324 Phil. 416

FIRST DIVISION

[G.R. No. 108855, February 28, 1996]

METROLAB INDUSTRIES, INC., PETITIONER, VS. HONORABLE MA. NIEVES ROLDAN CONFESOR, IN HER CAPACITY AS SECRETARY OF THE DEPARTMENT OF LABOR AND EMPLOYMENT AND METRO DRUG CORPORATION EMPLOYEES ASSOCIATION-FEDERATION OF FREE WORKERS, RESPONDENTS.

D E C I S I O N

KAPUNAN, J.:

This is a petition for certiorari under Rule 65 of the Revised Rules of Court seeking the annulment of the Resolution and Omnibus Resolution of the Secretary of Labor and Employment dated 14 April 1992 and 25 January 1993, respectively, in OS-AJ-04491-11 (NCMB-NCR-NS-08-595-9 1; NCMB-NCR-NS-09-678-91) on grounds that these were issued with grave abuse of discretion and in excess of jurisdiction.

Private respondent Metro Drug Corporation Employees Association-Federation of Free Workers (hereinafter referred to as the Union) is a labor organization representing the rank and file employees of petitioner Metrolab Industries, Inc. (hereinafter referred to as Metrolab/MII) and also of Metro Drug, Inc.

On 31 December 1990, the Collective Bargaining Agreement (CBA) between Metrolab and the Union expired. The negotiations for a new CBA, however, ended in a deadlock.

Consequently, on 23 August 1991, the Union filed a notice of strike against Metrolab and Metro Drug Inc. The parties failed to settle their dispute despite the conciliation efforts of the National Conciliation and Mediation Board.

To contain the escalating dispute, the then Secretary of Labor and Employment, Ruben D. Torres, issued an assumption order dated 20 September 1991, the dispositive portion of which reads, thus:

> WHEREFORE, PREMISES CONSIDERED, and pursuant to Article 263 (g) of the Labor Code, as amended, this Office hereby assumes jurisdiction over the entire labor dispute at Metro Drug, Inc. - Metro Drug Distribution Division and Metrolab Industries Inc.
>
> Accordingly, any strike or lockout is hereby strictly enjoined. The Companies and the Metro Drug Corp. Employees Association - FFW are likewise directed to cease and desist from committing any and all acts that might exacerbate the situation.
>
> Finally, the parties are directed to submit their position papers and

> evidence on the aforequoted deadlocked issues to this office within twenty (20) days from receipt hereof.
>
> SO ORDERED.[1] (Italics ours.)

On 27 December 1991, then Labor Secretary Torres issued an order resolving all the disputed items in the CBA and ordered the parties involved to execute a new CBA.

Thereafter, the Union filed a motion for reconsideration.

On 27 January 1992, during the pendency of the abovementioned motion for reconsideration, Metrolab laid off 94 of its rank and file employees.

On the same date, the Union filed a motion for a cease and desist order to enjoin Metrolab from implementing the mass layoff, alleging that such act violated the prohibition against committing acts that would exacerbate the dispute as specifically directed in the assumption order.[2]

On the other hand, Metrolab contended that the layoff was temporary and in the exercise of its management prerogative. It maintained that the company would suffer a yearly gross revenue loss of approximately sixty-six (66) million pesos due to the withdrawal of its principals in the Toll and Contract Manufacturing Department. Metrolab further asserted that with the automation of the manufacture of its product "Eskinol," the number of workers required its production is significantly reduced.[3]

Thereafter, on various dates, Metrolab recalled some of the laid off workers on a temporary basis due to availability of work in the production lines.

On 14 April 1992, Acting Labor Secretary Nieves Confesor issued a resolution declaring the layoff of Metrolab's 94 rank and file workers illegal and ordered their reinstatement with full backwages. The dispositive portion reads as follows:

> WHEREFORE, the Union's motion for reconsideration is granted in part, and our order of 28 December 1991 is affirmed subject to the modifications in allowances and in the close shop provision. The layoff of the 94 employees at MII is hereby declared illegal for the failure of the latter to comply with our injunction against committing any act which may exacerbate the dispute and with the 30-day notice requirement. Accordingly, MII is hereby ordered to reinstate the 94 employees, except those who have already been recalled, to their former positions or substantially equivalent, positions with full backwages from the date they were illegally laid off on 27 January 1992 until actually reinstated without loss of seniority rights and other benefits. Issues relative to the CBA agreed upon by the parties and not embodied in our earlier order are hereby ordered adopted for incorporation in the CBA. Further, the dispositions and directives contained in all previous orders and resolutions relative to the instant dispute, insofar as not inconsistent herein, are reiterated. Finally, the parties are enjoined to cease and

desist from committing any act which may tend to circumvent this resolution.

SO RESOLVED.[4]

On 6 March 1992, Metrolab filed a Partial Motion for Reconsideration alleging that the layoff did not aggravate the dispute since no untoward incident occurred as a result thereof. It, likewise, filed a motion for clarification regarding the constitution of the bargaining unit covered by the CBA.

On 29 June 1992, after exhaustive negotiations, the parties entered into a new CBA. The execution, however, was without prejudice to the outcome of the issues raised in the reconsideration and clarification motions submitted for decision to the Secretary of Labor.[5]

Pending the resolution of the aforestated motions, on 2 October 1992, Metrolab laid off 73 of its employees on grounds of redundancy due to lack of work which the Union again promptly opposed on 5 October 1992.

On 15 October 1992, Labor Secretary Confesor again issued a cease and desist order. Metrolab moved for a reconsideration.[6]

On 25 January 1993, Labor Secretary Confesor issued the assailed Omnibus Resolution containing the following orders:

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1. MII's motion for partial reconsideration of our 14 April 1992 resolution specifically that portion thereof assailing our ruling that the layoff of the 94 employees is illegal, is hereby denied. MII is hereby ordered to pay such employees their full backwages computed from the time of actual layoff to the time of actual recall;

2. For the parties to incorporate in their respective collective bargaining agreements the clarifications herein contained; and

3. MII's motion for reconsideration with respect to the consequences of the second wave of layoff affecting 73 employees, to the extent of assailing our ruling that such layoff tended to exacerbate the dispute, is hereby denied. But inasmuch as the legality of the layoff was not submitted for our resolution and no evidence had been adduced upon which a categorical finding thereon can be based, the same is hereby referred to the NLRC for its appropriate action.

Finally, all prohibitory injunctions issued as a result of our assumption of jurisdiction over this dispute are hereby lifted.

SO RESOLVED.[7]

Labor Secretary Confesor also ruled that executive secretaries are excluded from the closed-shop provision of the CBA, not from the bargaining unit.

On 4 February 1993, the Union filed a motion for execution. Metrolab opposed. Hence, the present petition for certiorari with application for issuance of a Temporary Restraining Order.

On 4 March 1993, we issued a Temporary Restraining Order enjoining the Secretary of Labor from enforcing and implementing the assailed Resolution and Omnibus Resolution dated 14 April 1992 and 25 January 1993, respectively.

In its petition, Metrolab assigns the following errors:

A

> THE PUBLIC RESPONDENT HON. SECRETARY OF LABOR AND EMPLOYMENT COMMITTED GRAVE ABUSE OF DISCRETION AND EXCEEDED HER JURISDICTION IN DECLARING THE TEMPORARY LAYOFF ILLEGAL AND ORDERING THE REINSTATEMENT AND PAYMENT OF BACKWAGES TO THE AFFECTED EMPLOYEES.[*]

B

> THE PUBLIC RESPONDENT HON. SECRETARY OF LABOR AND EMPLOYMENT GRAVELY ABUSED HER DISCRETION IN INCLUDING EXECUTIVE SECRETARIES AS PART OF THE BARGAINING UNIT OF RANK AND FILE EMPLOYEES.[8]

Anent the first issue, we are asked to determine whether or not public respondent Labor Secretary committed grave abuse of discretion and exceeded her jurisdiction in declaring the subject layoffs instituted by Metrolab illegal on grounds that these unilateral actions aggravated the conflict between Metrolab and the Union who were, then, locked in a stalemate in CBA negotiations.

Metrolab argues that the Labor Secretary's order enjoining the parties from committing any act that might exacerbate the dispute is overly broad, sweeping and vague and should not be used to curtail the employer's right to manage his business and ensure its viability.

We cannot give credence to Metrolab's contention.

This Court recognizes the exercise of management prerogatives and often declines to interfere with the legitimate business decisions of the employer. However, this privilege is not absolute but subject to limitations imposed by law.[9]

In *PAL v. NLRC,*[10] we issued this reminder:

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. . .the exercise of management prerogatives was never considered boundless. Thus, in *Cruz vs. Medina* (177 SCRA 565 [1989]), it was held that management's prerogatives must be without abuse of discretion....

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All this points to the conclusion that the exercise of managerial prerogatives is not unlimited. It is circumscribed by limitations found in law, a collective bargaining agreement, or the general principles of fair play and justice (University of Sto. Tomas v. NLRC, 190 SCRA 758 [1990]). . . . (Italics ours.)

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The case at bench constitutes one of the exceptions. The Secretary of Labor is expressly given the power under the Labor Code to assume jurisdiction and resolve labor disputes involving industries indispensable to national interest. The disputed injunction is subsumed under this special grant of authority. Art. 263 (g) of the Labor Code specifically provides that:

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(g) When, in his opinion, there exists a labor dispute causing or likely to cause a strike or lockout in an industry indispensable to the national interest, the Secretary of Labor and Employment may assume jurisdiction over the dispute and decide it or certify the same to the Commission for compulsory arbitration. Such assumption or certification shall have the effect of automatically enjoining the intended or impending strike or lockout as specified in the assumption or certification order. If one has already taken place at the time of assumption or certification, all striking or locked out employees shall immediately return to work and the employer shall immediately resume operations and readmit all workers under the same terms and conditions prevailing before the strike or lockout. The Secretary of Labor and Employment or the Commission may seek the assistance of law enforcement agencies to ensure compliance with this provision as well as with such orders as he may issue to enforce the same. . . (Italics ours.)

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