Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

REN TRANSPORT CORP. and/or REYNALDO PAZCOGUIN III,
Petitioners,

G.R. No. 188020

-versus -

NATIONAL LABOR RELATIONS COMMISSION (2ND DIVISION), SAMAHANG MANGGAGAWA SA REN TRANSPORT-ASSOCIATION OF DEMOCRATIC LABOR ASSOCIATIONS (SMART-ADLO) represented by its President NESTOR FULMINAR,
Respondents.

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SAMAHANG MANGGAGAWA SA REN TRANSPORT-ASSOCIATION OF DEMOCRATIC LABOR ASSOCIATIONS (SMART-ADLO) represented by NESTOR FULMINAR,
Petitioner,

G.R. No. 188252

- versus -

REN TRANSPORT CORP. and/or REYNALDO PAZCOGUIN III,
Respondents.

Present:

SERENO, *CJ*, Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,
PERLAS-BERNABE, and
CAGUIOA, *JJ.*

Promulgated:

JUN 27 2016

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DECISION

SERENO, *CJ:*

Before this Court are consolidated Rule 45 petitions challenging the Decision[1] and the Resolution[2] issued by the Court of Appeals (CA) in CA-G.R. SP No. 100722.

THE FACTS

Samahan ng Manggagawa sa Ren Transport (SMART) is a registered union, which had a five-year collective bargaining agreement (CBA) with Ren Transport Corp. (Ren Transport) set to expire on 31 December 2004.[3] The 60-day freedom period of the CBA passed without a challenge to SMART's majority status as bargaining agent.[4] SMART thereafter conveyed its willingness to bargain with Ren Transport, to which it sent bargaining proposals. Ren Transport, however, failed to reply to the demand.[5]

Subsequently, two members of SMART wrote to the Department of Labor and Employment – National Capital Region (DOLE-NCR). The office was informed that a majority of the members of SMART had decided to disaffiliate from their mother federation to form another union, Ren Transport Employees Association (RTEA).[6] SMART contested the alleged disaffiliation through a letter dated 4 April 2005.[7]

During the pendency of the disaffiliation dispute at the DOLE-NCR, Ren Transport stopped the remittance to SMART of the union dues that had been checked off from the salaries of union workers as provided under the CBA.[8] Further, on 19 April 2005, Ren Transport voluntarily recognized RTEA as the sole and exclusive bargaining agent of the rank-and-file employees of their company.[9]

On 6 July 2005, SMART filed with the labor arbiter a complaint for unfair labor practice against Ren Transport.[10]

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[1] Dated 30 January 2009. *Rollo*, 188020, pp 60-70, penned by Associate Justice Ricardo R. Rosario and concurred by Associate Justices Noel G. Tijam and Vicente S.E. Veloso.
[2] Dated 20 May 2009. Id at pp. 57-59.
[3] Supra, note 1, at 62.
[4] Id.
[5] *Rollo,* (G.R. No. 188252), p. 183.
[6] Id.
[7] Id at 63.
[8] Id.
[9] Id.
[10] Supra note 1 at 15.

THE LABOR ARBITER'S RULING

The labor arbiter rendered a decision[11] finding Ren Transport guilty of acts of unfair labor practice. The former explained that since the disaffiliation issue remained pending, SMART continued to be the certified collective bargaining agent; hence, Ren Transport's refusal to send a counter-proposal to SMART was not justified. The labor arbiter also held that the company's failure to remit the union dues to SMART and the voluntary recognition of RTEA were clear indications of interference with the employees' exercise of the right to self-organize.

Both parties elevated the case to the National Labor Relations Commission (NLRC). SMART contested only the failure of the labor arbiter to award damages.

Ren Transport challenged the entire Decision, assigning four errors in its Memorandum of Appeal, namely: (1) SMART was no longer the exclusive bargaining agent; (2) Ren Transport did not fail to bargain collectively with SMART; (3) Ren Transport was not obliged to remit dues to SMART; and (4) SMART lacked the personality to sue Ren Transport.[12] All the assigned errors were based on the assertion that SMART had lost its majority status.

The appeals were consolidated.

THE NLRC RULING

The NLRC issued a decision[13] affirming the labor arbiter's finding of unfair labor practice on the part of Ren Transport. Union dues were ordered remitted to SMART.

The NLRC also awarded moral damages to SMART, saying that Ren transport's refusal to bargain was inspired by malice or bad faith. The precipitate recognition of RTEA evidenced such bad faith, considering that it was done despite the pendency of the disaffiliation dispute at the DOLE-NCR.

Ren Transport filed a motion for reconsideration[14] alleging, among others, that the NLRC failed to resolve all the arguments the former had raised in its memorandum of appeal.

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[11] Decision dated 13 February 2006. Supra note 5 at 182-190.
[12] Supra, note 5 at 206-217.
[13] Decision 28 May 2007. Id. at 243-249.
[14] Id. at 250-273.

The NLRC denied the motion for reconsideration,[15] prompting Ren Transport to file a Rule 65 petition with the CA.[16]

THE CA RULING

On 30 January 2009, the CA rendered a decision[17] partially granting the petition. It deleted the award of moral damages to SMART, but affirmed the NLRC decision on all other matters. The CA ruled that SMART, as a corporation, was not entitled to moral damages.[18]

On the contention that the NLRC decided the case without considering all the arguments of Ren Transport, the CA found that the latter had passed upon the principal issue of the existence of unfair labor practice.

Hence, both parties appealed to this Court.

THE ISSUES

Based on the foregoing facts and arguments raised in the petitions, the threshold issues to be resolved are the following: (1) whether Ren Transport committed acts of unfair labor practice; (2) whether the decision rendered by the NLRC is valid on account of its failure to pass upon all the errors assigned by Ren Transport; and (3) whether SMART is entitled to moral damages.

OUR RULING

We deny the petitions for lack of merit.

I
Ren Transport committed acts of unfair labor practice.

Ren Transport violated its duty to bargain collectively with SMART.

Ren Transport concedes that it refused to bargain collectively with SMART. It claims, though, that the latter ceased to be the exclusive bargaining agent of the rank-and-file employees because of the disaffiliation of the majority of its members.[19]

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[15] Id. at 276-278.
[16] Id. at 279-314.
[17] Id. at 22-31.
[18] Id. at 30.
[19] Supra note 1, at 41.

The argument deserves no consideration.

Violation of the duty to bargain collectively is an unfair labor practice under Article 258(g) of the Labor Code. An instance of this practice is the refusal to bargain collectively as held in *General Milling Corp. v CA.*[20] In that case, the employer anchored its refusal to bargain with and recognize the union on several letters received by the former regarding the withdrawal of the workers' membership from the union. We rejected the defense, saying that the employer had devised a flimsy excuse by attacking the existence of the union and the status of the union's membership to prevent any negotiation.[21]

It bears stressing that Ren Transport had a duty to bargain collectively with SMART. Under Article 263 in relation to Article 267 of the Labor Code, it is during the freedom period — or the last 60 days before the expiration of the CBA — when another union may challenge the majority status of the bargaining agent through the filing of a petition for a certification election. If there is no such petition filed during the freedom period, then the employer "shall continue to recognize the majority status of the incumbent bargaining agent where no petition for certification election is filed."[22]

In the present case, the facts are not up for debate. No petition for certification election challenging the majority status of SMART was filed during the freedom period, which was from November 1 to December 31, 2004 — the 60-day period prior to the expiration of the five-year CBA. SMART therefore remained the exclusive bargaining agent of the rank-and-file employees.

Given that SMART continued to be the workers' exclusive bargaining agent, Ren Transport had the corresponding duty to bargain collectively with the former. Ren Transport's refusal to do so constitutes an unfair labor practice.

Consequently, Ren Transport cannot avail itself of the defense that SMART no longer represents the majority of the workers. The fact that no petition for certification election was filed within the freedom period prevented Ren Transport from challenging SMART's existence and membership.

Moreover, it must be stressed that, according to the labor arbiter, the purported disaffiliation from SMART was nothing but a convenient, self-serving excuse.[23] This factual finding, having been affirmed by both the CA

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[20] 467 Phil. 125 (2004).
[21] Id. at 134.
[22] Article 267, Labor Code (As amended by Section 23, Republic Act No. 6715, March 21, 1989).
[23] Supra note 5, at 189-190.

and the NLRC, is now conclusive upon the Court.[24] We do not see any patent error that would take the instant case out of the general rule.

Ren Transport interfered with the exercise of the employees' right to self-organize.

Interference with the employees' right to self-organization is considered an unfair labor practice under Article 258 (a) of the Labor Code. In this case, the labor arbiter found that the failure to remit the union dues to SMART and the voluntary recognition of RTEA were clear indications of interference with the employees' right to self-organization.[25] It must be stressed that this finding was affirmed by the NLRC and the CA; as such, it is binding on the Court, especially when we consider that it is not tainted with any blatant error. As aptly pointed out by the labor arbiter, these acts were ill-timed in view of the existence of a labor controversy over membership in the union.[26]

Ren Transport also uses the supposed disaffiliation from SMART to justify the failure to remit union dues to the latter and the voluntary recognition of RTEA. However, for reasons already discussed, this claim is considered a lame excuse that cannot validate those acts.

II.
The NLRC decision is valid.

Ren Transport next argues that the decision rendered by the NLRC is defective considering that it has failed to resolve all the issues in its Memorandum of Appeal.[27]

We do not agree.

Section 14, Article VIII of the 1987 Constitution, states that "[n]o decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based." It has been held that the constitutional provision does not require a "point-by-point consideration and resolution of the issues raised by the parties."[28]

In the present case, the decision shows that the NLRC resolved the focal issue raised by Ren Transport: whether or not SMART remained the exclusive bargaining agent, such that Ren Transport could be found guilty of acts of unfair labor practice. We quote the NLRC discussion:

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[24] *Meralco Industrial Engineering Services Corp. v. National Labor Relations Commission*, 572 PHIL 94-118 (2008).
[25] Id. at 189.
[26] Id.
[27] Supra, note 1 at 31.
[28] *Re: Ongjoco*, 680 PHIL 467-474 (2012).

> At the outset, let it be stated that insofar as the principal issue of whether unfair labor practice was committed by respondents, there is no occasion to find, or even entertain, doubts that the findings and conclusion of the Labor Arbiter that unfair labor practice (ULP) was committed against the complainants, are infused with serious errors. We quote:
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> > [I]t is our considered view that the respondents committed acts of unfair labor practice even if the CBA between the complainant union and respondent company already expired and majority of the workers of the existing bargaining agent disaffiliated therefrom, formed its own union and have it registered as an independent one, still the respondent Company has the duty to bargain collectively with the existing bargaining agent. It bears stressing that the disaffiliation issue of the members of the complainant union is still pending before the DOLE and has not yet attained its finality; that there is no new bargaining agent certified yet by the DOLE, there is no legal basis yet for the respondent company to disregard the personality of the complainant union and refused or ignored the agent for renewal of its CBA. It is still the certified collective bargaining agent of the workers, because there was no new [u]nion yet being certified by the DOLE as the new bargaining agent of the workers.

The above discourse shows the factual and legal bases for the NLRC's resolution of the issue of whether Ren Transport committed unfair labor practice and thereby satisfies the constitutional provision on the contents of a decision. The NLRC succeeded in disposing of all the arguments raised by Ren Transport without going through every argument, as all the assigned errors hinged on the majority status of SMART.[29] All of these errors were addressed and settled by the NLRC by finding that SMART was still the exclusive bargaining agent of the employees of Ren Transport.

As aptly stated by the CA, a court or any other tribunal is not required to pass upon all the errors assigned by Ren Transport; the resolution of the main question renders the other issues academic or inconsequential.[30]

At this juncture, it is well to note that addressing every one of the errors assigned would not be in keeping with the policy of judicial economy. Judicial economy refers to "efficiency in the operation of the courts and the judicial system; especially the efficient management of litigation so as to minimize duplication of effort and to avoid wasting the judiciary's time and resources."[31] In *Salud v. Court of Appeals*,[32] the Court remarked that judicial

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[29] Ren Transport's remaining arguments in its Memorandum of Appeal filed with the NLRC are summed up as follows: (1) Ren Transport did not fail to bargain collectively with SMART; (3) Ren Transport was not obliged to remit dues to SMART; and (4) SMART lacked the personality to sue Ren Transport. Supra note 5 at 216-217.

[30] Supra note 5, at 28.

[31] Black's Law Dictionary, Eighth edition, p. 863.

[32] G.R. No. 100156, 27 June 1994, 233 SCRA 384.

economy is a "strong [norm] in a society in need of swift justice."[33] Now, more than ever, the value of brevity in the writing of a decision assumes greater significance, as we belong to an age in which dockets of the courts are congested and their resources limited.

III.
SMART is not entitled to an award of moral damages.

We now address the petition of SMART, which faults the CA for deleting the grant of moral damages.[34]

We hold that the CA correctly dropped the NLRC's award of moral damages to SMART. Indeed, a corporation is not, as a general rule, entitled to moral damages. Being a mere artificial being, it is incapable of experiencing physical suffering or sentiments like wounded feelings, serious anxiety, mental anguish or moral shock.[35]

Although this Court has allowed the grant of moral damages to corporations in certain situations,[36] it must be remembered that the grant is not automatic. The claimant must still prove the factual basis of the damage and the causal relation to the defendant's acts.[37] In this case, while there is a showing of bad faith on the part of the employer in the commission of acts of unfair labor practice, there is no evidence establishing the factual basis of the damage on the part of SMART.

WHEREFORE, premises considered, the petitions are **DENIED**. The Decision dated 30 January 2009 and the Resolution dated 20 May 2009 issued by the Court of Appeals in CA-G.R. SP No. 100722 are **AFFIRMED**.

SO ORDERED.

MARIA LOURDES P. A. SERENO
Chief Justice, chairperson

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[33] Id. at 389.
[34] Supra note 5 at 15.
[35] *Crystal v. Bank of the Philippine Islands*, 593 Phil. 344, 354 (2008). Cited in *University of the Philippines v. Dizon*, 693 Phil. 226, 250 (2012).
[36] Corporations may recover moral damages under Articles 19, 20, and 21 of the Civil Code (*ABS-CBN Broadcasting Corp. v. Court of Appeals*, 61 Phil. 499, 527 (1999), as well as under Article 2219 (7) of the Civil Code (*Filipinas Broadcasting Network v.Ago Medical and Educational Center*, 489 Phil. 380, 400 (2005).
[37] *First Lepanto-Taisho Insurance Corp. v. Chevron Phil., Inc.*, 679 Phil. 313, 329 (2012).

WE CONCUR:

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

LUCAS P. BERSAMIN
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
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.

MARIA LOURDES P. A. SERENO
Chief Justice