SUPREME COURT
FIRST DIVISION

METROLAB INDUSTRIES, INC.,
***Petitioner*,**

-versus-

G.R. No. 108855
February 28, 1996

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*.**
x----------x

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- 595-91; 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] (Emphasis 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 for 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:

x x x

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 vs. NLRC,[10] we issued this reminder:

x x x

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.

x x x

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 vs. NLRC, 190 SCRA 758 [1990]). (Emphasis ours.)

x x x

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 labor disputes involving industries 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:

x x x

> (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. (Emphasis ours.)
>
> x x x
>
> That Metrolab's business is of national interest is not disputed. Metrolab is one of the leading manufacturers and suppliers of medical and pharmaceutical products to the country.
>
> Metrolab's management prerogatives, therefore, are not being unjustly curtailed but duly balanced with and tempered by the limitations set by law, taking into account its special character and the particular circumstances in the case at bench.

As aptly declared by public respondent Secretary of Labor in its assailed resolution:

> x x x
>
> MII is right to the extent that as a rule, we may not interfere with the legitimate exercise of management prerogatives such as layoffs. But it may nevertheless be appropriate to mention here that one of the substantive evils which Article 263 (g) of the Labor Code seeks to curb is the exacerbation of a labor dispute to the further detriment of the national interest. When a labor dispute has in fact occurred and a general injunction has been issued restraining the commission of disruptive acts, management prerogatives must always be exercised consistently with the statutory objective.[11]
>
> x x x
>
> Metrolab insists that the subject layoffs did not exacerbate their dispute with the Union since no untoward incident occurred after the layoffs were implemented. There were no work disruptions or stoppages and no mass actions were threatened

> or undertaken. Instead, petitioner asserts, the affected employees calmly accepted their fate "as this was a matter which they had been previously advised would be inevitable."[12]

After a judicious review of the record, we find no compelling reason to overturn the findings of the Secretary of Labor.

We reaffirm the doctrine that considering their expertise in their respective fields, factual findings of administrative agencies supported by substantial evidence are accorded great respect and binds this Court.[13]

The Secretary of Labor ruled, thus:

x x x

> Any act committed during the pendency of the dispute that tends to give rise to further contentious issues or increase the tensions between the parties should be considered an act of exacerbation. One must look at the act itself, not on speculative reactions. A misplaced recourse is not needed to prove that a dispute has been exacerbated. For instance, the Union could not be expected to file another notice of strike. For this would depart from its theory of the case that the layoff is subsumed under the instant dispute, for which a notice of strike had already been filed. On the other hand, to expect violent reactions, unruly behavior, and any other chaotic or drastic action from the Union is to expect it to commit acts disruptive of public order or acts that may be illegal. Under a regime of laws, legal remedies take the place of violent ones.[14]

x x x

Protest against the subject layoffs need not be in the form o violent action or any other drastic measure. In the instant case the Union registered their dissent by swiftly filing a motion for a cease and desist order. Contrary to petitioner's allegations, the Union strongly condemned the layoffs and threatened mass action if the Secretary of Labor fails to timely intervene:

x x x

3. This unilateral action of management is a blatant violation of the injunction of this Office against committing acts which would exacerbate the dispute. Unless such act is enjoined the Union will be compelled to resort to its legal right to mass actions and concerted activities to protest and stop the said management action. This mass layoff is clearly one which would result in a very serious labor dispute unless this Office swiftly intervenes.[15]

x x x

Metrolab and the Union were still in the process of resolving their CBA deadlock when petitioner implemented the subject layoffs. As a result, motions and oppositions were filed diverting the parties' attention, delaying resolution of the bargaining deadlock and postponing the signing of their new CBA, thereby aggravating the whole conflict.

We, likewise, find untenable Metrolab's contention that the layoff of the 94 rank-and-file employees was temporary, despite the recall of some of the laid off workers.

If Metrolab intended the layoff of the 94 workers to be temporary, it should have plainly stated so in the notices it sent to the affected employees and the Department of Labor and Employment. Consider the tenor of the pertinent portions of the layoff notice to the affected employees:

x x x

Dahil sa mga bagay na ito, napilitan ang ating kumpanya na magsagawa ng "lay-off" ng mga empleyado sa Rank & File dahil nabawasan ang trabaho at puwesto para sa kanila. Marami sa atin ang kasama sa "lay-off" dahil wala nang trabaho para sa kanila. Mahirap tanggapin ang mga bagay na ito subalit kailangan nating gawin dahil hindi kaya ng kumpanya ang magbayad ng suweldo kung ang empleyado ay walang trabaho. Kung tayo ay patuloy na magbabayad ng suweldo, mas hihina

ang ating kumpanya at mas marami ang maaaring maapektuhan.

Sa pagpapatupad ng "lay-off" susundin natin ang LAST IN-FIRST OUT policy. Ang mga empleyadong may pinakamaikling serbisyo sa kumpanya ang unang maaapektuhan. Ito ay batay na rin sa nakasaad sa ating CBA na ang mga huling pumasok sa kumpanya ang unang masasama sa "lay-off" kapag nagkaroon ng ganitong mga kalagayan.

Ang mga empleyado na kasama sa "lay-off" ay nakalista sa sulat na ito. Ang umpisa ng lay-off ay sa Lunes, Enero 27. Hindi na muna sila papasok sa kumpanya. Makukuha nila ang suweldo nila sa Enero 30, 1992.

Hindi po natin matitiyak kung gaano katagal ang "lay-off" ngunit ang aming tingin ay matatagalan bago magkaroon ng dagdag na trabaho. Dahil dito sinimulan na namin ang isang "Redundancy Program" sa mga supervisors. Nabawasan ang mqa puwesto para sa kanila, kaya sila ay mawawalan ng trabaho at bibigyan na ng redundancy pay.[16] (Emphasis ours.)

x x x

We agree with the ruling of the Secretary of Labor, thus:

x x x

MII insists that the layoff in question is temporary not permanent. It then cites International Hardware, Inc. vs. NLRC, 176 SCRA 256, in which the Supreme Court held that the 30-day notice required under Article 283 of the Labor Code need not be complied with if the employer has no intention to permanently severe (sic) the employment relationship.

We are not convinced by this argument. International Hardware involves a case where there had been a reduction of workload. Precisely to avoid laying off the employees, the employer therein opted to give them work on a rotating basis. Though on a limited scale, work was available. This was the

> Supreme Court's basis for holding that there was no intention to permanently severe (sic) the employment relationship.
>
> Here, there is no circumstance at all from which we can infer an intention from MII not to sever the employment relationship permanently. If there was such an intention, MII could have made it very clear in the notices of layoff. But as it were, the notices are couched in a language so uncertain that the only conclusion possible is the permanent termination, not the continuation, of the employment relationship.
>
> MII also seeks to excuse itself from compliance with the 30-day notice with a tautology. While insisting that there is really no best time to announce a bad news, (sic) it also claims that it broke the bad news only on 27 January 1992 because had it complied with the 30-day notice, it could have broken the bad news on 02 January 1992, the first working day of the year. If there is really no best time to announce a bad news (sic), it wouldn't have mattered if the same was announced at the first working day of the year. That way, MII could have at least complied with the requirement of the law.[17]

The second issue raised by petitioner merits our consideration.

In the assailed Omnibus Resolution, labor Secretary Confesor clarified the CBA provisions on closed-shop and the scope of the bargaining unit in this wise:

x x x

> Appropriateness of the bargaining unit.

x x x

Exclusions. In our 14 April 1992 resolution, we ruled on the issue of exclusion as follows:

> These aside, we reconsider our denial of the modifications which the Union proposes to introduce on the close shop provision. While we note that the provision as presently worded

has served the relationship of the parties well under previous CBA's, the shift in constitutional policy toward expanding the right of all workers to self-organization? should now be formally recognized by the parties, subject to the following exclusions only:

1. Managerial employees; and

2. The executive secretaries of the President, Executive Vice-President, Vice-President, Vice President for Sales, Personnel Manager, and Director for Corporate Planning who may have access to vital labor relations information or who may otherwise act in a confidential capacity to persons who determine or formulate management policies.

The provisions of Article I (b) and Attachment I of the 1988-1990 CBA shall thus be modified consistently with the foregoing.

Article I(b) of the 1988-1990 CBA provides:

> b) Close Shop. — All Qualified Employees must join the Association immediately upon regularization as a condition for continued employment. This provision shall not apply to: (i) managerial employees who are excluded from the scope of the bargaining unit; (ii) the auditors and executive secretaries of senior executive officers, such as, the President, Executive Vice-President, Vice-President for Finance, Head of Legal, Vice-President for Sales, who are excluded from membership in the Association; and (iii) those employees who are referred to in Attachment I hereof, subject, however, to the application of the provision of Article II, par. (b) hereof. Consequently, the above-specified employees are not required to join the Association as a condition for their continued employment.

On the other hand, Attachment I provides:

> Exclusion from the Scope of the Close Shop Provision

The following positions in the Bargaining Unit are not covered by the Close Shop provision of the CBA (Article I, par. b):

1. Executive Secretaries of Vice-Presidents, or equivalent positions.

2. Executive Secretary of the Personnel Manager, or equivalent positions.

3. Executive Secretary of the Director for Corporate Planning, or equivalent positions.

4. Some personnel in the Personnel Department, EDP Staff at Head Office, Payroll Staff at Head Office, Accounting Department at Head Office, and Budget Staff, who because of the nature of their duties and responsibilities need not join the Association as a condition for their employment.

5. Newly-hired secretaries of Branch Managers and Regional Managers.

Both MDD and MII read the exclusion of managerial employees and executive secretaries in our 14 April 1992 resolution as exclusion from the bargaining unit. They point out that managerial employees are lumped under one classification with executive secretaries, so that since the former are excluded from the bargaining unit, so must the latter be likewise excluded.

This reading is obviously contrary to the intent of our 14 April 1992 resolution. By recognizing the expanded scope of the right to self-organization, our intent was to delimit the types of employees excluded from the close shop provision, not from the bargaining unit, to executive secretaries only. Otherwise, the conversion of the exclusionary provision to one that refers to the bargaining unit from one that merely refers to the close shop provision would effectively curtail all the organizational rights of executive secretaries.

> The exclusion of managerial employees, in accordance with law, must therefore still carry the qualifying phrase "from the bargaining unit" in Article I (b)(i) of the 1988-1990 CBA. In the same manner, the exclusion of executive secretaries should be read together with the qualifying phrase "are excluded from membership in the Association" of the same Article and with the heading of Attachment I. The latter refers to "Exclusions from Scope of Close Shop Provision" and provides that "[t]he following positions in Bargaining Unit are not covered by the close shop provision of the CBA."
>
> The issue of exclusion has different dimension in the case of MII. In an earlier motion for clarification, MII points out that it has done away with the positions of Executive Vice-President, Vice-President for Sales, and Director for Corporate Planning. Thus, the foregoing group of exclusions is no longer appropriate in its present organizational structure. Nevertheless, there remain MII officer positions for which there may be executive secretaries. These include the General Manager and members of the Management Committee, specifically i) the Quality Assurance Manager; ii) the Product Development Manager; iii) the Finance Director; iv) the Management System Manager; v) the Human Resources Manager; vi) the Marketing Director; vii) the Engineering Manager; viii) the Materials Manager; and ix) the Production Manager.
>
> x x x
>
> The basis for the questioned exclusions, it should be noted, is no other than the previous CBA between MII and the Union. If MII had undergone an organizational restructuring since then, this is a fact to which we have never been made privy. In any event, had this been otherwise the result would have been the same. To repeat, we limited the exclusions to recognize the expanded scope of the right to self- organization as embodied in the Constitution.[18]

Metrolab, however, maintains that executive secretaries of the General Manager and the executive secretaries of the Quality Assurance Manager, Product Development Manager, Finance

Director, Management System Manager, Human Resources Manager, Marketing Director, Engineering Manager, Materials Manager and Production Manager, who are all members of the company's Management Committee should not only be exempted from the closed-shop provision but should be excluded from membership in the bargaining unit of the rank and file employees as well on grounds that their executive secretaries are confidential employees, having access to "vital labor information."[19]

We concur with Metrolab.

Although Article 245 of the Labor Code[20] limits the ineligibility to join, form and assist any labor organization to managerial employees, jurisprudence has extended this prohibition to confidential employees or those who by reason of their positions or nature of work are required to assist or act in a fiduciary manner to managerial employees and hence, are likewise privy to sensitive and highly confidential records.

The rationale behind the exclusion of confidential employees from the bargaining unit of the rank and file employees and their disqualification to join any labor organization was succinctly discussed in Philips Industrial Development vs. NLRC:[21]

x x x

> On the main issue raised before Us, it is quite obvious that respondent NLRC committed grave abuse of discretion in reversing the decision of the Executive Labor Arbiter and in decreeing that PIDI's "Service Engineers, Sales Force, division secretaries, all Staff of General Management, Personnel and Industrial Relations Department, Secretaries of Audit, EDP and Financial Systems are included within the rank and file bargaining unit."

In the first place, all these employees, with the exception of the service engineers and the sales force personnel, are confidential employees. Their classification as such is not seriously disputed by PEO-FFW; the five (5) previous CBAs between PIDI and PEO-FFW explicitly considered them as confidential employees. By the very

nature of their functions, they assist and act in a confidential capacity to, or have access to confidential matters of, persons who exercise managerial functions in the field of labor relations. As such, the rationale behind the ineligibility of managerial employees to form, assist or join a labor union equally applies to them.

In Bulletin Publishing Co., Inc. vs. Hon. Augusto Sanchez, this Court elaborated on this rationale, thus:

> "The rationale for this inhibition has been stated to be, because if these managerial employees would belong to or be affiliated with a Union, the latter might not be assured of their loyalty to the Union in view of evident conflict of interests. The Union can also become company-dominated with the presence of managerial employees in Union membership."

In Golden Farms, Inc. vs. Ferrer-Calleja, this Court explicitly made this rationale applicable to confidential employees:

> This rationale holds true also for confidential employees such as accounting personnel, radio and telegraph operators, who having access to confidential information, may become the source of undue advantage. Said employee(s) may act as a spy or spies of either party to a collective bargaining agreement. This is specially true in the present case where the petitioning Union is already the bargaining agent of the rank-and-file employees in the establishment. To allow the confidential employees to join the existing Union of the rank-and-file would be in violation of the terms of the Collective Bargaining Agreement wherein this kind of employees by the nature of their functions/positions are expressly excluded."

x x x

Similarly, in National Association of Trade Union - Republic Planters Bank Supervisors Chapter vs. Torres[22] we declared:

x x x

As regards the other claim of respondent Bank that Branch Managers/OICs, Cashiers and Controllers are confidential employees, having control, custody and/or access to confidential matters, e.g., the branch's cash position, statements of financial condition, vault combination, cash codes for telegraphic transfers, demand drafts and other negotiable instruments, pursuant to Sec. 1166.4 of the Central Bank Manual regarding joint custody, this claim is not even disputed by petitioner. A confidential employee is one entrusted with confidence on delicate matters, or with the custody, handling, or care and protection of the employer's property. While Art. 245 of the Labor Code singles out managerial employees as ineligible to join, assist or form any labor organization, under the doctrine of necessary, implication, confidential employees are similarly disqualified.

x x x

(I)n the collective bargaining process, managerial employees are supposed to be on the side of the employer, to act as its representatives, and to see to it that its interest are well protected. The employer is not assured of such protection if these employees themselves are union members. Collective bargaining in such a situation can become one-sided. It is the same reason that impelled this Court to consider the position of confidential employees as included in the disqualification found in Art. 245 as if the disqualification of confidential employees were written in the provision. If confidential employees could unionize in order to bargain for advantages for themselves, then they could be governed by their own motives rather than the interest of the employers. Moreover, unionization of confidential employees for the purpose of collective bargaining would mean the extension of the law to persons or individuals who are supposed to act "in the interest of the employers. It is not farfetched that in the course of collective bargaining, they might jeopardize that interest which they are duty-bound to protect.

x x x

And in the latest case of Pier 8 Arrastre & Stevedoring Services, Inc. vs. Roldan-Confesor,[23] we ruled that:

x x x

> Upon the other hand , legal secretaries are neither managers nor supervisors. Their work is basically routinary and clerical. However, they should be differentiated from rank-and-file employees because they are tasked with, among others, the typing of legal documents, memoranda and correspondence, the keeping of records and files, the giving of and receiving notices, and such other duties as required by the legal personnel of the corporation. Legal secretaries therefore fall under the category of confidential employees.
>
> x x x
>
> We thus hold that public respondent acted with grave abuse of discretion in not excluding the four foremen and legal secretary from the bargaining unit composed of rank-and-file employees.

x x x

In the case at bench, the Union does not disagree with petitioner that the executive secretaries are confidential employees. It however, makes the following contentions:

x x x

> There would be no danger of company domination of the Union since the confidential employees would not be members of and would not participate in the decision making processes of the Union.
>
> Neither would there be a danger of espionage since the confidential employees would not have any conflict of interest, not being members of the Union. In any case, there is always the danger that any employee would leak management secrets

> to the Union out of sympathy for his fellow rank and filer even if he were not a member of the union nor the bargaining unit.
>
> Confidential employees are rank and file employees and they, like all the other rank and file employees, should be granted the benefits of the Collective Bargaining Agreement. There is no valid basis for discriminating against them. The mandate of the Constitution and the Labor Code, primarily of protection to Labor, compels such conclusion.[24]
>
> x x x
>
> The Union's assurances fail to convince. The dangers sought to be prevented, particularly the threat of conflict of interest and espionage, are not eliminated by non-membership of Metrolab's executive secretaries or confidential employees in the Union. Forming part of the bargaining unit, the executive secretaries stand to benefit from any agreement executed between the Union and Metrolab. Such a scenario, thus, gives rise to a potential conflict between personal interests and their duty as confidential employees to act for and in behalf of Metrolab. They do not have to be union members to affect or influence either side.

Finally, confidential employees cannot be classified as rank and file. As previously discussed, the nature of employment of confidential employees is quite distinct from the rank and file, thus, warranting a separate category. Excluding confidential employees from the rank and file bargaining unit, therefore, is not tantamount to discrimination.

WHEREFORE, premises considered, the petition is partially **GRANTED**. The resolutions of public respondent Secretary of Labor dated 14 April 1992 and 25 January 1993 are hereby **MODIFIED** to the extent that executive secretaries of petitioner Metrolab's General Manager and the executive secretaries of the members of its Management Committee are excluded from the bargaining unit of petitioner's rank and file employees.

SO ORDERED.

Padilla, Bellosillo, Vitug and Hermosisima, Jr., *JJ*., concur.

---

[1] Rollo, p. 74.
[2] Id., at 202-204.
[3] Id., at 8-9.
[4] Id., at 51-52.
[5] Id., at 303.
[6] Id., at 236-241.
[7] Id., at 70-71.
[*] Metrolab submits that the issue in the instant petition for certiorari is limited to the determination of whether or not the Secretary of Labor gravely abused her discretion in ruling that the layoff of its 94 workers exacerbated their labor dispute with the Union. Metrolab underscores that the basis for the said layoff "has never been placed in issue." (Rollo, pp. 327-328.)

In the same manner, Metrolab prefatorily declared that it does not dispute the Secretary of Labor's certification to the NLRC of the legality (or illegality) of the second layoff of Metrolab's 73 rank and file workers on grounds of redundancy (Rollo, pp. 11-12). In its Consolidated Reply, Metrolab states, thus:

5.0. Moreover, the redundancy program of October 1992 is not an issue in the present petition. The assailed Omnibus Order, in no uncertain terms, ordered that this matter be brought before the National Labor Relations Commission ("NLRC") for adjudication (Please see Annex "A-1" of the Petition). Petitioner herein does not question the said part of the Omnibus Resolution in the present petition. The time for the same is not yet ripe, as the NLRC still has to pass judgment upon the facts surrounding the redundancy program. As of this writing, the said redundancy program is presently being litigated before the Arbitration Branch of the NLRC in NLRC-NCR Case No. 00-05-03325-93 entitled "Metro Drug Corporation Employees Association - FFW vs. Metrolab Industries, Inc., et al." before Labor Arbiter Cornelio Linsangan. (Rollo, p. 330.)

[8] Id., at 13.
[9] Radio Communications of the Philippines, Inc. vs. NLRC, 221 SCRA 782 (1993); Corral vs. NLRC, 221 SCRA 693 (1993); Rubberworld (Phils.), Inc. vs. NLRC, 175 SCRA 450 (1989).
[10] 225 SCRA 301 (1993).
[11] Rollo, p. 46.
[12] Id., at 335.
[13] Association of Marine Officers & Seamen of Reyes & Lim Co. vs. Laguesma, 239 SCRA 460 (1994); Maya Farms Employees Organization vs. NLRC, 239 SCRA 508 (1994); Rabago vs. NLRC, 200 SCRA 158 (1991); Pan Pacific Industrial Sales, Co., Inc. vs. NLRC, 194 SCRA 633 (1991).

[14] Rollo, p. 57.
[15] Id., at 202-204; 228-234; "Urgent Motion to Resolve Union's Motion dated 27 January 1992," Folder 4, Original Record.
[16] Rollo, p. 198.
[17] Id., at 58-59.
[18] Id.,, pp. 59-63.
[19] Id., at 31-32.
[20] Art. 245. Labor Code. Ineligibility of managerial employees to join any labor organization; right of supervisory employees. — Managerial employees are not eligible to join, assist or form any labor organization. Supervisory employees shall not be eligible for membership in a labor organization of the rank-and-file employees but may join, assist or form separate labor organizations of their own.
[21] 210 SCRA 339 (1992).
[22] 239 SCRA 546 (1994).
[23] 241 SCRA 294 (1995).
[24] Rollo, pp. 192-193.