SUPREME COURT
SECOND DIVISION

GERARDO F. RIVERA, ALFRED A. RAMISO, AMBROCIO PALAD, DENNIS R. ARANAS, DAVID SORIMA, JR., JORGE P. DELA ROSA, and ISAGANI ALDEA,
***Petitioners*,**

-versus-

G.R. No. 135547
January 23, 2002

HON. EDGARDO ESPIRITU in his capacity as Chairman of the PAL Inter-Agency Task Force created under Administrative Order No. 16; HON. BIENVENIDO LAGUESMA in his capacity as Secretary of Labor and Employment; PHILIPPINE AIRLINES (PAL), LUCIO TAN, HENRY SO UY, ANTONIO V. OCAMPO, MANOLO E. AQUINO, JAIME J. BAUTISTA, and ALEXANDER O. BARRIENTOS,
***Respondents*.**
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D E C I S I O N

QUISUMBING, *J.*:

In this Special Civil Action for Certiorari and Prohibition, petitioners charge public respondents with grave abuse of discretion amounting to lack or excess of jurisdiction for acts taken in regard to the enforcement of the agreement dated September 27, 1998, between Philippine Airlines (PAL) and its union, the PAL Employees Association (PALEA).

The factual antecedents of this case are as follows:

On June 5, 1998, PAL pilots affiliated with the Airline Pilots Association of the Philippines (ALPAP) went on a three-week strike, causing serious losses to the financially beleaguered flag carrier. As a result, PAL's financial situation went from bad to worse. Faced with bankruptcy, PAL adopted a rehabilitation plan and downsized its labor force by more than one-third.

On July 22, 1998, PALEA went on strike to protest the retrenchment measures adopted by the airline, which affected 1,899 union members. The strike ended four days later, when PAL and PALEA agreed to a more systematic reduction in PAL's work force and the payment of separation benefits to all retrenched employees.

On August 28, 1998, then President Joseph E. Estrada issued Administrative Order No. 16 creating an Inter-Agency Task Force (Task Force) to address the problems of the ailing flag carrier. The Task Force was composed of the Departments of Finance, Labor and Employment, Foreign Affairs, Transportation and Communication, and Tourism, together with the Securities and Exchange Commission (SEC). Public respondent Edgardo Espiritu, then the Secretary of Finance, was designated chairman of the Task Force. It was "empowered to summon all parties concerned for conciliation, mediation (for) the purpose of arriving at a total and complete solution of the problem."[1] Conciliation meetings were then held between PAL management and the three unions representing the airline's employees,[2] with the Task Force as mediator.

On September 4, 1998, PAL management submitted to the Task Force an offer by private respondent Lucio Tan, Chairman and Chief

Executive Officer of PAL, of a plan to transfer shares of stock to its employees. The pertinent portion of said plan reads:

1. From the issued shares of stock within the group of Mr. Lucio Tan's holdings, the ownership of 60,000 fully paid shares of stock of Philippine Airlines with a par value of PHP5.00/share will be transferred in favor of each employee of Philippine Airlines in the active payroll as of September 15, 1998. Should any share-owning employee leave PAL, he/she has the option to keep the shares or sells (sic) his/her shares to his/her union or other employees currently employed by PAL.

2. The aggregate shares of stock transferred to PAL employees will allow them three (3) members to (sic) the PAL Board of Directors. We, thus, become partners in the boardroom and together, we shall address and find solutions to the wide range of problems besetting PAL.

3. In order for PAL to attain (a) degree of normalcy while we are tackling its problems, we would request for a suspension of the Collective Bargaining Agreements (CBAs) for 10 years.[3]

On September 10, 1998, the Board of Directors of PALEA voted to accept Tan's offer and requested the Task Force's assistance in implementing the same. Union members, however, rejected Tan's offer. Under intense pressure from PALEA members, the union's directors subsequently resolved to reject Tan's offer.

On September 17, 1998, PAL informed the Task Force that it was shutting down its operations effective September 23, 1998, preparatory to liquidating its assets and paying off its creditors. The airline claimed that given its labor problems, rehabilitation was no longer feasible, and hence, the airline had no alternative but to close shop.

On September 18, 1998, PALEA sought the intervention of the Office of the President in immediately convening the parties, the PAL management, PALEA, ALPAP, and FASAP, including the SEC under

the direction of the Inter-Agency Task Force, to prevent the imminent closure of PAL.[4]

On September 19, 1998, PALEA informed the Department of Labor and Employment (DOLE) that it had no objection to a referendum on the Tan's offer. 2,799 out of 6,738 PALEA members cast their votes in the referendum under DOLE supervision held on September 21-22, 1998. Of the votes cast, 1,055 voted in favor of Tan's offer while 1,371 rejected it.

On September 23, 1998, PAL ceased its operations and sent notices of termination to its employees.

Two days later, the PALEA board wrote President Estrada anew, seeking his intervention. PALEA offered a 10-year moratorium on strikes and similar actions and a waiver of some of the economic benefits in the existing CBA.[5] Tan, however, rejected this counter-offer.

On September 27, 1998, the PALEA board again wrote the President proposing the following terms and conditions, subject to ratification by the general membership:

1. Each PAL employee shall be granted 60,000 shares of stock with a par value of P5.00, from Mr. Lucio Tan's shareholdings, with three (3) seats in the PAL Board and an additional seat from government shares as indicated by His Excellency;

2. Likewise, PALEA shall, as far as practicable, be granted adequate representation in committees or bodies which deal with matters affecting terms and conditions of employment;

3. To enhance and strengthen labor-management relations, the existing Labor-Management Coordinating Council shall be reorganized and revitalized, with adequate representation from both PAL management and PALEA;

4. To assure investors and creditors of industrial peace, PALEA agrees, subject to the ratification by the general membership,

(to) the suspension of the PAL-PALEA CBA for a period of ten (10) years, provided the following safeguards are in place:

a. PAL shall continue recognizing PALEA as the duly certified bargaining agent of the regular rank-and-file ground employees of the Company;

b. The 'union shop/maintenance of membership' provision under the PAL-PALEA CBA shall be respected.

c. No salary deduction, with full medical benefits.

5. PAL shall grant the benefits under the 26 July 1998 Memorandum of Agreement forged by and between PAL and PALEA, to those employees who may opt to retire or be separated from the company;

6. PALEA members who have been retrenched but have not received separation benefits shall be granted priority in the hiring/rehiring of employees; and

7. In the absence of applicable Company rule or regulation, the provisions of the Labor Code shall apply.[6]

Among the signatories to the letter were herein petitioners Rivera, Ramiso, and Aranas, as officers and/or members of the PALEA Board of Directors. PAL management accepted the PALEA proposal and the necessary referendum was scheduled.

On October 2, 1998, 5,324 PALEA members cast their votes in a DOLE-supervised referendum. Of the votes cast, 61% were in favor of accepting the PAL-PALEA agreement, while 34% rejected it.

On October 7, 1998, PAL resumed domestic operations. On the same date, seven officers and members of PALEA filed this instant petition to annul the September 27, 1998 agreement entered into between PAL and PALEA on the following grounds:

I

PUBLIC RESPONDENTS GRAVELY ABUSED THEIR DISCRETION AND EXCEEDED THEIR JURISDICTION IN ACTIVELY PURSUING THE CONCLUSION OF THE PAL-PALEA AGREEMENT AS THE CONSTITUTIONAL RIGHTS TO SELF-ORGANIZATION AND COLLECTIVE BARGAINING, BEING FOUNDED ON PUBLIC POLICY, MAY NOT BE WAIVED, NOR THE WAIVER, RATIFIED.

II

PUBLIC RESPONDENTS GRAVELY ABUSED THEIR DISCRETION AND EXCEEDED THEIR JURISDICTION IN PRESIDING OVER THE CONCLUSION OF THE PAL-PALEA AGREEMENT UNDER THREAT OF ABUSIVE EXERCISE OF PAL'S MANAGEMENT PREROGATIVE TO CLOSE BUSINESS USED AS SUBTERFUGE FOR UNION-BUSTING.

The issues now for our resolution are:

(1) Is an original action for certiorari and prohibition the proper remedy to annul the PAL-PALEA agreement of September 27, 1998;

(2) Is the PAL-PALEA agreement of September 27, 1998, stipulating the suspension of the PAL-PALEA CBA unconstitutional and contrary to public policy?

Anent the first issue, petitioners aver that public respondents as functionaries of the Task Force, gravely abused their discretion and exceeded their jurisdiction when they actively pursued and presided over the PAL-PALEA agreement.

Respondents, in turn, argue that the public respondents merely served as conciliators or mediators, consistent with the mandate of A.O. No. 16 and merely supervised the conduct of the October 3, 1998 referendum during which the PALEA members ratified the agreement. Thus, public respondents did not perform any judicial and quasi-judicial act pertaining to jurisdiction. Furthermore,

respondents pray for the dismissal of the petition for violating the "hierarchy of courts" doctrine enunciated in People vs. Cuaresma[7] and Enrile vs. Salazar.[8]

Petitioners allege grave abuse of discretion under Rule 65 of the 1997 Rules of Civil Procedure. The essential requisites for a petition for certiorari under Rule 65 are: (1) the writ is directed against a tribunal, a board, or an officer exercising judicial or quasi-judicial functions; (2) such tribunal, board, or officer has acted without or in excess of jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction; and (3) there is no appeal or any plain, speedy, and adequate remedy in the ordinary course of law.[9] For writs of prohibition, the requisites are: (1) the impugned act must be that of a "tribunal, corporation, board, officer, or person, whether exercising judicial, quasi-judicial or ministerial functions;" and (2) there is no plain, speedy, and adequate remedy in the ordinary course of law."[10]

The assailed agreement is clearly not the act of a tribunal, board, officer, or person exercising judicial, quasi-judicial, or ministerial functions. It is not the act of public respondents Finance Secretary Edgardo Espiritu and Labor Secretary Bienvenido Laguesma as functionaries of the Task Force. Neither is there a judgment, order, or resolution of either public respondents involved. Instead, what exists is a contract between a private firm and one of its labor unions, albeit entered into with the assistance of the Task Force. The first and second requisites for certiorari and prohibition are therefore not present in this case.

Furthermore, there is available to petitioners a plain, speedy, and adequate remedy in the ordinary course of law. While the petition is denominated as one for certiorari and prohibition, its object is actually the nullification of the PAL-PALEA agreement. As such, petitioners' proper remedy is an ordinary civil action for annulment of contract, an action which properly falls under the jurisdiction of the regional trial courts.[11] Neither certiorari nor prohibition is the remedy in the present case.

Petitioners further assert that public respondents were partial towards PAL management. They allegedly pressured the PALEA leaders into accepting the agreement. Petitioners ask this Court to

examine the circumstances that led to the signing of said agreement. This would involve review of the facts and factual issues raised in a special civil action for certiorari which is not the function of this Court.[12]

Nevertheless, considering the prayer of the parties principally we shall look into the substance of the petition, in the higher interest of justice[13] and in view of the public interest involved, inasmuch as what is at stake here is industrial peace in the nation's premier airline and flag carrier, a national concern.

On the second issue, petitioners contend that the controverted PAL-PALEA agreement is void because it abrogated the right of workers to self-organization[14] and their right to collective bargaining.[15] Petitioners claim that the agreement was not meant merely to suspend the existing PAL-PALEA CBA, which expires on September 30, 2000, but also to foreclose any renegotiation or any possibility to forge a new CBA for a decade or up to 2008. It violates the "protection to labor" policy[16] laid down by the Constitution.

Article 253-A of the Labor Code reads:

> ARTICLE 253-A. Terms of a Collective Bargaining Agreement. — Any Collective Bargaining Agreement that the parties may enter into shall, insofar as the representation aspect is concerned, be for a term of five (5) years. No petition questioning the majority status of the incumbent bargaining agent shall be entertained and no certification election shall be conducted by the Department of Labor and Employment outside of the sixty-day period immediately before the date of expiry of such five-year term of the Collective Bargaining Agreement. All other provisions of the Collective Bargaining Agreement shall be renegotiated not later than three (3) years after its execution. Any agreement on such other provisions of the Collective Bargaining Agreement entered into within six (6) months from the date of expiry of the term of such other provisions as fixed in such Collective Bargaining Agreement, shall retroact to the day immediately following such date. If any such agreement is entered into beyond six months, the parties shall agree on the duration of the retroactivity thereof. In case

> of a deadlock in the renegotiation of the collective bargaining agreement, the parties may exercise their rights under this Code.
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> Under this provision, insofar as representation is concerned, a CBA has a term of five years, while the other provisions, except for representation, may be negotiated not later than three years after the execution.[17] Petitioners submit that a 10-year CBA suspension is inordinately long, way beyond the maximum statutory life of a CBA, provided for in Article 253-A. By agreeing to a 10-year suspension, PALEA, in effect, abdicated the workers' constitutional right to bargain for another CBA at the mandated time.

We find the argument devoid of merit.

A CBA is "a contract executed upon request of either the employer or the exclusive bargaining representative 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."[18] The primary purpose of a CBA is the stabilization of labor-management relations in order to create a climate of a sound and stable industrial peace.[19] In construing a CBA, the courts must be practical and realistic and give due consideration to the context in which it is negotiated and the purpose which it is intended to serve.[20]

The assailed PAL-PALEA agreement was the result of voluntary collective bargaining negotiations undertaken in the light of the severe financial situation faced by the employer, with the peculiar and unique intention of not merely promoting industrial peace at PAL, but preventing the latter's closure. We find no conflict between said agreement and Article 253-A of the Labor Code. Article 253-A has a two-fold purpose. One is to promote industrial stability and predictability. Inasmuch as the agreement sought to promote industrial peace at PAL during its rehabilitation, said agreement satisfies the first purpose of Article 253-A. The other is to assign specific timetables wherein negotiations become a matter of right and requirement. Nothing in Article 253-A, prohibits the parties from

waiving or suspending the mandatory timetables and agreeing on the remedies to enforce the same.

In the instant case, it was PALEA, as the exclusive bargaining agent of PAL's ground employees, that voluntarily entered into the CBA with PAL. It was also PALEA that voluntarily opted for the 10-year suspension of the CBA. Either case was the union's exercise of its right to collective bargaining. The right to free collective bargaining, after all, includes the right to suspend it.

The acts of public respondents in sanctioning the 10-year suspension of the PAL-PALEA CBA did not contravene the "protection to labor" policy of the Constitution. The agreement afforded full protection to labor; promoted the shared responsibility between workers and employers; and they exercised voluntary modes in settling disputes, including conciliation to foster industrial peace."[21]

Petitioners further allege that the 10-year suspension of the CBA under the PAL-PALEA agreement virtually installed PALEA as a company union for said period, amounting to unfair labor practice, in violation of Article 253-A of the Labor Code mandating that an exclusive bargaining agent serves for five years only.

The questioned proviso of the agreement reads:

> a. PAL shall continue recognizing PALEA as the duly certified-bargaining agent of the regular rank-and-file ground employees of the Company.
>
> Said proviso cannot be construed alone. In construing an instrument with several provisions, a construction must be adopted as will give effect to all. Under Article 1374 of the Civil Code,[22] contracts cannot be construed by parts, but clauses must be interpreted in relation to one another to give effect to the whole. The legal effect of a contract is not determined alone by any particular provision disconnected from all others, but from the whole read together.[23] The aforesaid provision must be read within the context of the next clause, which provides:

b. The 'union shop/maintenance of membership' provision under the PAL-PALEA CBA shall be respected.

The aforesaid provisions, taken together, clearly show the intent of the parties to maintain "union security" during the period of the suspension of the CBA. Its objective is to assure the continued existence of PALEA during the said period. We are unable to declare the objective of union security an unfair labor practice. It is State policy to promote unionism to enable workers to negotiate with management on an even playing field and with more persuasiveness than if they were to individually and separately bargain with the employer. For this reason, the law has allowed stipulations for "union shop" and "closed shop" as means of encouraging workers to join and support the union of their choice in the protection of their rights and interests vis-a-vis the employer.[24]

Petitioners' contention that the agreement installs PALEA as a virtual company union is also untenable. Under Article 248 (d) of the Labor Code, a company union exists when the employer acts "[t]o initiate, dominate, assist or otherwise interfere with the formation or administration of any labor organization, including the giving of financial or other support to it or its organizers or supporters." The case records are bare of any showing of such acts by PAL.

We also do not agree that the agreement violates the five-year representation limit mandated by Article 253-A. Under said article, the representation limit for the exclusive bargaining agent applies only when there is an extant CBA in full force and effect. In the instant case, the parties agreed to suspend the CBA and put in abeyance the limit on the representation period.

In sum, we are of the view that the PAL-PALEA agreement dated September 27, 1998, is a valid exercise of the freedom to contract. Under the principle of inviolability of contracts guaranteed by the Constitution,[25] the contract must be upheld.

WHEREFORE, there being no grave abuse of discretion shown, the instant petition is **DISMISSED**. No pronouncement as to costs.

SO ORDERED.

Bellosillo, Mendoza, Buena and De Leon, Jr., *JJ.*, concur.

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[1] Rollo, p. 68. Administrative Order No. 16, Sec. 2.
[2] ALPAP, PALEA, and the Flight Attendants and Stewards Association of the Philippines or FASAP.
[3] Supra, note 1 at 69.
[4] Id., at 98.
[5] Id., at 101.
[6] Id., at 65-66.
[7] G.R. No. 67787, 172 SCRA 415, 424-425 (1989).
[8] G.R. No. 92163-64, 186 SCRA 217, 231 (1990).
[9] Suntay vs. Cojuangco-Suntay, G.R. No. 132524, 300 SCRA 760, 766 (1998); Cuison vs. Court of Appeals G.R. No. 128540, 289 SCRA 159, 171 (1998).
[10] 1997 RULES OF CIVIL PROCEDURE, Rule 65, Sec. 2.
[11] Batas Pambansa Blg. 129, as amended by Rep. Act No. 7691, Sec. 19.
[12] Stolt-Nielsen Marine Services, Inc. vs. NLRC, G.R. NO. 128395, 300 SCRA 713, 717-718 (1998); Suarez vs. NLRC, G.R. NO. 124723, 293 SCRA 496, 502 (1998).
[13] Go vs. Court of Appeals, G.R. No. 128954, 297 SCRA 574, 584 (1998); Fortich vs. Corona, G.R. No. 131457, 289 SCRA 624, 645 (1998).
[14] CONST. art. III, sec. 8.
[15] CONST. art. XIII, sec. 3.
[16] CONST. art II. sec. 18: art. XIII. sec. 3.
[17] San Miguel Corporation Employees Union-PTGWO vs. Confesor, G.R. NO. 111262, 330 Phil. 628, 638 (1996).
[18] Davao Integrated Port Stevedoring Services vs. Abarquez, G.R. NO. 102132, 220 SCRA 197, 204 (1993).
[19] Kiok Loy vs. NLRC, G.R No. L-54334, 141 SCRA 179, 185 (1986).
[20] Davao Integrated Port Stevedoring Services vs. Abarquez, supra, Note 19 at 204.
[21] 1987 CONST. art. XIII sec. 3. Stress supplied.
[22] Art. 1374. The various stipulations of a contract shall be interpreted together, attributing to the doubtful ones that sense which may result from all of them taken jointly.
[23] Reparations Commission vs. Northern Lines Inc., et al., G.R. NO. L-24835, 145 Phil. 24, 33 (1970).
[24] Liberty Flour Mills Employees vs. Liberty Flour Mills, Inc., G.R Nos. 58768-70, 180 SCRA 668, 679-680 (1989).
[25] CONST. Art III, Sec. 10
