FIRST DIVISION

[G.R. No. 197889, July 28, 2021]

NEW WORLD INTERNATIONAL DEVELOPMENT (PHIL.), INC., STEPHAN STOSS AND GEUEL F. AUSTE, PETITIONERS, VS. NEW WORLD RENAISSANCE HOTEL LABOR UNION, RESPONDENT.

D E C I S I O N

LAZARO-JAVIER, J.:

The Case

This petition for review assails the following issuances of the Court of Appeals in CA-G.R. SP No. 116181 entitled "*New World Renaissance Hotel Intenrational Development (Phil), Inc., Stephan Stoss and Geuel F Auste:*"

1) Decision[1] dated March 14, 2011, setting aside the dispositions of the National Labor Relations Commission (NLRC) in NLRC LAC No. 08-002876-08/NLRC-NCR-00-02-01243-05 and directing the parties to promptly conduct collective bargaining negotiations, and petitioners, to pay respondent P50,000.00 as attorney's fees.

2) Resolution[2] dated July 21, 2011, denying petitioner's motion for reconsideration and supplemental motion for reconsideration.

Proceedings before the Labor Arbiter

In NLRC-NCR Case No. 02-01243-05, respondent New World Renaissance Hotel Labor Union filed with the NLRC a complaint for unfair labor practice against petitioners New World International Development (Phil.), Inc. ("hotel"), Stephan Stoss (owner), and Geuel Auste (Director of Human Resources) for unfair labor practice. Respondent essentially alleged:

1) Following the certification election held on July 10, 2002, it was certified as the sole and exclusive bargaining agent of all rank and file employees of the hotel. On September 3, 2002, it submitted its proposal for a collective bargaining agreement (CBA) to the hotel management but failed to get a response from the latter. For this reason and considering the incidents of harassment against its officers and members, it was constrained to resort to preventive mediation proceeding before the National Conciliation and Mediation Board (NCMB) on September 25, 2002.[3] On March 4, 2003, it submitted to petitioners its amended CBA proposal. Petitioners' counsel replied that since a petition for cancellation of the union's certification as bargaining agent then pended before the

Department of Labor and Employment – National Capital Region (DOLE-NCR), it was more prudent to await the outcome of the aforesaid petition.[4]

2) The petition for cancellation was filed by a certain Diwa Dadap and 197 employees of the hotel on September 17, 2002, a week after the Bureau of Labor Relations (BLR) denied the appeal of the hotel against the dismissal of its petition for cancellation and a day after the opposition of the hotel to the conduct of certification election also got denied. On May 8, 2003, DOLE-NCR dismissed the petition for cancellation. Diwa Dadap appealed to the BLR under BLR-A-C-73-8-15-03.[5] By Resolution dated December 17, 2003 the BLR dismissed the appeal and subsequently entered judgment on January 16, 2004. On February 26, 2004, Diwa Dadap assailed this Resolution before the Court of Appeals via a special civil action for certiorari, docketed CA-G.R. SP No. 82428.[6]

3) Meantime, the union filed a similar complaint, followed by an amended complaint, for unfair legal practice, as in here, docketed as NLRC Case No. 00-07-07978-2003. Both complaint and amended complaint were anchored on the alleged failure of the hotel to consider the September 2002 CBA proposal and the March 2003 Amended CBA proposal submitted by the union.[7]

4) By Decision dated March 22, 2004 in NLRC Case No. 00-07-07978-2003, the labor arbiter dismissed the complaint for unfair labor practice on ground of prematurity. The labor arbiter held that the cause of action of the union would accrue only after the assailed BLR Resolution dated December 17, 2003 shall have been affirmed with finality by the Court of Appeals.[8]

5) On November 16, 2004, it submitted to the hotel its third amended CBA proposal dated November 8, 2004, informing the latter that the BLR Resolution December 17, 2003 had already attained finality on January 16, 2004. By Letter dated November 22, 2004, the hotel asserted that contrary to this statement, the Court of Appeals had yet to resolve its petition for *certiorari* against the BLR Resolution December 17, 2003. In truth, however, the Court of Appeals had already promulgated its Decision dated November 17, 2004, dismissing the aforesaid petition. Though it was possible that the hotel had not yet received a copy of the decision at the time they sent their letter to the union.[9]

6) Meantime, the hotel started discriminating against the union officers. Union Secretary Joselito Santillana, who was before given a positive rating as Receiving Clerk – Store Room Department, was demoted to Bellman, albeit without diminution of benefits. Thereafter, the hotel hired two (2)

casuals to perform his former task.[10] Union officers Ramil Elnar and Norberto De Villa, both Public Area Attendants, were demoted to Stewards, though likewise without diminution of benefits. Two (2) casuals were hired to perform their former tasks.[11]

7) Consequently, the union got constrained to revive the earlier complaint for unfair labor practice through the present complaint.

On the other hand, petitioners countered, in the main:

1) The hotel was correct in refusing to negotiate with respondent since the resolution of the petition for *certiorari* in CA-G.R. SP No. 82428 is a prejudicial question. Also, the petition for cancellation of certification filed by Diwa Dadap and 197 employees casts doubt on respondent's status as collective bargaining agent. The hotel cannot be faulted for being cautious and prudent.[12]

2) The transfer of the aforenamed employees was a valid exercise of management prerogative in good faith. The transfer was done in good faith and in furtherance of the hotel's operational needs and legitimate business reasons. In fact, they were even consulted prior to their transfer. They accepted it though without hesitation and only months later did they raise their objections.[13]

Ruling of the Labor Arbiter

By Decision[14] dated June 13, 2008, Labor Arbiter Veneranda C. Guerrero found petitioners not liable for unfair labor practice. She ruled that petitioners had a valid reason not to negotiate with respondent in light of the petition for cancellation of respondent's certification. Petitioners were only observing judicial courtesy, thus, they were not guilty of unfair labor practice for refusing to negotiate with respondent. Additionally, respondent failed to adduce documentary evidence to show that there was in fact demotion, not merely transfer, of union officers. There can be no demotion if there was non-diminution of benefits.[15]

Ruling of the NLRC

On respondent's appeal, the NLRC, by Decision[16] dated March 25, 2010 in NLRC LAC No. 08-002876-08/NLRC-NCR-00-02-01243-05, affirmed.[17]

Respondent sought a reconsideration[18] which the NLRC denied under Resolution[19] dated July 12, 2010.

Proceedings before the Court of Appeals

In its subsequent Petition for *Certiorari*[20] before the Court of Appeals, respondent faulted the hotel for unjustifiably refusing to negotiate with it notwithstanding that its status as exclusive bargaining agent of the rank and file employees of the hotel

was already confirmed with finality by BLR Resolution dated December 17, 2003. Notably, the execution of the same was not enjoined by the appellate court. Thus, the hotel should have responded to its September 2002 CBA proposal, amended March 2003 CBA proposal, and Third Amended CBA Proposal dated November 8, 2004.

In their Comment[21] dated January 7, 2011, petitioners riposte that: a) the hotel merely acted with prudence when it refused to negotiate with respondent, whose status as the legitimate bargaining agent is still uncertain; b) jurisprudence recognizes the employer's right to implement safeguard measures against the commission of fraud by labor organizations; and 3) the reassignment of some of the union officers to other posts without diminution of benefits was done in good faith and in the exercise of management prerogative, and with the consent of the employees concerned.

Ruling of the Court of Appeals

By its assailed Decision[22] dated March 14, 2011, the Court of Appeals reversed and ruled that: a) the pendency of a cancellation proceedings against a union is not a bar to set in motion the mechanics of collective bargaining: b) petitioners' refusal to negotiate, despite the final and executory BLR Resolution dated December 17, 2003 demonstrated petitioners' utter lack of interest in bargaining with respondent, amounting to bad faith and unfair labor practice; and c) respondent is entitled to attorney's fees because it was compelled to litigate in order to protect its interest. Thus:

> **WHEREFORE**, premises considered, the instant petition for certiorari is **GRANTED**. The assailed NLRC Decision date March 25, 2010 and its Resolution dated July 12, 2010 are hereby **REVERSED** and **SET ASIDE** and a new one entered (a) ordering the parties to promptly conduct collective bargaining negotiations; and (b) ordering private respondents to pay petitioner P50,000.00 as and for attorney's fees.
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> SO ORDERED.[23]

In their Motion for Reconsideration[24] dated April 4, 2011, petitioners reiterated that the labor arbiter and the NLRC did not commit grave abuse of discretion when they dismissed the complaint. At any rate, there was no basis for the award of attorney's fees.

In their Supplemental Motion for Reconsideration[25]dated April 18, 2011, petitioners sought to dismiss the case on ground of mootness, citing the following supervening event: on December 27, 2005, twenty-four (24) resolutions [26] were passed by the rank and file employees (members) who grouped themselves in accordance with their respective stations or departments in the hotel. Through these resolutions, the rank-and-file employees (members) decreed the dissolution of the union. Through Letters dated December 27, 2005[27] and January 17, 2006,[28] the members (employees) officially relayed this development to BLR Director Atty. Henry Pare! and Assistant Regional Director of DOLE-NCR Atty. Agatha Ann Daquigan, respectively.