Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

PHILIPPINE ELECTRIC CORPORATION (PHILEC), Petitioner,	**G.R. No. 168612** Present:
-versus-	CARPIO, *J., Chairperson,* DEL CASTILLO, VILLARAMA, JR.,* MENDOZA, and LEONEN, *JJ.*
COURT OF APPEALS, NATIONAL CONCILIATION AND MEDIATION BOARD (NCMB), Department of Labor and Employment, RAMON T. JIMENEZ, in his capacity as Voluntary Arbitrator, PHILEC WORKERS' UNION (PWU), ELEODORO V. LIPIO, and EMERLITO C. IGNACIO, Respondents.	**Promulgated:** DEC 10 2014

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DECISION

LEONEN, *J.*:

An appeal to reverse or modify a Voluntary Arbitrator's award or decision must be filed before the Court of Appeals within 10 calendar days from receipt of the award or decision.

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* Designated acting member per Special Order No. 1888 dated November 28, 2014.

This is a petition[1] for review on certiorari of the Court of Appeals' decision[2] dated May 25, 2004, dismissing the Philippine Electric Corporation's petition for certiorari for lack of merit.

Philippine Electric Corporation (PHILEC) is a domestic corporation "engaged in the manufacture and repairs of high voltage transformers."[3] Among its rank-and-file employees were Eleodoro V. Lipio (Lipio) and Emerlito C. Ignacio, Sr. (Ignacio, Sr.), former members of the PHILEC Workers' Union (PWU).[4] PWU is a legitimate labor organization and the exclusive bargaining representative of PHILEC's rank-and-file employees.[5]

From June 1, 1989 to May 31, 1997, PHILEC and its rank-and-file employees were governed by collective bargaining agreements providing for the following step increases in an employee's basic salary in case of promotion:[6]

Pay Grade	Rank-and-File (PWU)		
	June 1, 1989 to May 31, 1992	June 1, 1992 to May 31, 1994	June 1, 1994 to May 31, 1997
I – II	50	60	65
II – III	60	70	78
III – IV	70	80	95
IV – V	80	110	120
V- VI	100	140	150
VI – VII	120	170	195
VII – VIII	170	230	255
VIII – IX	220	290	340
IX – X	260	350	455

On August 18, 1997 and with the previous collective bargaining agreements already expired, PHILEC selected Lipio for promotion from Machinist under Pay Grade VIII[7] to Foreman I under Pay Grade B.[8] PHILEC served Lipio a memorandum,[9] instructing him to undergo training for the position of Foreman I beginning on August 25, 1997. PHILEC undertook to pay Lipio training allowance as provided in the memorandum:

> This will confirm your selection and that you will undergo training for the position of Foreman I (PG B) of the Tank Finishing

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1 *Rollo*, pp. 9–29.
2 Id. at 32–40. The decision docketed as CA-G.R. SP No. 60457 was penned by Associate Justice Aurora Santiago-Lagman and concurred in by Associate Justices Romeo A. Brawner and Juan Q. Enriquez, Jr., of the Twelfth Division.
3 Id. at 84.
4 Id.
5 Id.
6 Id. at 84 and 91.
7 Id. at 76.
8 Id. at 134.
9 Id.

> Section, Distribution Transformer Manufacturing and Repair effective August 25, 1997.
>
> You will be trained as a Foreman I, and shall receive the following training allowance until you have completed the training/observation period which shall not exceed four (4) months.
>
> | | | |
> |---|---|---|
> | First Month | - - - - - | □350.00 |
> | Second Month | - - - - - | □815.00 |
> | Third Month | - - - - - | □815.00 |
> | Fourth Month | - - - - - | □815.00 |
>
> Please be guided accordingly.[10]

Ignacio, Sr., then DT-Assembler with Pay Grade VII,[11] was likewise selected for training for the position of Foreman I.[12] On August 21, 1997, PHILEC served Ignacio, Sr. a memorandum,[13] instructing him to undergo training with the following schedule of allowance:

> This will confirm your selection and that you will undergo training for the position of Foreman I (PG B) of the Assembly Section, Distribution Transformer Manufacturing and Repair effective August 25, 1997.
>
> You will be trained as a Foreman I, and shall receive the following training allowance until you have completed the training/observation period which shall not exceed four (4) months.
>
> | | | |
> |---|---|---|
> | First Month | - - - - - | □255.00 |
> | Second Month | - - - - - | □605.00 |
> | Third Month | - - - - - | □1,070.00 |
> | Fourth Month | - - - - - | □1,070.00 |
>
> Please be guided accordingly.[14]

On September 17, 1997, PHILEC and PWU entered into a new collective bargaining agreement, effective retroactively on June 1, 1997 and expiring on May 31, 1999.[15] Under Article X, Section 4 of the June 1, 1997 collective bargaining agreement, a rank-and-file employee promoted shall be entitled to the following step increases in his or her basic salary:[16]

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10 Id.
11 Id. at 76.
12 Id. at 135.
13 Id.
14 Id.
15 Id. at 64 and 113.
16 Id. at 86–87 and 113–114.

> Section 4. STEP INCREASES. [Philippine Electric Corporation] shall adopt the following step increases on the basic salary in case of promotion effective June 1, 1997. Such increases shall be based on the scale below or upon the minimum of the new pay grade to which the employee is promoted, whichever is higher:
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> | Pay Grade | Step Increase |
> |---|---|
> | I - II | □80.00 |
> | II - III | □105.00 |
> | III - IV | □136.00 |
> | IV - V | □175.00 |
> | V - VI | □224.00 |
> | VI - VII | □285.00 |
> | VII - VIII | □361.00 |
> | VIII - IX | □456.00 |
> | IX - X | □575.00 |

To be promoted, a rank-and-file employee shall undergo training or observation and shall receive training allowance as provided in Article IX, Section 1(f) of the June 1, 1997 collective bargaining agreement:[17]

> Section 1. JOB POSTING AND BIDDING:
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> . . . .
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> (f) Allowance for employees under Training or Observation shall be on a graduated basis as follows:
>
> For the first month of training, the allowance should be equivalent to one step increase of the next higher grade. Every month thereafter the corresponding increase shall be equivalent to the next higher grade until the allowance for the grade applied for is attained.
>
> As an example, if a Grade I employee qualifies for a Grade III position, he will receive the training allowance for Grade I to Grade II for the first month. On the second month, he will receive the training allowance for Grade I to Grade II plus the allowance for Grade II to Grade III. He will then continue to receive this amount until he finishes his training or observation period.[18]

Claiming that the schedule of training allowance stated in the memoranda served on Lipio and Ignacio, Sr. did not conform to Article X, Section 4 of the June 1, 1997 collective bargaining agreement, PWU submitted the grievance to the grievance machinery.[19]

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17 Id. at 113–114.
18 Id. at 65.
19 Id. at 85–86 and 115.

PWU and PHILEC failed to amicably settle their grievance. Thus, on December 21, 1998, the parties filed a submission agreement[20] with the National Conciliation and Mediation Board, submitting the following issues to voluntary arbitration:

I

WHETHER OR NOT PHILEC VIOLATED SECTION 4 (Step Increases) ARTICLE X (Wage and Position Standardization) OF THE EXISTING COLLECTIVE BARGAINING AGREEMENT (CBA) IN IMPLEMENTING THE STEP INCREASES RELATIVE TO THE PROMOTION OF INDIVIDUAL COMPLAINANTS.

II

WHETHER OR NOT PHILEC's MANNER OF IMPLEMENTING THE STEP INCREASES IN CONNECTION WITH THE PROMOTION OF INDIVIDUAL COMPLAINANTS IN RELATION TO THE PROVISIONS OF SECTION 4, ARTICLE X OF THE CBA CONSTITUTES UNFAIR LABOR PRACTICE.[21]

In their submission agreement, PWU and PHILEC designated Hon. Ramon T. Jimenez as Voluntary Arbitrator (Voluntary Arbitrator Jimenez).[22]

Voluntary Arbitrator Jimenez, in the order[23] dated January 4, 1999, directed the parties to file their respective position papers.

In its position paper,[24] PWU maintained that PHILEC failed to follow the schedule of step increases under Article X, Section 4 of the June 1, 1997 collective bargaining agreement. Machinist I, Lipio's position before he underwent training for Foreman I, fell under Pay Grade VIII, while Foreman I fell under Pay Grade X. Following the schedule under Article X, Section 4 of the June 1, 1997 collective bargaining agreement and the formula under Article IX, Section 1(f), Lipio should be paid training allowance equal to the step increase for pay grade bracket VIII-IX for the first month of training. For the succeeding months, Lipio should be paid an allowance equal to the step increase for pay grade bracket VIII-IX plus the step increase for pay grade bracket IX-X, thus:[25]

First month	- - - - -	□456.00
Second month	- - - - -	□1,031.00
Third month	- - - - -	□1,031.00
Fourth month	- - - - -	□1,031.00.

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20 Id. at 73–74.
21 Id. at 73.
22 Id.
23 Id. at 82.
24 Id. at 111–133.
25 Id. at 123–125.

With respect to Ignacio, Sr., he was holding the position of DT-Assembler under Pay Grade VII when he was selected to train for the position of Foreman I under Pay Grade X. Thus, for his first month of training, Ignacio, Sr. should be paid training allowance equal to the step increase under pay grade bracket VII-VIII. For the second month, he should be paid an allowance equal to the step increase under pay grade bracket VII-VIII plus the step increase under pay grade bracket VIII-IX. For the third and fourth months, Ignacio, Sr. should receive an allowance equal to the amount he received for the second month plus the amount equal to the step increase under pay grade bracket IX-X, thus:[26]

First month	- - - - -	□361.00
Second month	- - - - -	□817.00
Third month	- - - - -	□1,392.00
Fourth month	- - - - -	□1,392.00.

For PHILEC's failure to apply the schedule of step increases under Article X of the June 1, 1997 collective bargaining agreement, PWU argued that PHILEC committed an unfair labor practice under Article 248[27] of the Labor Code.[28]

In its position paper,[29] PHILEC emphasized that it promoted Lipio and Ignacio, Sr. while it was still negotiating a new collective bargaining agreement with PWU. Since PHILEC and PWU had not yet negotiated a new collective bargaining agreement when PHILEC selected Lipio and Ignacio, Sr. for training, PHILEC applied the "Modified SGV" pay grade scale in computing Lipio's and Ignacio, Sr.'s training allowance.[30]

This "Modified SGV" pay grade scale, which PHILEC and PWU allegedly agreed to implement beginning on May 9, 1997, covered both rank-and-file and supervisory employees.[31] According to PHILEC, its past collective bargaining agreements with the rank-and-file and supervisory unions resulted in an overlap of union membership in Pay Grade IX of the rank-and-file employees and Pay Grade A of the supervisory employees.[32] Worse, past collective bargaining agreements resulted in rank-and-file

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26 Id.

27 LABOR CODE, Art. 248 provides:
Art. 248. Unfair labor practices of employers. – It shall be unlawful for an employer to commit any of the following unfair labor practice:
. . . .
(i) To violate a collective bargaining agreement.

28 *Rollo*, p. 129.

29 Id. at 83–90.

30 Id. at 86–87.

31 Id. at 85.

32 Id. at 87.

employees under Pay Grades IX and X enjoying higher step increases than supervisory employees under Pay Grades A and B:[33]

Pay Grade Scale under the Rank-and-File CBA	Step Increase	Pay Grade Scale under the Supervisory CBA	Step Increase
VIII-IX	□340.00	A	□290.00
IX-X	□455.00	A-B	□350.00

To preserve the hierarchical wage structure within PHILEC's enterprise, PHILEC and PWU allegedly agreed to implement the uniform pay grade scale under the "Modified SGV" pay grade system, thus:[34]

Pay Grade		Step Increase
Rank-and-File	Supervisory	
I – II		□65.00
II-III		□78.00
III-IV		□95.00
IV-V		□120.00
V-VI		□150.00
VI-VII		□195.00
VII-VIII		□255.00
VIII-IX	A	□350.00
IX-X	A-B	□465.00
X-XI	B-C	□570.00
XI-XII	C-D	□710.00
	D-E	□870.00
	E-F	□1,055.00

Pay grade bracket I–IX covered rank-and-file employees, while pay grade bracket A–F covered supervisory employees.[35]

Under the "Modified SGV" pay grade scale, the position of Foreman I fell under Pay Grade B. PHILEC then computed Lipio's and Ignacio, Sr.'s training allowance accordingly.[36]

PHILEC disputed PWU's claim of unfair labor practice. According to PHILEC, it did not violate its collective bargaining agreement with PWU when it implemented the "Modified SGV" scale. Even assuming that it violated the collective bargaining agreement, PHILEC argued that its violation was not "gross" or a "flagrant and/or malicious refusal to comply

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33 Id. at 67.
34 Id.
35 Id.
36 Id. at 54.

with the economic provisions of [the collective bargaining agreement]."[37] PHILEC, therefore, was not guilty of unfair labor practice.[38]

Voluntary Arbitrator Jimenez held in the decision[39] dated August 13, 1999, that PHILEC violated its collective bargaining agreement with PWU.[40] According to Voluntary Arbitrator Jimenez, the June 1, 1997 collective bargaining agreement governed when PHILEC selected Lipio and Ignacio, Sr. for promotion on August 18 and 21, 1997.[41] The provisions of the collective bargaining agreement being the law between the parties, PHILEC should have computed Lipio's and Ignacio, Sr.'s training allowance based on Article X, Section 4 of the June 1, 1997 collective bargaining agreement.[42]

As to PHILEC's claim that applying Article X, Section 4 would result in salary distortion within PHILEC's enterprise, Voluntary Arbitrator Jimenez ruled that this was "a concern that PHILEC could have anticipated and could have taken corrective action"[43] before signing the collective bargaining agreement.

Voluntary Arbitrator Jimenez dismissed PWU's claim of unfair labor practice.[44] According to him, PHILEC's acts "cannot be considered a gross violation of the [collective bargaining agreement] nor . . . [a] flagrant and/or malicious refusal to comply with the economic provisions of the [agreement]."[45]

Thus, Voluntary Arbitrator Jimenez ordered PHILEC to pay Lipio and Ignacio, Sr. training allowance based on Article X, Section 4 and Article IX, Section 1 of the June 1, 1997 collective bargaining agreement.[46]

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37 LABOR CODE, Art. 261 provides:
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 a Collective Bargaining Agreement, except those which are gross in character, shall no longer be treated as unfair labor practice and shall be resolved as grievances under the Collective Bargaining Agreement. For purposes of this article, gross violations of Collective Bargaining Agreement shall mean flagrant and/or malicious refusal to comply with the economic provisions of such agreement.

38 *Rollo,* p. 88.

39 Id. at 63–71.

40 Id. at 70.

41 Id. at 68–69.

42 Id.

43 Id. at 69–70.

44 Id. at 71.

45 Id. at 70–71.

46 Id. at 70.

PHILEC received a copy of Voluntary Arbitrator Jimenez's decision on August 16, 1999.[47] On August 26, 1999, PHILEC filed a motion for partial reconsideration[48] of Voluntary Arbitrator Jimenez's decision.

In the resolution[49] dated July 7, 2000, Voluntary Arbitrator Jimenez denied PHILEC's motion for partial reconsideration for lack of merit. PHILEC received a copy of the July 7, 2000 resolution on August 11, 2000.[50]

On August 29, 2000, PHILEC filed a petition[51] for certiorari before the Court of Appeals, alleging that Voluntary Arbitrator Jimenez gravely abused his discretion in rendering his decision.[52] PHILEC maintained that it did not violate the June 1, 1997 collective bargaining agreement.[53] It applied the "Modified SGV" pay grade rates to avoid salary distortion within its enterprise.[54]

In addition, PHILEC argued that Article X, Section 4 of the collective bargaining agreement did not apply to Lipio and Ignacio, Sr. Considering that Lipio and Ignacio, Sr. were promoted to a supervisory position, their training allowance should be computed based on the provisions of PHILEC's collective bargaining agreement with ASSET, the exclusive bargaining representative of PHILEC's supervisory employees.[55]

The Court of Appeals affirmed Voluntary Arbitrator Jimenez's decision.[56] It agreed that PHILEC was bound to apply Article X, Section 4 of its June 1, 1997 collective bargaining agreement with PWU in computing Lipio's and Ignacio, Sr.'s training allowance.[57] In its decision, the Court of Appeals denied due course and dismissed PHILEC's petition for certiorari for lack of merit.[58]

PHILEC filed a motion for reconsideration, which the Court of Appeals denied in the resolution[59] dated June 23, 2005.

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47 Id. at 180.
48 Id. at 179–185.
49 Id. at 72.
50 Id. at 46.
51 Id. at 45–59.
52 Id. at 52.
53 Id. at 57.
54 Id. at 53.
55 Id.
56 Id. at 40.
57 Id. at 38.
58 Id. at 40.
59 Id. at 42–43.

On August 3, 2005, PHILEC filed its petition for review on certiorari before this court,[60] insisting that it did not violate its collective bargaining agreement with PWU.[61] PHILEC maintains that Lipio and Ignacio, Sr. were promoted to a position covered by the pay grade scale for supervisory employees.[62] Consequently, the provisions of PHILEC's collective bargaining agreement with its supervisory employees should apply, not its collective bargaining agreement with PWU.[63] To insist on applying the pay grade scale in Article X, Section 4, PHILEC argues, would result in a salary distortion within PHILEC.[64]

In the resolution[65] dated September 21, 2005, this court ordered PWU to comment on PHILEC's petition for review on certiorari.

In its comment,[66] PWU argues that Voluntary Arbitrator Jimenez did not gravely abuse his discretion in rendering his decision. He correctly applied the provisions of the PWU collective bargaining agreement, the law between PHILEC and its rank-and-file employees, in computing Lipio's and Ignacio, Sr.'s training allowance.[67]

On September 27, 2006, PHILEC filed its reply,[68] reiterating its arguments in its petition for review on certiorari.

The issue for our resolution is whether Voluntary Arbitrator Jimenez gravely abused his discretion in directing PHILEC to pay Lipio's and Ignacio, Sr.'s training allowance based on Article X, Section 4 of the June 1, 1997 rank-and-file collective bargaining agreement.

This petition should be denied.

I

The Voluntary Arbitrator's decision dated August 13, 1999 is already final and executory

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60 Id. at 9.
61 Id. at 19.
62 Id. at 23.
63 Id.
64 Id. at 24.
65 Id. at 335.
66 Id. at 350–387. The May 7, 2006 comment was entitled "MEMORANDUM."
67 Id. at 351.
68 Id. at 398–408.

We note that PHILEC filed before the Court of Appeals a petition for certiorari under Rule 65 of the Rules of Court against Voluntary Arbitrator Jimenez's decision.[69]

This was not the proper remedy.

Instead, the proper remedy to reverse or modify a Voluntary Arbitrator's or a panel of Voluntary Arbitrators' decision or award is to appeal the award or decision before the Court of Appeals. Rule 43, Sections 1 and 3 of the Rules of Court provide:

> Section 1. *Scope*.
>
> This Rule shall apply to appeals from judgments or final orders of the Court of Tax Appeals and from awards, judgments, final orders or resolutions of or authorized by any quasi-judicial agency in the exercise of its quasi-judicial functions. Among these agencies are the Civil Service Commission, Central Board of Assessment Appeals, Securities and Exchange Commission, Office of the President, Land Registration Authority, Social Security Commission, Civil Aeronautics Board, Bureau of Patents, Trademarks and Technology Transfer, National Electrification Administration, Energy Regulatory Board, National Telecommunications Commission, Department of Agrarian Reform under Republic Act No. 6657, Government Service Insurance System, Employees Compensation Commission, Agricultural Inventions Board, Insurance Commission, Philippine Atomic Energy Commission, Board of Investments, Construction Industry Arbitration Commission, and *voluntary arbitrators authorized by law*.
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> . . . .
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> Sec. 3. *Where to appeal*.
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> An appeal under this Rule may be taken to the Court of Appeals within the period and in the manner herein provided, whether the appeal involves questions of fact, of law, or mixed questions of fact and law. (Emphasis supplied)

A Voluntary Arbitrator or a panel of Voluntary Arbitrators has the exclusive original jurisdiction over grievances arising from the interpretation or implementation of collective bargaining agreements. Should the parties agree, a Voluntary Arbitrator or a panel of Voluntary Arbitrators shall also resolve the parties' other labor disputes, including unfair labor practices and bargaining deadlocks. Articles 261 and 262 of the Labor Code provide:

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[69] Id. at 45.

> 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 a Collective Bargaining Agreement, except those which are gross in character, shall no longer be treated as unfair labor practice and shall be resolved as grievances under the Collective Bargaining Agreement. For purposes of this article, gross violations of Collective Bargaining Agreement shall mean flagrant and/or malicious refusal to comply with the economic provisions of such agreement.
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> The Commission, its Regional Offices and the Regional Directors of the Department of Labor and Employment shall not entertain disputes, grievances, or matters under the exclusive and original jurisdiction of the Voluntary Arbitrator or panel of Voluntary Arbitrators and shall immediately dispose and refer the same to the Grievance Machinery or Voluntary Arbitration provided in the Collective Bargaining Agreement.
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> ART. 262. *JURISDICTION OVER OTHER LABOR DISPUTES*.
>
> The Voluntary Arbitrator or panel of Voluntary Arbitrators, upon agreement of the parties, shall also hear and decide all other labor disputes including unfair labor practices and bargaining deadlocks.

In *Luzon Development Bank v. Association of Luzon Development Bank Employees*,[70] this court ruled that the proper remedy against the award or decision of the Voluntary Arbitrator is an appeal before the Court of Appeals. This court first characterized the office of a Voluntary Arbitrator or a panel of Voluntary Arbitrators as a quasi-judicial agency, citing *Volkschel Labor Union, et al. v. NLRC*[71] and *Oceanic Bic Division (FFW) v. Romero*:[72]

> In *Volkschel Labor Union, et al. v. NLRC, et al.,* on the settled premise that the judgments of courts and awards of quasi-judicial agencies must become final at some definite time, this Court ruled that the awards of voluntary arbitrators determine the rights of parties; hence, their decisions have the same legal effect as judgments of a court. In *Oceanic Bic Division (FFW), et al. v. Romero, et al*., this Court ruled that "a voluntary arbitrator by the nature of her functions acts in a quasi-judicial capacity." Under these rulings, it follows that the voluntary arbitrator, whether acting solely or in a panel, enjoys in law the status of a quasi-judicial agency but independent of, and apart from, the NLRC since his decisions are not appealable to the latter.[73] (Citations omitted)

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70 319 Phil. 262 (1995) [Per J. Romero, En Banc].

71 187 Phil. 202 (1980) [Per J. De Castro, First Division].

72 215 Phil. 340 (1984) [Per J. Gutierrez, Jr., Second Division].

73 *Luzon Development Bank v. Association of Luzon Development Bank Employees*, 319 Phil. 262, 269 (1995) [Per J. Romero, En Banc].

This court then stated that the office of a Voluntary Arbitrator or a panel of Voluntary Arbitrators, even assuming that the office is not strictly a quasi-judicial agency, may be considered an instrumentality, thus:

> Assuming arguendo that the voluntary arbitrator or the panel of voluntary arbitrators may not strictly be considered as a quasi-judicial agency, board or commission, still both he and the panel are comprehended within the concept of a "quasi-judicial instrumentality." It may even be stated that it was to meet the very situation presented by the quasi-judicial functions of the voluntary arbitrators here, as well as the subsequent arbitrator/arbitral tribunal operating under the Construction Industry Arbitration Commission, that the broader term "instrumentalities" was purposely included in the above-quoted provision.
>
> An "instrumentality" is anything used as a means or agency. Thus, the terms governmental "agency" or "instrumentality" are synonymous in the sense that either of them is a means by which a government acts, or by which a certain government act or function is performed. The word "instrumentality," with respect to a state, contemplates an authority to which the state delegates governmental power for the performance of a state function. An individual person, like an administrator or executor, is a judicial instrumentality in the settling of an estate, in the same manner that a sub-agent appointed by a bankruptcy court is an instrumentality of the court, and a trustee in bankruptcy of a defunct corporation is an instrumentality of the state.
>
> The voluntary arbitrator no less performs a state function pursuant to a governmental power delegated to him under the provisions therefor in the Labor Code and he falls, therefore, within the contemplation of the term "instrumentality" in the aforequoted Sec. 9 of B.P. 129. [74] (Citations omitted)

Since the office of a Voluntary Arbitrator or a panel of Voluntary Arbitrators is considered a quasi-judicial agency, this court concluded that a decision or award rendered by a Voluntary Arbitrator is appealable before the Court of Appeals. Under Section 9 of the Judiciary Reorganization Act of 1980, the Court of Appeals has the exclusive original jurisdiction over decisions or awards of quasi-judicial agencies and instrumentalities:

> Section 9. Jurisdiction. The Court of Appeals shall exercise:
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> . . . .
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> 3. Exclusive appellate jurisdiction over all final judgements, resolutions, orders or awards of Regional Trial Courts *and quasi-judicial agencies, instrumentalities,* boards or commission, including the Securities and Exchange Commission, the Social Security Commission, the Employees Compensation Commission

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[74] Id. at 270–271.

> and the Civil Service Commission, except those falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the Labor Code of the Philippines under Presidential Decree No. 442, as amended, the provisions of this Act, and of subparagraph (1) of the third paragraph and subparagraph 4 of the fourth paragraph of Section 17 of the Judiciary Act of 1948. (Emphasis supplied)

Luzon Development Bank was decided in 1995 but remains "good law."[75] In the 2002 case of *Alcantara, Jr. v. Court of Appeals,*[76] this court rejected petitioner Santiago Alcantara, Jr.'s argument that the Rules of Court, specifically Rule 43, Section 2, superseded the *Luzon Development Bank* ruling:

> Petitioner argues, however, that *Luzon Development Bank* is no longer good law because of Section 2, Rule 43 of the Rules of Court, a new provision introduced by the 1997 revision. The provision reads:
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> > SEC. 2. *Cases not covered.* - This Rule shall not apply to judgments or final orders issued under the Labor Code of the Philippines.
>
> The provisions may be new to the Rules of Court but it is far from being a new law. Section 2, Rule 42 of the 1997 Rules of Civil Procedure, as presently worded, is nothing more but a reiteration of the exception to the exclusive appellate jurisdiction of the Court of Appeals, as provided for in Section 9, Batas Pambansa Blg. 129,[7] as amended by Republic Act No. 7902:[8]
>
> > (3) Exclusive appellate jurisdiction over all final judgments, decisions, resolutions, orders or awards of Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards or commissions, including the Securities and Exchange Commission, the Employees' Compensation Commission and the Civil Service Commission, *except those falling within* the appellate jurisdiction of the Supreme Court in accordance with the Constitution, *the Labor Code of the Philippines under Presidential Decree No. 442, as amended,* the provisions of this Act and of subparagraph (1) of the third paragraph and subparagraph (4) of the fourth paragraph of Section 17 of the Judiciary Act of 1948.
>
> The Court took into account this exception in *Luzon Development Bank* but, nevertheless, held that the decisions of voluntary arbitrators issued pursuant to the Labor Code do not come within its ambit:
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> > x x x. The fact that [the voluntary arbitrator's] functions and powers are provided for in the Labor Code does not place him within the exceptions to said Sec. 9 since he is a

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75 *Alcantara, Jr. v. Court of Appeals,* 435 Phil. 395, 404 (2002) [Per J. Kapunan, First Division].
76 435 Phil. 395 (2002) [Per J. Kapunan, First Division].

> quasi-judicial instrumentality as contemplated therein. It will be noted that, although the Employees' Compensation Commission is also provided for in the Labor Code, Circular No. 1-91, which is the forerunner of the present Revised Administrative Circular No. 1-95, laid down the procedure for the appealability of its decisions to the Court of Appeals under the foregoing rationalization, and this was later adopted by Republic Act No. 7902 in amending Sec. 9 of B.P. 129.
>
> A *fortiori*, the decision or award of the voluntary arbitrator or panel of arbitrators should likewise be appealable to the Court of Appeals, in line with the procedure outlined in Revised Administrative Circular No. 1-95, just like those of the quasi-judicial agencies, boards and commissions enumerated therein.[77] (Emphases in the original)

This court has since reiterated the *Luzon Development Bank* ruling in its decisions.[78]

Article 262-A of the Labor Code provides that the award or decision of the Voluntary Arbitrator "shall be final and executory after ten (10) calendar days from receipt of the copy of the award or decision by the parties":

> Art. 262-A. *PROCEDURES*. The Voluntary Arbitrator or panel of Voluntary Arbitrators shall have the power to hold hearings, receive evidences and take whatever action is necessary to resolve the issue or issues subject of the dispute, including efforts to effect a voluntary settlement between parties.
>
> All parties to the dispute shall be entitled to attend the arbitration proceedings. The attendance of any third party or the exclusion of any witness from the proceedings shall be determined by the Voluntary Arbitrator or panel of Voluntary Arbitrators. Hearing may be adjourned for cause or upon agreement by the parties.

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77 Id. at 404–406.

78 *Royal Plant Workers Union v. Coca-Cola Bottlers Philippines, Inc.-Cebu Plant,* G.R. No. 198783, April 15, 2013, 696 SCRA 357 [Per J. Mendoza, Third Division]; *Samahan ng mga Manggagawa sa Hyatt (SAMASAH-NUWHRAIN) v. Magsalin,* G.R. No. 164939, June 6, 2011, 650 SCRA 445 [Per J. Villarama, Jr., Third Division]; *Teng v. Pahagac,* G.R. No. 169704, November 17, 2010, 635 SCRA 173 [Per J. Brion, Third Division]; *Samahan ng mga Manggagawa sa Hyatt – NUWHRAIN-APL v. Bacungan,* 601 Phil. 365 (2009) [Per J. Tinga, Second Division]; *Mora v. Avesco Marketing Corporation,* 591 Phil. 827 (2008) [Per J. Carpio Morales, Second Division]; *AMA Computer College-Santiago City, Inc. v. Nacino,* 568 Phil. 465 (2008) [Per J. Nachura, Third Division]; *Centro Escolar University Faculty and Allied Workers Union-Independent v. Court of Appeals,* 523 Phil. 427 (2006) [Per J. Puno, Second Division]; *Coca-Cola Bottlers Philippines, Inc. Sales Force Union-PTGWO-BALAIS v. Coca-Cola Bottlers Philippines, Inc.,* 502 Phil. 748 (2005) [Per J. Chico-Nazario, Second Division]; *Nippon Paint Employees Union-OLALIA v. Court of Appeals,* 485 Phil. 675 (2004) [Per J. Puno, Second Division]; *Manila Midtown Hotel v. Borromeo,* 482 Phil. 137 (2004) [Per J. Sandoval-Gutierrez, Third Division]; *Sevilla Trading Company v. Semana,* G.R. No. 152456, April 28, 2004, 428 SCRA 239 [Per J. Puno, Second Division].

> Unless the parties agree otherwise, it shall be mandatory for the Voluntary Arbitrator or panel of Voluntary Arbitrators to render an award or decision within twenty (20) calendar days from the date of submission of the dispute to voluntary arbitration.
>
> *The award or decision of the Voluntary Arbitrator or panel of Voluntary Arbitrators shall contain the facts and the law on which it is based. It shall be final and executory after ten (10) calendar days from receipt of the copy of the award or decision by the parties.*
>
> Upon motion of any interested party, the Voluntary Arbitrator or panel of Voluntary Arbitrators or the Labor Arbiter in the region where the movant resides, in case of the absence or incapacity of the Voluntary Arbitrator or panel of Voluntary Arbitrators, for any reason, may issue a writ of execution requiring either the sheriff of the Commission or regular courts or any public official whom the parties may designate in the submission agreement to execute the final decision, order or award. (Emphasis supplied)

Thus, in *Coca-Cola Bottlers Philippines, Inc. Sales Force Union-PTGWO-BALAIS v. Coca Cola-Bottlers Philippines, Inc.*,[79] this court declared that the decision of the Voluntary Arbitrator had become final and executory because it was appealed beyond the 10-day reglementary period under Article 262-A of the Labor Code.

It is true that Rule 43, Section 4 of the Rules of Court provides for a 15-day reglementary period for filing an appeal:

> Section 4. Period of appeal. — *The appeal shall be taken within fifteen (15) days from notice of the award, judgment, final order or resolution, or from the date of its last publication, if publication is required by law for its effectivity, or of the denial of petitioner's motion for new trial or reconsideration duly filed in accordance with the governing law of the court or agency a quo.* Only one (1) motion for reconsideration shall be allowed. Upon proper motion and the payment of the full amount of the docket fee before the expiration of the reglementary period, the Court of Appeals may grant an additional period of fifteen (15) days only within which to file the petition for review. No further extension shall be granted except for the most compelling reason and in no case to exceed fifteen (15) days. (Emphasis supplied)

The 15-day reglementary period has been upheld by this court in a long line of cases.[80] In *AMA Computer College-Santiago City, Inc. v.*

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[79] 502 Phil. 748, 757 (2005) [Per J. Chico-Nazario, Second Division].

[80] *Royal Plant Workers Union v. Coca-Cola Bottlers Philippines, Inc.-Cebu Plant,* G.R. No. 198783, April 15, 2013, 696 SCRA 357, 371–372 [Per J. Mendoza, Third Division]; *Samahan ng mga Manggagawa sa Hyatt (SAMASAH-NUWHRAIN) v. Magsalin,* G.R. No. 164939, June 6, 2011, 650 SCRA 445, 456 [Per J. Villarama, Jr., Third Division]; *Mora v. Avesco Marketing Corporation,* 591 Phil. 827, 836 (2008) [Per J. Carpio Morales, Second Division]; *AMA Computer College-Santiago City, Inc. v. Nacino,* 568 Phil. 465, 471 (2008) [Per J. Nachura, Third Division]; *Nippon Paint Employees Union-OLALIA v. Court of Appeals,* 485 Phil. 675, 682 (2004) [Per J. Puno, Second

Nacino,[81] *Nippon Paint Employees Union-OLALIA v. Court of Appeals*,[82] *Manila Midtown Hotel v. Borromeo*,[83] and *Sevilla Trading Company v. Semana*,[84] this court denied petitioners' petitions for review on certiorari since petitioners failed to appeal the Voluntary Arbitrator's decision within the 15-day reglementary period under Rule 43. In these cases, the Court of Appeals had no jurisdiction to entertain the appeal assailing the Voluntary Arbitrator's decision.

Despite Rule 43 providing for a 15-day period to appeal, we rule that the Voluntary Arbitrator's decision must be appealed before the Court of Appeals within 10 calendar days from receipt of the decision as provided in the Labor Code.

Appeal is a "statutory privilege,"[85] which may be exercised "only in the manner and in accordance with the provisions of the law."[86] "Perfection of an appeal within the reglementary period is not only mandatory but also jurisdictional so that failure to do so rendered the decision final and executory, and deprives the appellate court of jurisdiction to alter the final judgment much less to entertain the appeal."[87]

We ruled that Article 262-A of the Labor Code allows the appeal of decisions rendered by Voluntary Arbitrators.[88] Statute provides that the Voluntary Arbitrator's decision "shall be final and executory after ten (10) calendar days from receipt of the copy of the award or decision by the parties." Being provided in the statute, this 10-day period must be complied with; otherwise, no appellate court will have jurisdiction over the appeal. This absurd situation occurs when the decision is appealed on the 11th to 15th day from receipt as allowed under the Rules, but which decision, under the law, has already become final and executory.

Furthermore, under Article VIII, Section 5(5) of the Constitution, this court "shall not diminish, increase, or modify substantive rights" in promulgating rules of procedure in courts.[89] The 10-day period to appeal

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Division]; *Manila Midtown Hotel v. Borromeo,* 482 Phil. 137, 142 (2004) [Per J. Sandoval-Gutierrez, Third Division]; *Sevilla Trading Company v. Semana,* G.R. No. 152456, April 28, 2004, 428 SCRA 239, 244 [Per J. Puno, Second Division].

81 568 Phil. 465 (2008) [Per J. Nachura, Third Division].

82 485 Phil. 675 (2004) [Per J. Puno, Second Division].

83 482 Phil. 137 (2004) [Per J. Sandoval-Gutierrez, Third Division].

84 G.R. No. 152456, April 28, 2004, 428 SCRA 239 [Per J. Puno, Second Division].

85 *Fenequito v. Vergara, Jr.,* G.R. No. 172829, July 18, 2012, 677 SCRA 113, 117 [Per J. Peralta, Third Division].

86 Id.

87 *Pedrosa v. Spouses Hill*, 327 Phil. 153 (1996) [Per J. Bellosillo, First Division].

88 *Coca-Cola Bottlers Philippines, Inc. Sales Force Union-PTGWO-BALAIS v. Coca Cola-Bottlers Philippines, Inc.,* 502 Phil. 748 (2005) [Per J. Chico-Nazario, Second Division].

89 CONST., art. VIII, sec. 5, par. (5) provides:
Section 5. The Supreme Court shall have the following powers:
. . . .

under the Labor Code being a substantive right, this period cannot be diminished, increased, or modified through the Rules of Court.[90]

In *Shioji v. Harvey*,[91] this court held that the "rules of court, promulgated by authority of law, have the force and effect of law, if not in conflict with positive law."[92] Rules of Court are "subordinate to the statute."[93] In case of conflict between the law and the Rules of Court, "the statute will prevail."[94]

The rule, therefore, is that a Voluntary Arbitrator's award or decision shall be appealed before the Court of Appeals within 10 days from receipt of the award or decision. Should the aggrieved party choose to file a motion for reconsideration with the Voluntary Arbitrator,[95] the motion must be filed within the same 10-day period since a motion for reconsideration is filed "within the period for taking an appeal."[96]

A petition for certiorari is a special civil action "adopted to correct errors of jurisdiction committed by the lower court or quasi-judicial agency, or when there is grave abuse of discretion on the part of such court or agency amounting to lack or excess of jurisdiction."[97] An extraordinary remedy,[98] a petition for certiorari may be filed only if appeal is not available.[99] If appeal is available, an appeal must be taken even if the ground relied upon is grave abuse of discretion.[100]

As an exception to the rule, this court has allowed petitions for certiorari to be filed in lieu of an appeal "(a) when the public welfare and the advancement of public policy dictate; (b) when the broader interests of

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5. Promulgate rules concerning the protection and enforcement of constitutional rights, pleading, practice, and procedure in all courts, the admission to the practice of law, the integrated bar, and legal assistance to the under-privileged. Such rules shall provide a simplified and inexpensive procedure for the speedy disposition of cases, shall be uniform for all courts of the same grade, and shall not diminish, increase, or modify substantive rights. Rules of procedure of special courts and quasi-judicial bodies shall remain effective unless disapproved by the Supreme Court.

90 *Habaluyas Enterprises, Inc. v. Japson,* 226 Phil. 145 (1986) [Per J. Feria, En Banc].

91 43 Phil. 333 (1922) [Per J. Malcolm, En Banc].

92 Id. at 342.

93 Id.

94 Id.

95 *Teng v. Pahagac,* G.R. No. 169704, November 17, 2010, 635 SCRA 173, 184 [Per J. Brion, Third Division].

96 RULES OF COURT, Rule 37, sec. 1.

97 *Centro Escolar University Faculty and Allied Workers Union-Independent v. Court of Appeals,* 523 Phil. 427, 437–438 (2006) [Per J. Puno, Second Division].

98 Id. at 437.

99 RULES OF COURT, Rule 65, sec. 1. *Centro Escolar University Faculty and Allied Workers Union-Independent v. Court of Appeals,* 523 Phil. 427, 437 (2006) [Per J. Puno, Second Division].

100 *Bugarin v. Palisoc,* 513 Phil. 59, 66 (2005) [Per J. Quisumbing, First Division]; *Association of Integrated Security Force of Bislig (AISFB)-ALU v. Hon. Court of Appeals,* 505 Phil. 10, 18 (2005) [Per J. Chico-Nazario, Second Division].

justice so require; (c) when the writs issued are null; and (d) when the questioned order amounts to an oppressive exercise of judicial authority."[101]

In *Unicraft Industries International Corporation, et al. v. The Hon. Court of Appeals*,[102] petitioners filed a petition for certiorari against the Voluntary Arbitrator's decision. Finding that the Voluntary Arbitrator rendered an award without giving petitioners an opportunity to present evidence, this court allowed petitioners' petition for certiorari despite being the wrong remedy. The Voluntary Arbitrator's award, this court said, was null and void for violation of petitioners' right to due process. This court decided the case on the merits.

In *Leyte IV Electric Cooperative, Inc. v. LEYECO IV Employees Union-ALU*,[103] petitioner likewise filed a petition for certiorari against the Voluntary Arbitrator's decision, alleging that the decision lacked basis in fact and in law. Ruling that the petition for certiorari was filed within the reglementary period for filing an appeal, this court allowed petitioner's petition for certiorari in "the broader interests of justice."[104]

In *Mora v. Avesco Marketing Corporation*,[105] this court held that petitioner Noel E. Mora erred in filing a petition for certiorari against the Voluntary Arbitrator's decision. Nevertheless, this court decided the case on the merits "in the interest of substantial justice to arrive at the proper conclusion that is conformable to the evidentiary facts."[106]

None of the circumstances similar to *Unicraft, Leyte IV Electric Cooperative,* and *Mora* are present in this case. PHILEC received Voluntary Arbitrator Jimenez's resolution denying its motion for partial reconsideration on August 11, 2000.[107] PHILEC filed its petition for certiorari before the Court of Appeals on August 29, 2000,[108] which was 18 days after its receipt of Voluntary Arbitrator Jimenez's resolution. The petition for certiorari was filed beyond the 10-day reglementary period for filing an appeal. We cannot consider PHILEC's petition for certiorari as an appeal.

There being no appeal seasonably filed in this case, Voluntary Arbitrator Jimenez's decision became final and executory after 10 calendar days from PHILEC's receipt of the resolution denying its motion for partial

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101 *Leyte IV Electric Cooperative, Inc. v. LEYECO IV Employees Union-ALU,* 562 Phil. 743, 755 (2007) [Per J. Austria-Martinez, Third Division] (Emphases omitted).
102 407 Phil. 527 (2001) [Per J. Ynares-Santiago, First Division].
103 562 Phil. 743 (2007) [Per J. Austria-Martinez, Third Division].
104 Id. at 756.
105 591 Phil. 827 (2008) [Per J. Carpio Morales, Second Division].
106 Id. at 836.
107 *Rollo*, p. 46.
108 Id. at 45.

reconsideration.[109] Voluntary Arbitrator Jimenez's decision is already "beyond the purview of this Court to act upon."[110]

II

PHILEC must pay training allowance based on the step increases provided in the June 1, 1997 collective bargaining agreement

The insurmountable procedural issue notwithstanding, the case will also fail on its merits. Voluntary Arbitrator Jimenez correctly awarded both Lipio and Ignacio, Sr. training allowances based on the amounts and formula provided in the June 1, 1997 collective bargaining agreement.

A collective bargaining agreement is "a contract executed upon the request of either the employer or the exclusive bargaining representative of the employees incorporating the agreement reached after negotiations with respect to wages, hours of work and all other terms and conditions of employment, including proposals for adjusting any grievances or questions arising under such agreement."[111] A collective bargaining agreement being a contract, its provisions "constitute the law between the parties"[112] and must be complied with in good faith.[113]

PHILEC, as employer, and PWU, as the exclusive bargaining representative of PHILEC's rank-and-file employees, entered into a collective bargaining agreement, which the parties agreed to make effective from June 1, 1997 to May 31, 1999. Being the law between the parties, the June 1, 1997 collective bargaining agreement must govern PHILEC and its rank-and-file employees within the agreed period.

Lipio and Ignacio, Sr. were rank-and-file employees when PHILEC selected them for training for the position of Foreman I beginning August 25, 1997. Lipio and Ignacio, Sr. were selected for training during the effectivity of the June 1, 1997 rank-and-file collective bargaining agreement. Therefore, Lipio's and Ignacio, Sr.'s training allowance must be computed based on Article X, Section 4 and Article IX, Section 1(f) of the June 1, 1997 collective bargaining agreement.

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109 *See Manila Midtown Hotel v. Borromeo,* 482 Phil. 137, 143 (2004) [Per J. Sandoval-Gutierrez, Third Division].

110 *AMA Computer College-Santiago City, Inc. v. Nacino,* 568 Phil. 465, 471 (2008) [Per J. Nachura, Third Division].

111 *Davao Integrated Port Stevedoring Services v. Abarquez,* G.R. No. 102132, March 19, 1993, 220 SCRA 197, 204 [Per J. Romero, Third Division].

112 *Roche (Philippines) v. NLRC,* 258-A Phil. 160, 171 (1989) [Per J. Gancayco, First Division].

113 CIVIL CODE, art. 1159.

Contrary to PHILEC's claim, Lipio and Ignacio, Sr. were not transferred out of the bargaining unit when they were selected for training. Lipio and Ignacio, Sr. remained rank-and-file employees while they trained for the position of Foreman I. Under Article IX, Section 1(e) of the June 1, 1997 collective bargaining agreement,[114] a trainee who is "unable to demonstrate his ability to perform the work . . . shall be reverted to his previous assignment. . . ."[115] According to the same provision, the trainee "shall hold that job on a trial or observation basis and . . . subject to prior approval of the authorized management official, be appointed to the position in a regular capacity."[116]

Thus, training is a condition precedent for promotion. Selection for training does not mean automatic transfer out of the bargaining unit of rank-and-file employees.

Moreover, the June 1, 1997 collective bargaining agreement states that the training allowance of a rank-and-file employee "whose application for a posted job is accepted shall [be computed] in accordance with Section (f) of [Article IX]."[117] Since Lipio and Ignacio, Sr. were rank-and-file employees when they applied for training for the position of Foreman I, Lipio's and Ignacio, Sr.'s training allowance must be computed based on Article IX, Section 1(f) of the June 1, 1997 rank-and-file collective bargaining agreement.

PHILEC allegedly applied the "Modified SGV" pay grade scale to prevent any salary distortion within PHILEC's enterprise. This, however, does not justify PHILEC's non-compliance with the June 1, 1997 collective bargaining agreement. This pay grade scale is not provided in the collective bargaining agreement. In *Samahang Manggagawa sa Top Form Manufacturing United Workers of the Philippines (SMTFM-UWP) v. NLRC,*[118] this court ruled that "only provisions embodied in the [collective bargaining agreement] should be so interpreted and complied with. Where a

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114 *Rollo,* p. 114. Collective Bargaining Agreement, art. IX, sec. 1(e) provides:

. . . .

(e) An employee whose application for a posted job is accepted shall hold that job on a trial or observation basis and during that period shall receive a monthly allowance of an amount in accordance with Section (f) of this Article. During the trial or observation period which shall not exceed four (4) months of actual training if the employee isunable [sic] to demonstrate his ability to perform the work, he shall be reverted to his previous assignment and the last preceding rate of pay but shall not, for a period of three (3) months, be permitted to apply for any posted job in the same higher classification. On the other hand, should the employee be considered capable of holding the job, he shall, subject to prior approval of the authorized management official, be appointed to the position in a regular capacity. Positions vacated during the trial or observation period shall be filled up by temporary employees hired for this purpose only, if necessary.

115 Id.

116 Id.

117 Id.

118 356 Phil. 480 (1998) [Per J. Romero, Third Division].

proposal raised by a contracting party does not find print in the [collective bargaining agreement], it is not part thereof and the proponent has no claim whatsoever to its implementation."[119]

Had PHILEC wanted the "Modified SGV" pay grade scale applied within its enterprise, "it could have requested or demanded that [the 'Modified SGV' scale] be incorporated in the [collective bargaining agreement]."[120] PHILEC had "the means under the law to compel [PWU] to incorporate this specific economic proposal in the [collective bargaining agreement]."[121] It "could have invoked Article 252 of the Labor Code"[122] to incorporate the "Modified SGV" pay grade scale in its collective bargaining agreement with PWU. But it did not. Since this "Modified SGV" pay grade scale does not appear in PHILEC's collective bargaining agreement with PWU, PHILEC cannot insist on the "Modified SGV" pay grade scale's application. We reiterate Voluntary Arbitrator Jimenez's decision dated August 13, 1999 where he said that:

> . . . since the signing of the current CBA took place on September 27, 1997, PHILEC, by oversight, may have overlooked the possibility of a wage distortion occurring among ASSET-occupied positions. It is surmised that this matter could have been negotiated and settled with PWU before the actual signing of the CBA on September 27. Instead, PHILEC, again, allowed the provisions of Art. X, Sec. 4 of the CBA to remain the way it is and is now suffering the consequences of its *laches*.[123] (Emphasis in the original)

We note that PHILEC did not dispute PWU's contention that it selected several rank-and-file employees for training and paid them training allowance based on the schedule provided in the collective bargaining agreement effective at the time of the trainees' selection.[124] PHILEC cannot choose when and to whom to apply the provisions of its collective bargaining agreement. The provisions of a collective bargaining agreement must be applied uniformly and complied with in good faith.

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119 Id. at 491.

120 *Samahang Manggagawa sa Top Form Manufacturing United Workers of the Philippines (SMTFM-UWP) v. NLRC,* 356 Phil. 480, 490 (1998) [Per J. Romero, Third Division].

121 Id.

122 LABOR CODE, art. 252 provides:
Art. 252. Meaning of duty to bargain collectively. – The duty to bargain collectively means the performance of a mutual obligation to meet and convene promptly and expeditiously in good faith for the purpose of negotiating an agreement with respect to wages, hours of work and all other terms and conditions of employment including proposals for adjusting any grievances or questions arising under such agreements if requested by either party but such duty does not compel any party to agree to a proposal or to make any concession.
Samahang Manggagawa sa Top Form Manufacturing United Workers of the Philippines (SMTFM-UWP) v. NLRC, 356 Phil. 480, 490 (1998) [Per J. Romero, Third Division].

123 *Rollo*, p. 70.

124 Id. at 65. PHILEC selected rank-and-file employees Rodolfo Montepio, Rodel Unidad, Feliciano de los Santos, Berlin Diaz, and Melencio Rodriguez for training for higher positions.

Given the foregoing, Lipio's and Ignacio, Sr.'s training allowance should be computed based on Article X, Section 4 in relation to Article IX, Section 1(f) of the June 1, 1997 rank-and-file collective bargaining agreement. Lipio, who held the position of Machinist before selection for training as Foreman I, should receive training allowance based on the following schedule:

First month	- - - - -	□456.00
Second month	- - - - -	□1,031.00
Third month	- - - - -	□1,031.00
Fourth month	- - - - -	□1,031.00

Ignacio, Sr., who held the position of DT-Assembler before selection for training as Foreman I, should receive training allowance based on the following schedule:

First month	- - - - -	□361.00
Second month	- - - - -	□817.00
Third month	- - - - -	□1,392.00
Fourth month	- - - - -	□1,392.00

Considering that Voluntary Arbitrator Jimenez's decision awarded sums of money, Lipio and Ignacio, Sr. are entitled to legal interest on their training allowances. Voluntary Arbitrator Jimenez's decision having become final and executory on August 22, 2000, PHILEC is liable for legal interest equal to 12% per annum from finality of the decision until full payment as this court ruled in *Eastern Shipping Lines, Inc. v. Court of Appeals*:[125]

> When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest. . . shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then as equivalent to a forbearance of credit.[126]

The 6% legal interest under Circular No. 799, Series of 2013, of the Bangko Sentral ng Pilipinas Monetary Board shall not apply, Voluntary Arbitrator Jimenez's decision having become final and executory prior to the effectivity of the circular on July 1, 2013. In *Nacar v. Gallery Frames*,[127] we held that:

> . . . with regard to those judgments that have become final and executory prior to July 1, 2013, said judgments shall not be disturbed and

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125 G.R. No. 97412, July 12, 1994, 234 SCRA 78 [Per J. Vitug, En Banc].
126 Id. at 97.
127 G.R. No. 189871, August 13, 2013, 703 SCRA 439 [Per J. Peralta, En Banc].

shall continue to be implemented applying the rate of interest fixed therein.[128]

WHEREFORE, the petition for review on certiorari is **DENIED.** The Court of Appeals' decision dated May 25, 2004 is **AFFIRMED.**

Petitioner Philippine Electric Corporation is **ORDERED** to **PAY** respondent Eleodoro V. Lipio a total of ₱3,549.00 for a four (4)-month training for the position of Foreman I with legal interest of 12% per annum from August 22, 2000 until the amount's full satisfaction.

For respondent Emerlito C. Ignacio, Sr., Philippine Electric Corporation is **ORDERED** to **PAY** a total of ₱3,962.00 for a four (4)-month training for the position of Foreman I with legal interest of 12% per annum from August 22, 2000 until the amount's full satisfaction.

SO ORDERED.

MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

MARIANO C. DEL CASTILLO
Associate Justice

MARTIN S. VILLARAMA, JR.
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

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[128] Id. at 457.

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice