its petition within 10 calendar days from their receipt of a copy thereof, as provided under Sec. 6 of Rule VII of the 2005 Revised Procedural Guidelines in the Conduct of Voluntary Arbitration Proceedings *(2005 VA Procedural Guidelines)* and, citing as well the relevant ruling in *Philippine Electric Corporation v. Court of Appeals*[35] *(Philec).* Nonetheless, petitioner contended that the VA did not err in declaring the validity of its adoption and implementation of the revised

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[31] CA *rollo*, pp. 266-269.
[32] Id. at 268.
[33] Id. at 3-23.
[34] Id. at 17-18.
[35] 749 Phil. 686 (2014).

CRR. However, it still maintained that the rank-and-file employees were not entitled to four hours overtime pay from the 12 hours of work rendered because said employees already consumed a non-compensable one-hour meal break.[36]

The CA Ruling

In its assailed Decision dated July 29, 2016, the CA granted respondent's petition and disposed as follows:

> **WHEREFORE,** this petition is **GRANTED.** BONPACK is hereby ordered to pay:
>
> a) the wage for the 8-hour workday to the employees who are able to prove that they took meal and rest periods in accordance with the CBA;
>
> b) the four (4) hours overtime pay to the employees who are able to prove that they worked for 12 hours and took their meal and rest periods in accordance with the CBA;
>
> c) the wage for the 8-hour workday to the employees who are able to prove that they took their meals in an hour equivalent to the CBA compensable meal and rest periods included in a regular workday;
>
> d) the four (4) hours overtime pay to the employees who are able to prove that they worked for 12 hours and took their meal and rest periods in an hour, which should be equivalent to the CBA compensable meal and rest periods included in an 8-hour workday.
>
> BONPACK is likewise ordered to immediately comply with the provisions of the CBA on consultation with the union on the interpretation and enforcement of the new CRR.
>
> **SO ORDERED.**[37]

The CA ruled that respondent timely filed its petition in accordance with Sec. 4 in relation to Sec. 1 of Rule 43 of the Rules of Court, which allows the filing of an appeal within fifteen (15) days from notice of the order, resolution or decision being elevated for review.[38]

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[36] CA *rollo*, pp. 194-210.
[37] *Rollo*, pp. 44-45.
[38] Id. at 44.

The CA also ruled that there were substantial changes made in the revised CRR that involve questions on its interpretation and enforcement, contrary to the claim of petitioner. [39]

Anent the issue of underpayment of overtime pay, the CA found that petitioner's policy of requiring its employees to observe one-hour meal break, and to consequently deduct said time-off from the employees' total number of hours of work in a day because the law treats the same as non-compensable, was clearly against the CBA-mandated compensable hours of work of eight hours a day including meal break of 30 minutes and two 15 minutes coffee breaks.[40] The appellate court, thus, sustained respondent's claim to be compensated in accordance with the CBA as follows:

> Thus, We hold that employees who took their meals in an hour equivalent to the CBA compensable meal and rest periods included in a regular workday should be compensated for the 8-hour workday. As to entitlement to overtime pay, employees who worked for 12 hours and had their meal and rest periods in an hour, which should be equivalent to the CBA compensable meal and rest periods included in an 8-hour workday, must be paid four (4) hours overtime pay.[41]

Aggrieved, petitioner filed a Motion for Reconsideration[42] dated August 25, 2016, but the same was denied by the CA in its assailed February 14, 2017 Resolution.

Hence, this present petition for review on *certiorari*.

Petitioner essentially raises the following issues:

I.

> Whether the VA's Decision had already been rendered final and executory since respondent failed to file a motion for reconsideration thereof and/or their petition before the CA was filed beyond ten (10) days from notice of the VA's decision;

II.

> Whether the CA seriously erred in finding that petitioner violated respondent's CBA-mandated right to participate in policy and

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[39] Id. at 42-43.
[40] Id. at 40-41.
[41] Id. at 41.
[42] Id. at 147-158.

> decision-making processes on matters affecting the general welfare of petitioner's employees; and
>
> III.
>
> Whether the CA seriously erred in finding that petitioner required its employees to observe one-hour meal break and in ruling that petitioner's employees were entitled to be compensated for said meal break.

Petitioner submits that respondent filed its Petition for Review before the CA beyond the reglementary period. It asserts that respondent should have first filed a motion for reconsideration of the VA's decision within ten (10) days from the date respondent received notice thereof, citing *Teng v. Pahagac*[43] *(Teng)*, or filed the petition before the CA within the said 10-day period following the ruling in *Philec*.[44] Since respondent failed to file a motion for reconsideration and that its petition before the CA was filed beyond the 10-day period, the VA's decision had therefore attained finality and had become immutable.[45]

Petitioner also asserts that the VA correctly upheld the validity of the revised CRR. With respect to the issue of underpayment of overtime pay, petitioner denied requiring its employees to have their meal break for one hour instead of 30 minutes. It was allegedly the employees who opted to take either the compensable 30-minute meal break or the routinary one-hour meal break.[46]

In its Comment,[47] filed on October 17, 2018, respondent argues that the CA correctly found that petitioner violated the CBA provisions on hours of work and payment of overtime premiums. Thus, the appellate court aptly sustained the VA's order for the payment of the employees' four hours, instead of just three hours, of overtime pay. Respondent also asserts that, despite its insistence "to have a proper venue to discuss company new policies and other proposed productivity incentives," petitioner still refuses to comply with its CBA-mandated obligation to organize a labor-management committee.[48] The appellate court, therefore, pertinently ordered petitioner to comply with said obligation and to make the necessary consultation with respondent respecting the adoption and implementation of the revised CRR.

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[43] 649 Phil. 460 (2010).
[44] Supra note 35.
[45] *Rollo*, pp. 20-23.
[46] Id. at 24-27.
[47] Id. at 280-288.
[48] Id. at 283.

In its Reply[49] dated March 5, 2019, petitioner reiterates its claims that respondent's CA petition should have been dismissed for having been filed out of time; that it did not violate their CBA with respondent; and that it correctly paid its employee's overtime pay.[50]

The Court's Ruling

The petition lacks merit.

At the outset, the Court finds that respondent substantially complied with the 15-day reglementary period on filing the petition for review before the CA under Rule 43 of the Rules of Court.

Rule 43 of the Rules of Court governs the procedure on appeals from quasi-judicial agencies which include voluntary arbitrators. Sec. 4 thereof provides that the petition for review shall be taken within "**fifteen (15) days from notice of the award, judgment, final order or resolution**" subject of the appeal. Accordingly, once a petition for review is filed before the CA within the 15-day reglementary period from the time the party receives the notice of the award, judgment, final order or resolution of the quasi-judicial agency, then the petition is deemed filed on time.

In addition, it must be noted that the principle of exhaustion of administrative remedies applies to Rule 43 of the Rules of Court.[51] The principle mandates "[t]he policy of judicial bodies to give quasi-judicial agencies x x x an opportunity to correct its mistakes by way of motions for reconsideration or other statutory remedies before accepting appeals therefrom[.]"[52] Thus, "before a party is allowed to seek intervention of the courts, exhaustion of available administrative remedies, **like filing a motion for reconsideration, is a pre-condition**," and that failure to comply thereto will generally lead to the dismissal of the case for lack of cause of action.[53] As emphasized in *Teng*, "an appeal from administrative agencies to the CA *via* Rule 43 of the Rules of Court requires exhaustion of available remedies as a condition precedent to a petition under that Rule.[54]

On the other hand, Art. 276 of the Labor Code[55] provides that the award or decision of the VA shall be "**final and executory after ten (10) calendar days from receipt of the copy of the award or decision by the parties.**" This provision was echoed in Sec. 6 of Rule VII of the 2005 VA Procedural

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[49] Id. at 302-314.
[50] Id. at 311.
[51] See *Teng v. Pahagac*, supra note 43, at 472.
[52] *Social Security Commission v. Court of Appeals*, 482 Phil. 449, 464 (2004).
[53] *Giron v. Ochoa, Jr.*, 806 Phil. 624, 630-631 (2017). [Emphasis supplied]
[54] Supra at 472.
[55] Previously numbered as Article 262-A.

Guidelines. However, Sec. 7 of Rule VII of the said guidelines **explicitly prohibited the filing of a motion for reconsideration against the VA's decision.**

Evidently, there appears to be a conflict between Rule 43 and Art. 276 of the Labor Code, regarding the proper reglementary period of ten (10) days or fifteen (15) days to appeal to the CA, and whether a motion for reconsideration is not required under Sec. 7 of Rule VII of the 2005 VA Procedural Guidelines.

In this case, at the time respondent filed their petition before the CA on August 3, 2015, jurisprudence[56] was already replete with variable and conflicting rulings on the reglementary period to be followed, whether ten (10) days or fifteen (15) days, in appealing the decisions or awards of the Voluntary Arbitrators or Panel of Arbitrators, as well as on the propriety of filing a motion for reconsideration thereof. It was only on August 28, 2018 that the Court finally settled these inconsistencies in the case of *Guagua National Colleges v. Court of Appeals (Guagua).*[57]

In *Guagua*, the Court categorically held that the petition for review against the decision or award of the VA shall be filed before the CA within 15 days pursuant to Sec. 4 of Rule 43 of the Rules of Court. On the other hand, the 10-day period under Art. 276 of the Labor Code refers to the filing of a motion for reconsideration *vis-à-vis* the VA's decision or award.[58] The Court explained:

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[56] In *Nippon Paint Employees Union-Olalia v. Court of Appeals* (485 Phil. 675, 680-681 [2004]); *Manila Midtown Hotel v. Borromeo* (482 Phil. 137, 142 [2004]); *Sevilla Trading Company v. Semana* (472 Phil. 220, 230-231 [2004]); and *Luzon Development Bank v. Association of Luzon Development Bank Employees* (319 Phil. 262, 271-272 [1995]), the Court recognized that the remedy of appeal by petition for review under Rule 43 of the Rules of Court is available to the parties aggrieved by the decisions or awards of the Voluntary Arbitrators or Panels of Arbitrators, which become final and executory after the expiration of the 15-day reglementary period within which to file said petition. The Court then noted that the **10-day period** for the filing of the petition for review *vis-à-vis* decisions or awards of the Voluntary Arbitrator was applied in *NYK-FIL Ship Management, Inc. v. Dabu* (818 Phil. 214, 220-221 [2017]); *Baronda v. Court of Appeals* (771 Phil. 56, 67-68 [2015]); *Philippine Electric Corporation v. Court of Appeals* (749 Phil. 686, 708-710 [2014]); *Philex Gold Philippines, Inc. v. Philex Bulawan Supervisors Union* (505 Phil. 224, 236 [2005]); and *Coca-Cola Bottlers Philippines, Inc., Sales Force Union-PTGWO-Balais v. Coca-Cola Bottlers Philippines, Inc.* (502 Phil. 748, 757 [2005]), while the **15-day period** was applied in *Royal Plant Workers Union v. Coca-Cola Bottlers Philippines, Inc.-Cebu Plant* (709 Phil. 350, 361-363 [2013]); *Samahan ng mga Manggagawa sa Hyatt (SAMASAH-NUWHRAIN) v. Magsalin* (665 Phil. 584, 596 [2011]); *Saint Louis University, Inc. v. Cobarrubias* (640 Phil. 682, 689 [2010]); *Samahan ng mga Manggagawa sa Hyatt-NUWHRAIN-APL v. Bacungan* (601 Phil. 365, 370-371 [2009]); *Mora v. Avesco Marketing Corporation* (591 Phil. 827, 834-835 [2008]); *AMA-Computer College-Santiago City, Inc. v. Nacino* (568 Phil. 465, 471 [2008]); and *Leyte IV Electric Cooperative, Inc. v. Leyeco IV Employees Union-ALU* (562 Phil. 743, 754 [2007]).

[57] 839 Phil. 309 (2018).

[58] Id. at 317.

Given the variable rulings of the Court, what should now be the period to be followed in appealing the decisions or awards of the Voluntary Arbitrators or Panel of Arbitrators?

In the 2010 ruling in *Teng v.* [*Pahagac*], the Court clarified that the 10-day period set in Article 276 of the *Labor Code* gave the aggrieved parties the opportunity to file their motion for reconsideration, which was more in keeping with the principle of exhaustion of administrative remedies, holding thusly:

> In the exercise of its power to promulgate implementing rules and regulations, an implementing agency, such as the Department of Labor, is restricted from going beyond the terms of the law it seeks to implement; it should neither modify nor improve the law. The agency formulating the rules and guidelines cannot exceed the statutory authority granted to it by the legislature.
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> By allowing a 10-day period, the obvious intent of Congress in amending Article 263 to Article 262-A is to provide an opportunity for the party adversely affected by the VA's decision to seek recourse via a motion for reconsideration or a petition for review under Rule 43 of the Rules of Court filed with the CA. Indeed, a motion for reconsideration is the more appropriate remedy in line with the doctrine of exhaustion of administrative remedies. For this reason, an appeal from administrative agencies to the CA *via* Rule 43 of the Rules of Court requires exhaustion of available remedies as a condition precedent to a petition under that Rule.
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> The requirement that administrative remedies be exhausted is based on the doctrine that in providing for a remedy before an administrative agency, every opportunity must be given to the agency to resolve the matter and to exhaust all opportunities for a resolution under the given remedy before bringing an action in, or resorting to, the courts of justice. Where Congress has not clearly required exhaustion, sound judicial discretion governs, guided by congressional intent.
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> By disallowing reconsideration of the VA's decision, Section 7, Rule XIX of DO 40-03 and Section 7 of the 2005 Procedural Guidelines went directly against the legislative intent behind Article 262-A of the Labor Code. These rules deny the VA the chance to correct himself and compel the courts of justice to prematurely intervene with the action of an administrative agency entrusted with the adjudication of controversies coming under its special knowledge, training and specific field of expertise. In this era of clogged court dockets, the need for specialized administrative agencies with the special knowledge, experience and capability to

> hear and determine promptly disputes on technical matters or intricate questions of facts, subject to judicial review, is indispensable. In *Industrial Enterprises, Inc. v. Court of Appeals,* we ruled that relief must first be obtained in an administrative proceeding before a remedy will be supplied by the courts even though the matter is within the proper jurisdiction of a court. x x x
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> **Hence, the 10-day period stated in Article 276 should be understood as the period within which the party adversely affected by the ruling of the Voluntary Arbitrators or Panel of Arbitrators may file a motion for reconsideration. Only after the resolution of the motion for reconsideration may the aggrieved party appeal to the CA by filing the petition for review under Rule 43 of the *Rules of Court* within 15 days from notice pursuant to Section 4 of Rule 43.**[59] (Emphasis supplied)

Further, in *Guagua*, the Court ruled that a motion for reconsideration should be filed with the VA before a petition for review under Rule 43 of the Rules of Court can be filed before the CA. The Court explained that the unchanged provision under the 2005 VA Procedural Guidelines has sown confusion among the parties, despite the clarification made in *Teng* that the 10-day period under Art. 276 of the Labor Code refers to the filing of a motion for reconsideration before the VA as a condition precedent to the filing of a petition for review under Rule 43 in the CA. Thus, to put a stop to the confusion, the Court directed the Department of Labor and Employment *(DOLE)* and the NCMB to "cause the revision or amendment of Section 7 of Rule VII of the *Revised Procedural Guidelines in the Conduct of Voluntary Arbitration Proceedings* in order to allow the filing of motions for reconsideration in line with Article 276 of the Labor Code."[60]

Since then, the rulings in *Guagua* in 2018 resonated in *Del Monte Fresh Produce, Inc. v. Del Monte Fresh Supervisors Union,*[61] *Chin v. Maersk-Filipinas Crewing, Inc.,*[62] *Bahia Shipping Services, Inc. v. Castillo,*[63] *Social Housing Employees Association, Inc. v. Social Housing Finance Corporation,*[64] and *DORELCO Employees Union-ALU-TUCP v. Don Orestes Romualdez Electric Cooperative, Inc.*[65] However, it was only on February 5, 2021 that the NCMB reflected the Court's directive to allow the filing of

[59] Id. at 327-329.
[60] Id. at 329.
[61] G.R. No. 225115, January 27, 2020, 930 SCRA 135, 142-143.
[62] G.R. No. 247338, September 2, 2020.
[63] G.R. No. 227933, September 2, 2020.
[64] G.R. No. 237729, October 14, 2020.
[65] G.R. No. 240130, March 15, 2021.

motions for reconsideration in its 2021 Revised Procedural Guidelines in the Conduct of Voluntary Arbitration Proceedings.[66]

Applying the foregoing, it is clear that on August 3, 2015, when respondent filed its petition for review under Rule 43 before the CA within the 15-day reglementary period but without filing a prior motion for reconsideration before the CA, the categorical ruling of the Court in the 2018 case of *Guagua National Colleges* was not yet in effect. Consequently, at that time, respondent cannot be blamed for honestly relying on Sec. 7 of Rule VII of the 2005 VA Procedural Guidelines for not filing a motion for reconsideration and immediately resorting to a petition for review under Rule 43 within the 15-day reglementary period.

The Court, therefore, finds no reason to disturb the CA's ruling in favor of respondent's non-filing of a motion for reconsideration of the VA's decision before elevating the same for review in the CA under Rule 43. To repeat, at the time respondent filed its CA petition, Sec. 7 of Rule VII of the 2005 VA Procedural Guidelines persisted. This provision expressly stated that a motion for reconsideration was not allowed. Respondent's resort to a petition for review under Rule 43 of the Rules of Court, without seeking reconsideration of the VA's decision, was due to its sincere reliance on the 2005 VA Procedural Guidelines. Besides, respondent timely filed its CA petition within the 15-day reglementary period under Rule 43, which was still the proper remedy as pronounced in *Guagua.*

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[66] Sections 5, 6, and 7 of Rule VII states:

Section 5. *Finality of Decision.* — The decision of the Voluntary Arbitrator/Panel of Voluntary Arbitrators shall be final and executory after ten (10) calendar days from receipt of the copy of the decision by the counsel or authorized representative on record or the parties in the absence of a counsel or authorized representative, unless a motion for reconsideration is seasonably filed.

Section 6. *Motion for Reconsideration.* — A party may file a motion for reconsideration of a decision, resolution or order of the Voluntary Arbitrator/Panel of Voluntary Arbitrators based on the ground of palpable or patent errors within ten (10) calendar days from receipt thereof, with proof of service on the adverse party.

A Motion for Reconsideration shall be resolved by the Voluntary Arbitrator/Panel of Voluntary Arbitrators within ten (10) calendar days from receipt of the Motion.

A second motion for reconsideration from the same party shall be deemed a prohibited pleading.

Section 7. *Effect of Filing a Motion for Reconsideration.* — The pendency of a motion for reconsideration filed on time and by the proper party shall stay the execution of the decision, resolution or order sought to be reconsidered.

Right to participate in policy and decision-making processes on matters affecting the general welfare of the employees

Petitioner claims that it is within its management prerogative to revise the old CRR, and that the CBA does not even require respondent's "prior approval or conformity" thereof for its valid implementation.[67] Nevertheless, petitioner asserts that there were no substantial changes made in the revised CRR from the old one and it suffices that, before the revised CRR was implemented, the employees were duly apprised thereof during the January 16 to 17, 2014 general assembly organized by petitioner.

The Court disagrees.

It is settled that the exercise by an employer of its management prerogative is not absolute and is subject to limitations imposed by "law, **collective bargaining agreement**, and general principles of fair play and justice."[68]

Sec. 3 of Art. VI of the CBA obligates petitioner to discuss with respondent "matters that may involve decisions or policies that may adversely affect the general welfare of the members."[69] Art. XXIV of the CBA even demands petitioner and respondent to tackle all matters of "mutual interest particularly those affecting labor-management relations" and/or even "any dispute, controversy, problem, complaint or disagreement between the [parties] arising out of employer-employee relationship."[70]

The CRR, be it the old or revised one, lays down the omnibus policies, rules and regulations, which petitioner demands from its employees to strictly observe. It defines the offenses, the severity of their commission, and the corresponding penalties to be imposed on the erring employee. Surely, petitioner's CRR involves matters that affect the general welfare of respondent's members, as well as the parties' labor-management relationship, and any changes to the same necessarily affect them. Clearly, petitioner is duty-bound under the CBA to discuss with respondent any revision and/or modification in the CRR.

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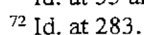
[67] *Rollo*, p. 25.
[68] See *Lagamayo v. Cullinan Group, Inc.*, G.R. No. 227718, November 11, 2021 and *Hongkong Bank Independent Labor Union v. Hongkong and Shanghai Banking Corp. Limited*, 826 Phil. 816, 838 (2018). (Emphasis supplied)
[69] *Rollo*, p. 55.
[70] Id. at 63.

Moreover, the obligation imposed by the parties upon themselves is mutual. The reason behind this policy requiring a discussion between labor and management is obvious in the CBA itself – to promote and maintain a harmonious labor-management relationship. The objective of this shared obligation may be achieved through prior and bilateral consultation of the parties with each other, and certainly not through a one-sided presentation of the revisions or modifications already arrived at by only one party.

Evidently, while petitioner indeed had management prerogative, such prerogative was limited or regulated by the relevant provisions of the CBA, particularly, Art. VI and Art. XXIV thereof. These provisions essentially require petitioner to discuss with respondent matters that involve decisions or policies that may adversely affect the general welfare of its members and labor-management relations, including any dispute arising out of the employer-employee relationship.[71]

However, petitioner did not comply with its obligation under the CBA to consult and discuss with respondent regarding these matters affecting labor-management relations. It failed to cite any instance showing that it tried to reach out to respondent to obtain and consider the latter's position on the matter. In fact, it was never disputed by petitioner that it ignored respondent's calls to create a labor management committee, thus, deliberately depriving respondent of its right to participate in policy and decision-making processes on matters affecting the general welfare of the employees.[72] To the Court's view, petitioner practically conceded that it never really consulted respondent before it implemented the revised CRR.

The mere fact that petitioner organized a general assembly on January 16-17, 2014 to discuss the revised CRR with its employees cannot be considered as faithful compliance with the relevant CBA provisions. It should be emphasized that the CBA requires petitioner to discuss matters that affect the general welfare of the employees specifically with the "UNION." The union referred to is herein respondent, a juridical person vested by law with certain rights which only it may exercise, such as the authority to represent all the rank-and-file employees on matters concerning them. Certainly, a general assembly of employees regardless of rank does not possess such legal personality. It must also be stressed that petitioner and respondent agreed to establish a labor-management committee precisely to have a forum where they can have a bilateral discussion on matters affecting labor-management relations. However, this did not happen because during the general assembly, petitioner merely presented to all the employees the revised CRR, which was already established without respondent's participation. In fact, the employees were simply handed a copy of the revised CRR. Subsequently, petitioner



[71] Id. at 55 and 63.
[72] Id. at 283.

implemented the revised CRR sans the comments of respondent.[73] Indeed, the general assembly was a mere farce or simulation as petitioner was already set on implementing the onerous revised CRR regardless of respondent's views.

Likewise, petitioner's assertion that the changes it made in the CRR were unsubstantial is inaccurate. A cursory review of the old and the revised CRR reveals that petitioner indeed introduced changes, which affect the rights of the employees.[74] As aptly noted by the CA, the majority of the offenses outlined in the old CRR have a corresponding punishment depending on the number of times of its commission. This escalating degree of penalty based on the number of times of the commission of the offense was entirely deleted in the revised CRR. Accordingly, the revised CRR imposed a harsher system of punishment, without consulting respondent.

All of these controversies regarding the revised CRR could have been avoided had petitioner genuinely and sincerely complied with the mandate, under the CBA, to discuss and consult with respondent on matters relating to labor-management relations and the employees' general welfare. However, petitioner did not. Hence, it cannot be gainsaid that petitioner sufficiently complied with the CBA in imposing the revised CRR.

The one-hour meal break, which is divided into 3 parts, is compensable

Lastly, petitioner denies ordering their employees to have their meal break for one hour instead of 30 minutes. Petitioner asserts that it just so happened that they have employees taking the compensable 30-minute meal break and those still having their routinary one-hour continuous breaktime. According to petitioner, those who took the one-hour rest period were no longer entitled to be compensated following the *no work, no pay policy*.[75]

The Court is not persuaded.

Sec. 83, in relation to Sec. 85 of the Labor Code, states that the compensable eight hours of work in a day does not include the 60 minutes time-off for the regular meals of an employee, *ergo*, this statutory one-hour meal break, not being part of the normal working hours of an employee, is non-compensable. In short, the normal eight-hour work period does not include the statutory and non-compensable one-hour meal break.[76]

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[73] Id. at 25 and 37.
[74] Id. at 66-84.
[75] Id at 27.
[76] See *Philippine Airlines, Inc. v. National Labor Relations Commission*, 362 Phil. 197, 203 (1999).

Nevertheless, the hours of work of the employees may be modified or regulated in a duly signed CBA between the employer and its employees. It is rudimentary that: "[a] collective bargaining agreement or CBA refers to the negotiated contract between a legitimate labor organization and the employer concerning wages, **hours of work** and all other terms and conditions of employment in a bargaining unit. As in all contracts, the parties in a CBA may establish such stipulations, clauses, terms and conditions as they may deem convenient provided these are not contrary to law, morals, good customs, public order or public policy. Thus, where the CBA is clear and unambiguous, it becomes the law between the parties and compliance therewith is mandated by the express policy of the law."[77]

Secs. 1 and 2 of Rule VII of the CBA regarding meal times are unambiguous, to wit:

> **Section 1. Hours of Work. – The working hours in the COMPANY shall be Eight (8) hours a day including meal break of thirty (30) minutes and two (2) fifteen (15) minutes coffee break.** The regular working day shall be Six (6) days a week, from Monday to Saturday. Sunday is considered the general rest day of all employees in the COMPANY. All employees shall be found stationed at their designated place of work at the start of their time of work.
>
> **a) Grace Period** – Employees who come to work late shall be entitled to grace period of an aggregate of One Hundred Twenty (120) Minutes consumable in a month. Provided that corresponding disciplinary actions found in the employees handbook shall be imposed on the employee who incurred more than three (3) of fifteen to thirty (15-30) minutes late in a month; in excess of thirty (30) minutes will be subject for approval of department head.
>
> **Section 2. Overtime Pay** - Any employee who works in excess of Eight (8) hours in any regular working day shall be entitled to an additional Twenty Five percent (25%) of the daily hour basic rate as overtime premium. The overtime work of employees shall not be used to offset absences incurred by them on regular working hours.[78] (Emphasis supplied)

The short rest periods of meal time, or those periods shorter than one-hour, have been purposely integrated by the parties in the normal eight-hour workday. The intent of the parties is readily ascertainable. The CBA divided the meal time of the employees into three parts, *i.e.*, the 30-minute lunch break and two 15-minute coffee breaks. Evidently, the meal time was divided into shorter rest periods so that these periods can be considered as compensable.

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[77] See *OSM Maritime Services, Inc. v. Go*, G.R. No. 238128, February 17, 2021; *Goya, Inc. v. Goya, Inc. Employees Union-FFW*, 701 Phil. 645, 660 (2013); and *Honda Phils., Inc. v. Samahan ng Malayang Manggagawa sa Honda*, 499 Phil. 174, 180 (2005).
[78] *Rollo*, pp. 55-56.

Petitioner, however, essentially admitted that it wittingly allowed the employees to consume one whole hour of continuous meal break instead of strictly implementing the CBA mandated 30-minute meal break and two 15-minute rest periods. In defining the commission of the offense of "over break" in the revised CRR, petitioner even classified those consuming the one-hour meal break as "straight time" employees and those consuming the 30-minute meal break as "non-straight time" employees. Evidently, petitioner had established two policies on hours of work and meal period. As the Court sees it, petitioner cunningly permitted the "straight time" employees to lump the short meal breaks into one-hour, which is against the CBA.

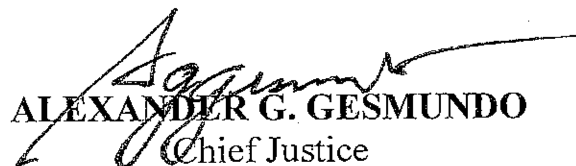
Thus, through petitioner's scheming policy, it authorized a one-hour meal break that is not compensable, contrary to the 30-minute meal break and two 15-minute coffee breaks under the CBA. The obvious intent of petitioner in this policy of allowing the one-hour meal break is to lessen the compensable work hours of its employees; instead of allowing the compensable meal break of 30-minutes and two 15-minute coffee breaks in the CBA. This is clearly a circumvention of the unequivocal provisions of the CBA providing for compensable meal and rest periods.

In effect, those employees rendering 12 hours of work in an eight-hour work day, were only compensated with three hours of overtime pay,[79] instead of four hours. Clearly, the policy implemented by petitioner thwarted the provision of the CBA regarding the meal time of its employees.

In sum, the CA correctly ruled that petitioner's employees who worked for 12 hours in an eight-hour workday, and took the 30-minute and two 15-minute rest breaks as their meal time in accordance with the CBA, must be compensated for four hours of overtime pay.[80]

WHEREFORE, the petition is **DENIED**. The Decision dated July 29, 2016 and the Resolution dated February 14, 2017 of the Court of Appeals, in CA-G.R. SP No. 141529, are hereby **AFFIRMED *in toto*.**

SO ORDERED.



ALEXANDER G. GESMUNDO
Chief Justice

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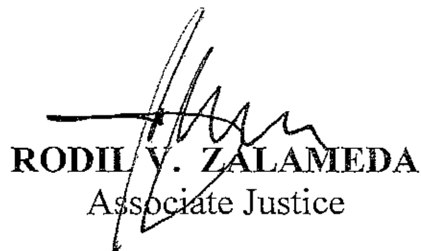
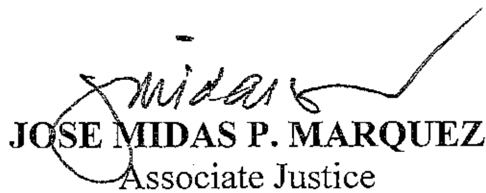
[79] Id. at 36.
[80] Id. at 41 and 44.

WE CONCUR:

(On Official Leave)
RAMON PAUL L. HERNANDO
Associate Justice


RODIL V. ZALAMEDA
Associate Justice

RICARDO R. ROSARIO
Associate Justice


JOSE MIDAS P. MARQUEZ
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ALEXANDER G. GESMUNDO
Chief Justice