THIRD DIVISION

[G.R. No. 224558, November 28, 2018]

UNIVERSAL ROBINA SUGAR MILLING CORPORATION,[*] PETITIONER, V. NAGKAHIUSANG MAMUMUO SA URSUMCO-NATIONAL FEDERATION OF LABOR (NAMA-URSUMCO-NFL), RESPONDENT.

D E C I S I O N

J. REYES, JR., J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to set aside the April 15, 2015 Decision[1] and the April 21, 2016 Resolution[2] of the Court of Appeals (CA) in CA-G.R. CEB-SP. No. 06909, which affirmed the May 30, 2012 Decision[3] of the Voluntary Arbitrator, National Conciliation and Mediation Board, Region VII, Cebu City (VA).

Factual background

Petitioner Universal Robina Sugar Milling Corporation (URSUMCO) is a duly registered domestic corporation engaged in sugar milling business. On the other hand, respondent Nagkahiusang Mamumuo sa URSUMCO-National Federation of Labor (NAMA-URSUMCO-NFL) is a legitimate labor organization acting as the sole and exclusive bargaining representative of all regular monthly paid and daily paid rank-and-file employees of URSUMCO.[4]

URSUMCO and NAMA-URSUMCO-NFL were able to successfully negotiate and enter into a Collective Bargaining Agreement (CBA) valid from January 1, 2010 to December 31, 2014. Article VI, Section 2 of the CBA enumerated the employment classification in URSUMCO, *i.e.*, Permanent or Regular Employees and Regular Seasonal Employees.[5]

From August to September 2011, NAMA-URSUMCO-NFL filed several grievances on behalf of 78 URSUMCO regular seasonal employees. It sought for the change in the employment status of the concerned employees from regular seasonal to permanent regular and for the leveling of the salaries. After the grievance machinery failed to resolve the issue, NAMA-URSUMCO-NFL requested that the employees' concerns be submitted to voluntary arbitration. The VA required the parties to submit their respective position papers.[6]

In its Position Paper, NAMA-URSUMCO-NFL alleged that permanent or regular employees practically performed the same work as the regular seasonal employees during milling season; some regular seasonal employees would perform skilled jobs during the off-milling season, while regular or permanent employees would be assigned to utility jobs; regular seasonal employees acted as leadmen, while regular permanent or regular employees were the helpers; longer tenured employees were

stuck as regular seasonal employees, while new hires were given regular or permanent status; and regular seasonal employees received lower salaries than regular or permanent employees even if they performed the same functions.[7]

On the other hand, URSUMCO countered in its Position Paper that NAMA-URSUMCO-NFL was estopped from questioning the classification of employees agreed upon by the parties in the CBA; regular seasonal employees only performed work during the milling season; there is no work done during the off-milling season as the period is devoted for repairs; it assigned regular seasonal employees to repair works during the off-milling season out of its own volition even if it could contract the same to third parties; it was a valid exercise of management prerogative to assign some of its regular seasonal employees as regular employees during off-milling season who would, in effect, be working as regular employees during the off-milling season; and to compel it to convert all of its regular seasonal employees as regular or permanent employees would give rise to a situation wherein employees are hired and classified as permanent or regular to do nothing but repair work.[8]

In its May 30, 2012 Decision, the VA sided with NAMA-URSUMCO-NFL. It held that URSUMCO's act of providing work to regular seasonal employees for several years is deemed a waiver on its part on the effects of Article VI, Section 2 of the CBA. The VA explained that URSUMCO's alleged generosity was immaterial as it should have informed the concerned regular seasonal employees that performing repair works during the off-milling season did not convert them to regular or permanent employees. It ruled:

> WHEREFORE, in view of all the foregoing, judgment is hereby rendered:
>
> > 1. Declaring the concerned regular seasonal employees as permanent or regular employees provided they have rendered an accumulated service of 300 days during the period they worked during off-season.
> >
> > 2. Denying the prayer of the Union in the standardization of pay of employees who are holding the same positions.[9]

Aggrieved, URSUMCO appealed before the CA.

CA Decision

In its April 15, 2015 Decision, the CA affirmed the VA Decision. The appellate court stated that the concerned regular seasonal employees were not temporarily laid off during the off-milling season as they were tasked to perform repair and up-keep works. It explained that the tasks assigned to them during the off-milling season were necessary to ensure the smooth and continuous operation of petitioner's machines and equipment during milling season. The CA added that there was no showing that the regular seasonal employees in question were allowed and were able to secure employment elsewhere during the off-milling season. The appellate court postulated that NAMA-URSUMCO-NFL was not estopped from questioning the CBA provisions because the nature of employment is determined by law, regardless of any contract expressing otherwise. Thus, it disposed:

> WHEREFORE, the Petition is DENIED. The Decision dated 30 May 2012 rendered by the Office of the Voluntary Arbitrator, National Conciliation and Mediation Board, Region VII, Cebu City is hereby AFFIRMED.

SO ORDERED.[10]

URSUMCO moved for reconsideration, but it was denied by the CA in its April 21, 2016 Resolution.

Hence, this present petition raising:

ISSUE

WHETHER THE COURT OF APPEALS RULED IN A MANNER THAT IS CONTRARY TO LAW AND JURISPRUDENCE WHEN IT SUSTAINED THE VA DECISION THAT URSUMCO'S REGULAR SEASONAL EMPLOYEES ARE ALL PERMANENT/REGULAR EMPLOYEES.[11]

URSUMCO argued that the CBA is the law between the parties and that they are bound to comply with its provisions. It pointed out that NAMA-URSUMCO-NFL's contention to regularize all its regular seasonal employees disregards the provisions of the CBA. URSUMCO explained that its act of magnanimity in assigning its regular seasonal employees to repair works during the off-milling season is in consonance with the express provision of the CBA that regular seasonal employees would be given preference in the performance of such repair jobs during the off-milling season. It also pointed out that the regular seasonal employees concerned are hired to perform repairs which are in the nature of specific projects or undertaking with a predetermined termination or completion at the time of the engagement.

Further, URSUMCO lamented that the VA's sweeping declaration that all regular seasonal employees are deemed regular or permanent employees violated its management prerogatives in determining its appropriate organizational structure. Lastly, it noted that the complaint for regularization had been mooted by the fact that most of the concerned employees had been regularized, while others had resigned, retired or died.

In its Comment[12] dated August 14, 2017, NAMA-URSUMCO-NFL countered that the VA never made a sweeping declaration that all regular seasonal employees of URSUMCO are now regular or permanent employees as the VA decision only referred to the 78 concerned employees. It elucidated that the concerned employees had been performing tasks related to the operation of URSUMCO for the entire year as they are engaged even during the off-milling season. NAMA-URSUMCO-NFL pointed out that the concerned employees do not fall within the purview of regular seasonal employees as defined in the CBA because they occupied the same positions and performed the same functions every off-milling season.

In its Reply[13] dated September 11, 2017, URSUMCO rebutted that the regular seasonal employees do not perform work related to its regular operations during off-milling season as they are merely engaged in repairs of the machineries and equipment. It also reiterated that the case had been mooted by the regularization or the severance from service of the concerned employees.

The Court's Ruling

The petition is without merit.

A CBA is a 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 — it is the law between the parties absent any ambiguity or uncertainty.[14] Like any other contract, the parties agree on the terms and stipulations by which their relationship is to be governed. Thus, under the CBA, the employer and the employees' representative define the terms of employment, *i.e.*, wages, work hours, and the like.

As defined above, the parties are given wide latitude on what may be negotiated and agreed upon in the CBA. Nevertheless, the employment status cannot be bargained away with as the same is defined by law.[15] In other words, notwithstanding the stipulations in an employment contract or a duly negotiated CBA, the employment status of an employee is ultimately determined by law. Hence, URSUMCO errs in claiming that NAMA-URSUMCO-NFL is estopped from seeking regularization of the concerned employees because the CBA had already laid out the categories of employment in the company. It is true that the CBA between URSUMCO and NAMA-URSUMCO-NFL is binding between the parties such that they cannot disregard the terms of employment agreed upon — the employer cannot deny employees' benefits granted by the CBA and the employee cannot renege on the obligations imposed by it. Nonetheless, when it comes to the employment status itself of the concerned employees, the CBA is subservient to what the law says their employment status is.

Under Article 295 of the Labor Code, as amended, four types of employment status are enumerated: (a) regular employees; (b) project employees; (c) seasonal employees; and (d) casual employees. Meanwhile, the landmark case of *Brent School, Inc. v. Zamora*[16] identified fixed-term employment as another valid type of employment.

In the present case, URSUMCO argues that the concerned employees are regular seasonal employees as they only perform work during the milling season, and the tasks assigned during the off-milling season are limited only to repairs. On the other hand, NAMA-URSUMCO-NFL believes that the employees in question are regular employees as they are not laid off during the off-milling season.

Article 295 of the Labor Code defines seasonal employees as those whose work or engagement is seasonal in nature and the employment is only for the duration of the season. Seasonal employment becomes regular seasonal employment when the employees are called to work from time to time.[17] On the other hand, those who are employed only for a single season remain as seasonal employees.[18] As a consequence of regular seasonal employment, the employees are not considered separated from service during the off-milling season, but are only temporarily laid off or on leave until re-employed.[19] Nonetheless, in both regular seasonal employment and seasonal employment, the employee performs no work during the off-milling season.

Here, the concerned URSUMCO employees are performing work for URSUMCO even during the off-milling season as they are repeatedly engaged to conduct repairs on the machineries and equipment. Strictly speaking, they cannot be classified either as regular seasonal employees or seasonal employees as their work extended even beyond the milling season. The nature of the activities performed by the employees, considering the employer's nature of business, and the duration and scope of work to be done factor heavily in determining the nature of employment.[20]