

SECOND DIVISION

[G.R. No. 140960, January 20, 2003]

**LUDO & LUYM CORPORATION, PETITIONER, VS. FERDINAND
SAORNIDO AS VOLUNTARY ARBITRATOR AND LUDO EMPLOYEES
UNION (LEU) REPRESENTING 214 OF ITS OFFICERS AND
MEMBERS, RESPONDENTS.**

DECISION

QUISUMBING, J.:

This petition for review on certiorari seeks to annul and set aside the decision^[1] of the Court of Appeals promulgated on July 6, 1999 and its Order denying petitioner's motion for reconsideration in CA-G.R. SP No. 44341.

The relevant facts as substantially recited by the Court of Appeals in its decision are as follows:

Petitioner LUDO & LUYM CORPORATION (LUDO for brevity) is a domestic corporation engaged in the manufacture of coconut oil, corn starch, glucose and related products. It operates a manufacturing plant located at Tupas Street, Cebu City and a wharf where raw materials and finished products are shipped out.

In the course of its business operations, LUDO engaged the arrastre services of Cresencio Lu Arrastre Services (CLAS) for the loading and unloading of its finished products at the wharf. Accordingly, several arrastre workers were deployed by CLAS to perform the services needed by LUDO.

These arrastre workers were subsequently hired, on different dates, as regular rank-and-file employees of LUDO every time the latter needed additional manpower services. Said employees thereafter joined respondent union, the LUDO Employees Union (LEU), which acted as the exclusive bargaining agent of the rank-and-file employees.

On April 13, 1992, respondent union entered into a collective bargaining agreement with LUDO which provides certain benefits to the employees, the amount of which vary according to the length of service rendered by the availing employee.

Thereafter, the union requested LUDO to include in its members' period of service the time during which they rendered arrastre services to LUDO through the CLAS so that they could get higher benefits. LUDO failed to act on the request. Thus, the matter was submitted for voluntary arbitration.

The parties accordingly executed a submission agreement raising the sole issue of the date of regularization of the workers for resolution by the Voluntary Arbitrator.

In its decision dated April 18, 1997, the Voluntary Arbitrator ruled that: (1) the respondent employees were engaged in activities necessary and desirable to the business of petitioner, and (2) CLAS is a labor-only contractor of petitioner.^[2] It disposed of the case thus:

WHEREFORE, in view of the foregoing, this Voluntary Arbitrator finds the claims of the complainants meritorious and so hold that:

- a. the 214 complainants, as listed in the Annex A, shall be considered regular employees of the respondents six (6) months from the first day of service at CLAS;
- b. the said complainants, being entitled to the CBA benefits during the regular employment, are awarded a) sick leave, b) vacation leave & c) annual wage and salary increases during such period in the amount of FIVE MILLION SEVEN HUNDRED SEVEN THOUSAND TWO HUNDRED SIXTY ONE PESOS AND SIXTY ONE CENTAVOS (P5,707,261.61) as computed in "Annex A";
- c. the respondents shall pay attorney's fees of ten (10) percent of the total award;
- d. an interest of twelve (12) percent per annum or one (1) percent per month shall be imposed to the award from the date of promulgation until fully paid if only to speed up the payment of these long over due CBA benefits deprived of the complaining workers.

Accordingly, all separation and/or retirement benefits shall be construed from the date of regularization aforementioned subject only to the appropriate government laws and other social legislation.

SO ORDERED.^[3]

In due time, LUDO filed a motion for reconsideration, which was denied. On appeal, the Court of Appeals affirmed in toto the decision of the Voluntary Arbitrator, thus:

WHEREFORE, finding no reversible error committed by respondent voluntary arbitrator, the instant petition is hereby DISMISSED.

SO ORDERED.^[4]

Hence this petition. Before us, petitioner raises the following issues:

I

WHETHER OR NOT BENEFITS CONSISTING OF SALARY INCREASES, VACATION LEAVE AND SICK LEAVE BENEFITS FOR THE YEARS 1977 TO 1987 ARE ALREADY BARRED BY PRESCRIPTION WHEN PRIVATE RESPONDENTS FILED THEIR CASE IN JANUARY 1995;

II

WHETHER OR NOT A VOLUNTARY ARBITRATOR CAN AWARD BENEFITS

NOT CLAIMED IN THE SUBMISSION AGREEMENT.^[5]

Petitioner contends that the appellate court gravely erred when it upheld the award of benefits which were beyond the terms of submission agreement. Petitioner asserts that the arbitrator must confine its adjudication to those issues submitted by the parties for arbitration, which in this case is the sole issue of the date of regularization of the workers. Hence, the award of benefits by the arbitrator was done in excess of jurisdiction.^[6]

Respondents, for their part, aver that the three-year prescriptive period is reckoned only from the time the obligor declares his refusal to comply with his obligation in clear and unequivocal terms. In this case, respondents maintain that LUDO merely promised to review the company records in response to respondents' demand for adjustment in the date of their regularization without making a categorical statement of refusal.^[7] On the matter of the benefits, respondents argue that the arbitrator is empowered to award the assailed benefits because notwithstanding the sole issue of the date of regularization, standard companion issues on reliefs and remedies are deemed incorporated. Otherwise, the whole arbitration process would be rendered purely academic and the law creating it inutile.^[8]

The jurisdiction of Voluntary Arbitrator or Panel of Voluntary Arbitrators and Labor Arbiters is clearly defined and specifically delineated in the Labor Code. The pertinent provisions of the Labor Code, read:

Art. 217. Jurisdiction of Labor Arbiters and the Commission. ---

(a) Except as otherwise provided under this Code the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

1. Unfair labor practice cases:
2. Termination disputes;
3. If accompanied with a claim for reinstatement, those cases that workers may file involving wage, rates of pay, hours of work and other terms and conditions of employment;
4. Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations;

xxx

Art. 261. Jurisdiction of Voluntary Arbitrators or panel of Voluntary Arbitrators. — The Voluntary Arbitrator or panel of Voluntary Arbitrators shall have original and exclusive jurisdiction to hear and decide all unresolved grievances arising from the interpretation or implementation of the Collective Bargaining Agreement and those arising from the interpretation or enforcement of company personnel policies referred to in the immediately preceding article. Accordingly, violations of