Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

HIJO RESOURCES CORPORATION,
Petitioner,

- versus -

EPIFANIO P. MEJARES, REMEGIO C. BALURAN, JR., DANTE SAYCON, and CECILIO CUCHARO, represented by NAMABDJERA-HRC,
Respondents.

G.R. No. 208986

Present:

CARPIO, *J.*, Chairperson,
BRION,
DEL CASTILLO,
MENDOZA, and
LEONEN, *JJ.*

Promulgated:

13 JAN 2016

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DECISION

CARPIO, *J.*:

The Case

This petition for review[1] assails the 29 August 2012 Decision[2] and the 13 August 2013 Resolution[3] of the Court of Appeals in CA-G.R. SP No. 04058-MIN. The Court of Appeals reversed and set aside the Resolutions dated 29 June 2009 and 16 December 2009 of the National Labor Relations Commission (NLRC) in NLRC No. MIC-03-000229-08 (RAB XI-09-00774-2007), and remanded the case to the Regional Arbitration Branch, Region XI, Davao City for further proceedings.

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1 Under Rule 45 of the 1997 Rules of Civil Procedure.
2 *Rollo*, pp. 41-54. Penned by Associate Justice Pedro B. Corales, with Associate Justices Romulo V. Borja and Ma. Luisa C. Quijano-Padilla concurring.
3 Id. at 57-60.

The Facts

Respondents Epifanio P. Mejares, Remegio C. Baluran, Jr., Dante Saycon, and Cecilio Cucharo (respondents) were among the complainants, represented by their labor union named "Nagkahiusang Mamumuo ng Bit, Djevon, at Raquilla Farms sa Hijo Resources Corporation" (NAMABDJERA-HRC), who filed with the NLRC an illegal dismissal case against petitioner Hijo Resources Corporation (HRC).

Complainants (which include the respondents herein) alleged that petitioner HRC, formerly known as Hijo Plantation Incorporated (HPI), is the owner of agricultural lands in Madum, Tagum, Davao del Norte, which were planted primarily with Cavendish bananas. In 2000, HPI was renamed as HRC. In December 2003, HRC's application for the conversion of its agricultural lands into agri-industrial use was approved. The machineries and equipment formerly used by HPI continued to be utilized by HRC.

Complainants claimed that they were employed by HPI as farm workers in HPI's plantations occupying various positions as area harvesters, packing house workers, loaders, or labelers. In 2001, complainants were absorbed by HRC, but they were working under the contractor-growers: Buenaventura Tano (Bit Farm); Djerame Pausa (Djevon Farm); and Ramon Q. Laurente (Raquilla Farm). Complainants asserted that these contractor-growers received compensation from HRC and were under the control of HRC. They further alleged that the contractor-growers did not have their own capitalization, farm machineries, and equipment.

On 1 July 2007, complainants formed their union NAMABDJERA-HRC, which was later registered with the Department of Labor and Employment (DOLE). On 24 August 2007, NAMABDJERA-HRC filed a petition for certification election before the DOLE.

When HRC learned that complainants formed a union, the three contractor-growers filed with the DOLE a notice of cessation of business operations. In September 2007, complainants were terminated from their employment on the ground of cessation of business operations by the contractor-growers of HRC. On 19 September 2007, complainants, represented by NAMABDJERA-HRC, filed a case for unfair labor practices, illegal dismissal, and illegal deductions with prayer for moral and exemplary damages and attorney's fees before the NLRC.

On 19 November 2007, DOLE Med-Arbiter Lito A. Jasa issued an Order,[4] dismissing NAMABDJERA-HRC's petition for certification election on the ground that there was no employer-employee relationship between complainants (members of NAMABDJERA-HRC) and HRC. Complainants did not appeal the Order of Med-Arbiter Jasa but pursued the illegal dismissal case they filed.

On 4 January 2008, HRC filed a motion to inhibit Labor Arbiter Maria Christina S. Sagmit and moved to dismiss the complaint for illegal dismissal. The motion to dismiss was anchored on the following arguments: (1) Lack of jurisdiction under the principle of *res judicata*; and (2) The Order of the Med-Arbiter finding that complainants were not employees of HRC, which complainants did not appeal, had become final and executory.

The Labor Arbiter's Ruling

On 5 February 2008, Labor Arbiter Sagmit denied the motion to inhibit. Labor Arbiter Sagmit likewise denied the motion to dismiss in an Order dated 12 February 2008. Labor Arbiter Sagmit held that *res judicata* does not apply. Citing the cases of *Manila Golf & Country Club, Inc. v. IAC*[5] and *Sandoval Shipyards, Inc. v. Pepito*,[6] the Labor Arbiter ruled that the decision of the Med-Arbiter in a certification election case, by the nature of that proceedings, does not foreclose further dispute between the parties as to the existence or non-existence of employer-employee relationship between them. Thus, the finding of Med-Arbiter Jasa that no employment relationship exists between HRC and complainants does not bar the Labor Arbiter from making his own independent finding on the same issue. The non-litigious nature of the proceedings before the Med-Arbiter does not prevent the Labor Arbiter from hearing and deciding the case. Thus, Labor Arbiter Sagmit denied the motion to dismiss and ordered the parties to file their position papers.

HRC filed with the NLRC a petition for certiorari with a prayer for temporary restraining order, seeking to nullify the 5 February 2008 and 12 February 2008 Orders of Labor Arbiter Sagmit.

The Ruling of the NLRC

The NLRC granted the petition, holding that Labor Arbiter Sagmit gravely abused her discretion in denying HRC's motion to dismiss. The

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4 Id. at 154-160.
5 G.R. No. 64948, 27 September 1994, 237 SCRA 207.
6 412 Phil. 148 (2001).

NLRC held that the Med-Arbiter Order dated 19 November 2007 dismissing the certification election case on the ground of lack of employer-employee relationship between HRC and complainants (members of NAMABDJERA-HRC) constitutes *res judicata* under the concept of conclusiveness of judgment, and thus, warrants the dismissal of the case. The NLRC ruled that the Med-Arbiter exercises quasi-judicial power and the Med-Arbiter's decisions and orders have, upon their finality, the force and effect of a final judgment within the purview of the doctrine of *res judicata*.

On the issue of inhibition, the NLRC found it moot and academic in view of Labor Arbiter Sagmit's voluntary inhibition from the case as per Order dated 11 March 2009.

The Ruling of the Court of Appeals

The Court of Appeals found the ruling in the *Sandoval* case more applicable in this case. The Court of Appeals noted that the *Sandoval* case, which also involved a petition for certification election and an illegal dismissal case filed by the union members against the alleged employer, is on all fours with this case. The issue in *Sandoval* on the effect of the Med-Arbiter's findings as to the existence of employer-employee relationship is the very same issue raised in this case. On the other hand, the case of *Chris Garments Corp. v. Hon. Sto. Tomas*[7] cited by the NLRC, which involved three petitions for certification election filed by the same union, is of a different factual milieu.

The Court of Appeals held that the certification proceedings before the Med-Arbiter are non-adversarial and merely investigative. On the other hand, under Article 217 of the Labor Code, the Labor Arbiter has original and exclusive jurisdiction over illegal dismissal cases. Although the proceedings before the Labor Arbiter are also described as non-litigious, the Court of Appeals noted that the Labor Arbiter is given wide latitude in ascertaining the existence of employment relationship. Thus, unlike the Med-Artbiter, the Labor Arbiter may conduct clarificatory hearings and even avail of ocular inspection to ascertain facts speedily.

Hence, the Court of Appeals concluded that the decision in a certification election case does not foreclose further dispute as to the existence or non-existence of an employer-employee relationship between HRC and the complainants.

On 29 August 2012, the Court of Appeals promulgated its Decision, the dispositive portion of which reads:

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[7] 596 Phil. 14 (2009).

> WHEREFORE, the petition is hereby GRANTED and the assailed Resolutions dated June 29, 2009 and December 16, 2009 of the National Labor Relations Commission are hereby REVERSED AND SET ASIDE. Let NLRC CASE No. RAB-XI-09-00774-0707 be remanded to the Regional Arbitration Branch, Region XI, Davao City for further proceedings.
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> SO ORDERED.[8]

The Issue

Whether the Court of Appeals erred in setting aside the NLRC ruling and remanding the case to the Labor Arbiter for further proceedings.

The Ruling of the Court

We find the petition without merit.

There is no question that the Med-Arbiter has the authority to determine the existence of an employer-employee relationship between the parties in a petition for certification election. As held in *M.Y. San Biscuits, Inc. v. Acting Sec. Laguesma*:[9]

> Under Article 226 of the Labor Code, as amended, the Bureau of Labor Relations (BLR), of which the med-arbiter is an officer, has the following jurisdiction –
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> > "ART. 226. *Bureau of Labor Relations*. – The Bureau of Labor Relations and the Labor Relations Division[s] in the regional offices of the Department of Labor shall have original and exclusive authority to act, at their own initiative or upon request of either or both parties, on all inter-union and intra-union conflicts, *and all disputes, grievances or problems arising from or affecting labor-management relations in all workplaces whether agricultural or non-agricultural*, except those arising from the implementation or interpretation of collective bargaining agreements which shall be the subject of grievance procedure and/or voluntary arbitration.
> >
> > The Bureau shall have fifteen (15) working days to act on labor cases before it, subject to extension by agreement of the parties." (Italics supplied)

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8 *Rollo*, p. 53.

9 273 Phil. 482 (1991).

> From the foregoing, the BLR has the original and exclusive jurisdiction to *inter alia*, decide all disputes, grievances or problems arising from or affecting labor-management relations in all workplaces whether agricultural or non-agricultural. Necessarily, in the exercise of this jurisdiction over labor-management relations, the med-arbiter has the authority, original and exclusive, to determine the existence of an employer-employee relationship between the parties.
>
> Apropos to the present case, once there is a determination as to the existence of such a relationship, the med-arbiter can then decide the certification election case. As the authority to determine the employer-employee relationship is necessary and indispensable in the exercise of jurisdiction by the med-arbiter, his finding thereon may only be reviewed and reversed by the Secretary of Labor who exercises appellate jurisdiction under Article 259 of the Labor Code, as amended, which provides –
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> > "ART. 259. *Appeal from certification election orders.* – Any party to an election may appeal the order or results of the election as determined by the Med-Arbiter directly to the Secretary of Labor and Employment on the ground that the rules and regulations or parts thereof established by the Secretary of Labor and Employment for the conduct of the election have been violated. Such appeal shall be decided within fifteen (15) calendar days."[10]

In this case, the Med-Arbiter issued an Order dated 19 November 2007, dismissing the certification election case because of lack of employer-employee relationship between HRC and the members of the respondent union. The order dismissing the petition was issued after the members of the respondent union were terminated from their employment in September 2007, which led to the filing of the illegal dismissal case before the NLRC on 19 September 2007. Considering their termination from work, it would have been futile for the members of the respondent union to appeal the Med-Arbiter's order in the certification election case to the DOLE Secretary. Instead, they pursued the illegal dismissal case filed before the NLRC.

The Court is tasked to resolve the issue of whether the Labor Arbiter, in the illegal dismissal case, is bound by the ruling of the Med-Arbiter regarding the existence or non-existence of employer-employee relationship between the parties in the certification election case.

The Court rules in the negative. As found by the Court of Appeals, the facts in this case are very similar to those in the *Sandoval* case, which also involved the issue of whether the ruling in a certification election case on the existence or non-existence of an employer-employee relationship operates as *res judicata* in the illegal dismissal case filed before the NLRC. In *Sandoval*, the DOLE Undersecretary reversed the finding of the Med-

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[10] Id. at 485-486.

Arbiter in a certification election case and ruled that there was no employer-employee relationship between the members of the petitioner union and Sandoval Shipyards, Inc. (SSI), since the former were employees of the subcontractors. Subsequently, several illegal dismissal cases were filed by some members of the petitioner union against SSI. Both the Labor Arbiter and the NLRC ruled that there was no employer-employee relationship between the parties, citing the resolution of the DOLE Undersecretary in the certification election case. The Court of Appeals reversed the NLRC ruling and held that the members of the petitioner union were employees of SSI. On appeal, this Court affirmed the appellate court's decision and ruled that the Labor Arbiter and the NLRC erred in relying on the pronouncement of the DOLE Undersecretary that there was no employer-employee relationship between the parties. The Court cited the ruling in the *Manila Golf*[11] case that the decision in a certification election case, by the very nature of that proceeding, does not foreclose all further dispute between the parties as to the existence or non-existence of an employer-employee relationship between them.

This case is different from the *Chris Garments* case cited by the NLRC where the Court held that the matter of employer-employee relationship has been resolved with finality by the DOLE Secretary, whose factual findings were not appealed by the losing party. As mentioned earlier, **the Med-Arbiter's order in this case dismissing the petition for certification election on the basis of non-existence of employer-employee relationship was issued after the members of the respondent union were dismissed from their employment.** The purpose of a petition for certification election is to determine which organization will represent the **employees** in their collective bargaining with the employer.[12] **The respondent union, without its member-employees, was thus stripped of its personality to challenge the Med-Arbiter's decision in the certification election case. Thus, the members of the respondent union were left with no option but to pursue their illegal dismissal case filed before the Labor Arbiter.** To dismiss the illegal dismissal case filed before the Labor Arbiter on the basis of the pronouncement of the Med-Arbiter in the certification election case that there was no employer-employee relationship between the parties, which the respondent union could not even appeal to the DOLE Secretary because of the dismissal of its members, would be tantamount to denying due process to the complainants in the illegal dismissal case. This, we cannot allow.

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11 *Manila Golf & Country Club, Inc. v. IAC*, supra note 5, at 214.

12 *Heritage Hotel Manila v. Secretary of Labor and Employment*, G.R. No. 172132, 23 July 2014, 730 SCRA 400, 413 citing *Rep. of the Phils. v. Kawashima Textile Mfg. Phils., Inc.*, 581 Phil. 359, 380 (2008).

WHEREFORE, we **DENY** the petition. We **AFFIRM** the 29 August 2012 Decision and the 13 August 2013 Resolution of the Court of Appeals in CA-G.R. SP No. 04058-MIN.

SO ORDERED.

ANTONIO T. CARPIO
Associate Justice

WE CONCUR:

ARTURO D. BRION
Associate Justice

MARIANO C. DEL CASTILLO
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

MARVIC M.V.F. LEONEN
Associate Justice

ATTESTATION

I attest 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.

ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, 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.

MARIA LOURDES P. A. SERENO
Chief Justice