

## SECOND DIVISION

[ G.R. No. 175492, February 27, 2013 ]

**CARLOS L. OCTAVIO, PETITIONER, VS. PHILIPPINE LONG  
DISTANCE TELEPHONE COMPANY, RESPONDENT.**

### DECISION

**DEL CASTILLO, J.:**

Every Collective Bargaining Agreement (CBA) shall provide a grievance machinery to which all disputes arising from its implementation or interpretation will be subjected to compulsory negotiations. This essential feature of a CBA provides the parties with a simple, inexpensive and expedient system of finding reasonable and acceptable solutions to disputes and helps in the attainment of a sound and stable industrial peace.

Before us is a Petition for Review on *Certiorari*<sup>[1]</sup> assailing the August 31, 2006 Decision<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 93578, which dismissed petitioner Carlos L. Octavio's (Octavio) Petition for *Certiorari*<sup>[3]</sup> assailing the September 30, 2005 Resolution<sup>[4]</sup> of the National Labor Relations Commission (NLRC). Said NLRC Resolution affirmed the August 30, 2004 Decision<sup>[5]</sup> of the Labor Arbiter which dismissed Octavio's Complaint for payment of salary increases against respondent Philippine Long Distance Company (PLDT). Likewise assailed in this Petition is the November 15, 2006 Resolution<sup>[6]</sup> which denied Octavio's Motion for Reconsideration.<sup>[7]</sup>

#### ***Factual Antecedents***

On May 28, 1999, PLDT and *Gabay ng Unyon sa Telekomunikasyon ng mga Superbisor* (GUTS) entered into a CBA covering the period January 1, 1999 to December 31, 2001 (CBA of 1999-2001). Article VI, Section I thereof provides:

*Section 1. The COMPANY agrees to grant the following across-the-board salary increase during the three years covered by this Agreement to all employees covered by the bargaining unit as of the given dates:*

*Effective January 1, 1999 – 10% of basic wage or P2,000.00 whichever is higher;*

*Effective January 1, 2000 – 11% of basic wage or P2,250.00 whichever is higher;*

*Effective January 1, 2001 – 12% of basic wage or P2,500.00 whichever is higher.*<sup>[8]</sup>

On October 1, 2000, PLDT hired Octavio as Sales System Analyst I on a probationary status. He became a member of GUTS. When Octavio was regularized on January 1, 2001, he was receiving a monthly basic salary of P10,000.00. On February 1, 2002, he was promoted to the position of Sales System Analyst 2 and his salary was increased to P13,730.00.

On May 31, 2002, PLDT and GUTS entered into another CBA covering the period January 1, 2002 to December 31, 2004 (CBA of 2002-2004) which provided for the following salary increases: 8% of basic wage or P2,000.00 whichever is higher for the first year (2002); 10% of basic wage or P2,700.00 whichever is higher for the second year (2003); and, 10% of basic wage or P2,400.00 whichever is higher for the third year (2004).<sup>[9]</sup>

Claiming that he was not given the salary increases of P2,500.00 effective January 1, 2001 and P2,000.00 effective January 1, 2002, Octavio wrote the President of GUTS, Adolfo Fajardo (Fajardo).<sup>[10]</sup> Acting thereon and on similar grievances from other GUTS members, Fajardo wrote the PLDT Human Resource Head to inform management of the GUTS members' claim for entitlement to the across-the-board salary increases.<sup>[11]</sup>

Accordingly, the Grievance Committee convened on October 7, 2002 consisting of representatives from PLDT and GUTS. The Grievance Committee, however, failed to reach an agreement. In effect, it denied Octavio's demand for salary increases. The Resolution (Committee Resolution), reads as follows:

October 7, 2002

#### **UNION ISSUE :**

1. Mr. Carlos L. Octavio, Sales System Analyst I, CCIM-Database, was promoted to S2 from S1 last February 01, 2002. He claimed that the whole P2,000 (1<sup>st</sup> yr. GUTS-CBA increase) was not given to him.
2. He was hired as a probationary employee on October 01, 2000 and was regularized on January 01, 2001. He claimed that Management failed to grant him the GUTS-CBA increase last January 2001.

#### **MANAGEMENT POSITION :**

##### Issue # 1:

- A) Promotional Policy: adjustment of basic monthly salary to the minimum salary of the new position.
- B) Mr. Octavio's salary at the time of his promotion and before the conclusion of the GUTS CBA was P10,000.00.
- C) Upon the effectivity of his promotion on February 1, 2002, his basic monthly salary was adjusted to P13,730.00, the minimum salary of the new position.

- D) In June 2002, the GUTS-CBA was concluded and Mr. Octavio's basic salary was recomputed to include the P2,000.00 1<sup>st</sup> year increase retroactive January 2002. The resulting basic salary was P12,000.00.
- E) Applying the above-mentioned policy, Mr. Octavio's basic salary was adjusted to the minimum salary of the new position, which is P13,730.00.

Issue # 2:

All regularized supervisory employees as of January 1 are not entitled to the GUTS CBA increase. However, as agreed with GUTS in the grievance case of 18 personnel of International & Luzon Core Network Management Center, probationary employees who were hired outside of PLDT and regularized as supervisors/management personnel on January 1, 2002 shall be entitled to GUTS CBA. This decision shall be applied prospectively and all previous similar cases are not covered.

**RESOLUTION :**

After protracted deliberation of these issues, the committee failed to reach an agreement. Hence, Management position deemed adopted.

<b>MANAGEMENT</b>	<b>UNION</b>
_____ (signed)	_____ (signed)
<b>WILFREDO A. GUADIA</b>	<b>ADOLFO L.FAJARDO</b>
_____ (signed)	_____ (signed)
<b>ROSALINDA S. RUIZ</b>	<b>CONFESOR A. ESPIRITU</b>
_____ (signed)	_____ (signed)
<b>ALEJANDRO C. FABIAN</b>	<b>CHARLITO A. AREVALO</b> [12]

Aggrieved, Octavio filed before the Arbitration Branch of the NLRC a Complaint for payment of said salary increases.

***Ruling of the Labor Arbiter***

Octavio claimed entitlement to salary increases per the CBAs of 1999-2001 and 2002-2004. He insisted that when he was regularized as a supervisory employee on January 1, 2001, he became entitled to receive the across-the-board increase of P2,500.00 as provided for under the CBA of 1999-2001 which took effect on January 1, 1999. Then pursuant to the CBA of 2002-2004, he should have received an additional increase of P2,000.00 apart from the merit increase of P3,730.00 which was given him due to his promotion on February 1, 2002. However, PLDT unilaterally decided to deem as included in the said P3,730.00 the P2,000.00 across-the-board increase for 2002 as stipulated in the CBA of 2002-2004. This, according to Octavio, amounts to diminution of benefits. Moreover, Octavio averred that the CBA cannot be the subject of further negotiation as it has the force of law between the parties. Finally, Octavio claimed that PLDT committed an act of unfair labor practice because, while it granted the claim for salary increase of 18 supervisory employees who were regularized on January 1, 2002 and onwards, it discriminated against him by refusing to grant him the same salary increase. He thus prayed for

an additional award of damages and attorney's fees.

PLDT countered that the issues advanced by Octavio had already been resolved by the Union-Management Grievance Committee when it denied his claims through the Committee Resolution. Moreover, the grant of across-the-board salary increase for those who were regularized starting January 1, 2002 and the exclusion thereto of those who were regularized on January 1, 2001, do not constitute an act of unfair labor practice as would result in any discrimination or encourage or discourage membership in a labor organization. In fact, when the Union-Management Grievance Committee came up with the Committee Resolution, they considered the same as the most practicable and reasonable solution for both management and union. At any rate, the said Committee Resolution had already become final and conclusive between the parties for failure of Octavio to elevate the same to the proper forum. In addition, PLDT claimed that the NLRC has no jurisdiction to hear and decide Octavio's claims.

In a Decision dated August 30, 2004, the Labor Arbiter dismissed the Complaint of Octavio and upheld the Committee Resolution.

### ***Ruling of the National Labor Relations Commission***

Upon Octavio's appeal, the NLRC, in its September 30, 2005 Resolution, affirmed the Labor Arbiter's Decision. It upheld the Labor Arbiter's finding that Octavio's salary had already been adjusted in accordance with the provisions of the CBA. The NLRC further ruled that it has no jurisdiction to decide the issues presented by Octavio, as the same involved the interpretation and implementation of the CBA. According to it, Octavio should have brought his claim before the proper body as provided in the 2002-2004 CBA's provision on grievance machinery and procedure.

Octavio's Motion for Reconsideration was likewise dismissed by the NLRC in its November 21, 2005 Resolution.<sup>[13]</sup>

### ***Ruling of the Court of Appeals***

Octavio thus filed a Petition for *Certiorari*<sup>[14]</sup> which the CA found to be without merit. In its August 31, 2006 Decision,<sup>[15]</sup> the CA declared the Committee Resolution to be binding on Octavio, he being a member of GUTS, and because he failed to question its validity and enforceability.

In his Motion for Reconsideration,<sup>[16]</sup> Octavio disclaimed his alleged failure to question the Committee Resolution by emphasizing that he filed a Complaint before the NLRC against PLDT. However, the CA denied Octavio's Motion for Reconsideration in its November 15, 2006 Resolution.<sup>[17]</sup>

## **Issues**

Hence, Octavio filed this Petition raising the following issues for our consideration:

- a. Whether x x x the employer and bargaining representative may amend the provisions of the collective bargaining

- agreement without the consent and approval of the employees;
- b. If so, whether the said agreement is binding [on] the employees;
  - c. Whether x x x merit increases may be awarded simultaneously with increases given in the Collective Bargaining Agreement;
  - d. Whether x x x damages may be awarded to the employee for violation by the employer of its commitment under its existing collective bargaining agreement.<sup>[18]</sup>

Octavio submits that the CA erred in upholding the Committee Resolution which denied his claim for salary increases but granted the same request of 18 other similarly situated employees. He likewise asserts that both PLDT and GUTS had the duty to strictly implement the CBA salary increases; hence, the Committee Resolution, which effectively resulted in the modification of the CBAs' provision on salary increases, is void.

Octavio also insists that PLDT is bound to grant him the salary increase of P2,000.00 for the year 2002 on top of the merit increase given to him by reason of his promotion. It is his stance that merit increases are distinct and separate from across-the-board salary increases provided for under the CBA.

### **Our Ruling**

The Petition has no merit.

Under Article 260<sup>[19]</sup> of the Labor Code, grievances arising from the interpretation or implementation of the parties' CBA should be resolved in accordance with the grievance procedure embodied therein. It also provides that all unsettled grievances shall be automatically referred for voluntary arbitration as prescribed in the CBA.

In its Memorandum,<sup>[20]</sup> PLDT set forth the grievance machinery and procedure provided under Article X of the CBA of 2002-2004, viz:

Section 1. GRIEVANCE MACHINERY - there shall be a Union-Management Grievance Committee composed of three (3) Union representatives designated by the UNION Board of Directors and three (3) Management representatives designated by the company President. The committee shall act upon any grievance properly processed in accordance with the prescribed procedure. The Union representatives to the Committee shall not lose pay for attending meetings where Management representatives are in attendance.

Section 2. GRIEVANCE PROCEDURE - The parties agree that all disputes between labor and management may be settled through friendly negotiations; that the parties have the same interest in the continuity of work until all points in dispute shall have been discussed and settled; that an open conflict in any form involves losses to the parties; and that therefore, every effort shall be exerted to avoid such an open conflict. In