



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

UNIVERSITY OF SANTO TOMAS
FACULTY UNION,

Petitioner,

G.R. No. 203957

Present:

- versus -

CARPIO, J., Chairperson,
LEONARDO-DE CASTRO,*
DEL CASTILLO,
PEREZ, and
PERLAS-BERNABE, JJ.

UNIVERSITY OF SANTO TOMAS,
Respondent.

Promulgated:
JUL 30 2014

X ----- X

DECISION

CARPIO, J.:

The Case

G.R. No. 203957 is a petition for review¹ assailing the Decision² promulgated on 13 July 2012 as well as the Resolution³ promulgated on 19 October 2012 by the Court of Appeals (CA) in CA-G.R. SP No. 120970. The CA set aside the 8 June 2011 Decision⁴ and 29 July 2011 Resolution⁵ of the Fourth Division of the National Labor Relations Commission (NLRC) in NLRC LAC No. 10-003370-08, as well as the 24 September 2010 Decision⁶ of the Labor Arbiter (LA) in NLRC-NCR Case No. 09-09745-07.

* Designated additional member per Raffle dated 28 July 2014.

¹ Under Rule 45 of the 1997 Rules of Civil Procedure.

² *Rollo*, pp. 75-95-A. Penned by Associate Justice Sesonando E. Villon, with Associate Justices Rebecca De Guia-Salvador and Amy C. Lazaro-Javier, concurring.

³ Id. at 97. Penned by Associate Justice Sesonando E. Villon, with Associate Justices Rebecca De Guia-Salvador and Amy C. Lazaro-Javier, concurring.

⁴ Id. at 430-446. Penned by Commissioner Angelo Ang Palaña, with Commissioner Numeriano D. Villena, concurring. Presiding Commissioner Herminio V. Suelo took no part.

⁵ Id. at 475-476. Penned by Commissioner Angelo Ang Palaña, with Presiding Commissioner Herminio V. Suelo and Commissioner Numeriano D. Villena, concurring.

⁶ Id. at 313-324. Penned by LA Catalino R. Laderas.

u

In its 24 September 2010 decision, the LA ordered the University of Santo Tomas (UST) to remit ₱18,000,000.00 to the hospitalization and medical benefits fund (fund) pursuant to the mandate of the 1996-2001 Collective Bargaining Agreement (CBA). The LA also ordered UST to pay 10% of the total monetary award as attorney's fees. The other claims were dismissed for lack of merit.

In its 8 June 2011 decision, the NLRC ordered UST to remit to the University of Santo Tomas Faculty Union (USTFU) the amounts of ₱80,000,000.00 for the fund pursuant to the CBA and ₱8,000,000.00 as attorney's fees equivalent to 10% of the monetary award. The NLRC denied UST's motion for reconsideration for lack of merit.

In its 13 July 2012 decision, the CA found grave abuse of discretion on the part of NLRC and granted UST's petition. The CA set aside the decisions of the NLRC and the LA, without prejudice to the refiling of USTFU's complaint in the proper forum. The CA denied USTFU's motion for reconsideration for lack of merit.

The Facts

The CA recited the facts as follows:

In a letter dated February 6, 2007, [USTFU] demanded from [UST], through its Rector, Fr. Ernesto M. Arceo, O.P. ("Fr. Arceo"), remittance of the total amount of ₱65,000,000.00 plus legal interest thereon, representing deficiency in its contribution to the medical and hospitalization fund ("fund") of [UST's] faculty members. [USTFU] also sent [UST] a letter dated February 26, 2007, accompanied by a summary of its claims pursuant to their 1996-2001 CBA.

On March 2, 2007, Fr. Arceo informed [USTFU] that the aforesaid benefits were not meant to be given annually but rather as a one-time allocation or contribution to the fund. [USTFU] then sent [UST] another demand letter dated June 24, 2007 reiterating its position that [UST] is obliged to remit to the fund, its contributions not only for the years 1996-1997 but also for the subsequent years, but to no avail.

Thus, on September 5, 2007 [USTFU] filed against [UST], a complaint for unfair labor practice, as well as for moral and exemplary damages plus attorney's fees before the arbitration branch of the NLRC.

[UST] sought the dismissal of the complaint on the ground of lack of jurisdiction. It contended that the case falls within the exclusive jurisdiction of the voluntary arbitrator or panel of voluntary arbitrators because it involves the interpretation and implementation of the provisions of the CBA; and the conflict between the herein parties must be resolved as grievance under the CBA and not as unfair labor practice.

[UST's] motion to dismiss was denied by the LA in its August 8, 2008 order. [UST] appealed the Order to the NLRC. The NLRC Seventh Division, however, dismissed the appeal on May 12, 2009 and remanded the case to the LA for further proceedings.

The NLRC, in its assailed decision, correctly summarized the issues and submissions of the herein parties in their respective position papers, as follows:

According to [UST], the parties had, in the past, concluded several Collective Bargaining Agreements for the mutual benefit of the union members and [UST], and one of these agreements was the 1996-2001 CBA. It is undisputed that one of the economic benefits granted by [UST] under the said CBA was the "Hospitalization Fund," provided under Section 1-A(4) of the Article XIII thereof, the pertinent provisions of which state:

ARTICLE XIII
ECONOMIC BENEFITS

Section 1. ECONOMIC BENEFIT-
Upon ratification and approval and for the term of this Agreement, the economic benefits to be granted by the UNIVERSITY and the schedule of such releases are as follows:

A. School Year 1996-97 (June 1, 1996 to May 31, 1997):

x x x

4. Hospitalization Fund: Upon ratification and approval hereof, the UNIVERSITY shall establish a perpetual hospitalization and medical benefits fund in the sum of TWO MILLION PESOS (₱2,000,000) to be managed conjointly by a hospitalization and medical benefits committee where both management and union are equally represented.

x x x

B. School Year 1997-98 (June 1, 1997-May 31, 1998);

x x x

2. Hospitalization Fund: The UNIVERSITY shall contribute the sum of ONE MILLION PESOS (₱1,000,000) to augment the Hospitalization and Medical

Benefits fund. The said sum shall be added to the remaining balance of the aforementioned fund;

x x x

C. School Year 1998-99 (June 1, 1998-May 31, 1999);

x x x

2. Hospitalization Fund: The UNIVERSITY shall contribute the sum of ONE MILLION PESOS (₱1,000,000) to augment the Hospitalization and Medical Benefits Fund. The said sum shall be added to the remaining balance of the aforementioned fund;

D. Miscellaneous Provisions:

x x x

2. All the economic benefits herein given and those elsewhere provided under this agreement, other than retirement benefits and one-half of the signing bonus, are chargeable to the tuition fee share, if any, of the faculty members;

x x x x x x x x x

[USTFU] added that the amount of four (4) million pesos was agreed to be paid by the University to the Hospitalization Fund annually for the fourth and fifth year of their CBA, pursuant to the parties' Memorandum of Agreement (MOA) which embodied the renegotiated economic provisions of the said CBA for the years 1999-2000 and 2000-2001.

According to [USTFU], Section D(2) of the 1996-2001 CBA provides that:

‘All the economic benefits herein given and those elsewhere provided under this agreement, other than retirement benefits and one-half of the signing bonus, are chargeable to the tuition fee share, if any, of the faculty members.’

[USTFU] explained that the rationale for the above-quoted provision is that the economic benefits under the said CBA like the Hospitalization and Medical Benefits Fund, are sourced from the tuition fee increases and pursuant thereto, [UST] is obligated to remit the amount of ₱2,000,000.00 not only in the first year of the CBA (1996-1997) but also in the subsequent years because the said amount became an integral

part of the current or existing tuition fee. Furthermore, [UST] is likewise obligated to slide in the amounts allocated for the Hospitalization and Medical Benefits Fund for the succeeding years to the next CBA year and so on and so forth. [USTFU] claimed that the tuition fee increase once integrated to the old amount of tuition fee becomes and remains an integral part of the existing tuition fee.

[USTFU] averred that while [UST] remitted the amount of ₱2,000,000.00 during the first year of the 1996-2001 CBA, [UST] did not slide-in or remit the said amount in the succeeding year (1997-1998). [UST] only remitted the amount of ₱1,000,000,000.00 [sic] for the CBA year 1998-1999. Moreover, [UST] remitted only the amount of ₱1,000,000.00 on the third year of the CBA instead of ₱4,000,000.00 (2 Million + 1 Million + 1 Million). And though [UST] remitted the amount of ₱4,000,000 during the fourth year (2) [sic] of the 1996-2001 CBA, it did not remit any amount at all during the fifth year of the said Agreement.

[USTFU] claimed that during the period of the 1996-2001 CBA, [UST] should have remitted the total amount of ₱25,000,000.00 instead of ₱8,000,000.00 only. Thus, a deficiency of ₱17,000,000.00. [USTFU's] assertion is based on the following illustration:

Year 1 1996-97	Year 2 1997-98	Year 3 1998-99	Year 4 1999-00	Year 5 2000-01	Actual amount remitted	Total amount to [be] remitted
2M remitted	2M did not slide	2M did not slide	2M did not slide	2M did not slide	2M	10M
	1M remitted	1M did not slide	1M did not slide	1M did not slide	1M	4M
		1M remitted	1M did not slide	1M did not slide	1M	3M
			4M remitted	4M did not slide	4M	8M
				Total	8M	25M

[USTFU] added that after the fifth year of the CBA, i.e. 2001 onwards, [UST] ought to remit the amount of ₱8,000,000.00 ([2]M+1M+1M+4M) annually to the Hospitalization and Medical Benefits Fund. Hence, for the school year 2001-2002 up to the school year 2005-2006, an additional amount of ₱24,000,000.00 (8M x 3) should have been remitted by [UST] to the aforesaid fund. All in all, the total amount yet to be remitted had ballooned to ₱81,000,000.00.

Furthermore, [USTFU] averred that [UST] likewise failed and refused to render a proper accounting of the monies it paid or released to the covered faculty as well as the money it received as tuition fee increase starting from school year 1997-1998 onwards thereby violating Section D (1), Article XIII of the 1996-2001 CBA which provides that:

‘At the end of this agreement, and within three (3) months therefrom, the UNIVERSITY shall render an accounting of the monies it paid or released to the covered faculty in consequence hereof.’

On the other hand, [UST] claimed that it religiously complied with the economic provisions of the 1996-2001 CBA particularly its obligation to remit to the Hospitalization and Medical Benefits Fund as the renegotiated economic provisions under the MOA by remitting the total amount of ₱8,000,000.00. [UST] claimed that it was never the intention of the parties to the CBA that the amounts deposited to the Hospitalization fund for each year shall be carried over to the succeeding years. UST added that the MOA likewise made no mention that the amount of ₱4,000,000.00 corresponding to the school year 1999-2000 should be carried over to the next school year. Thus, it was safe to conclude that the clear intention of the parties was that the amounts indicated on the CBA should only be remitted once on the scheduled school year. Accordingly, [UST] averred that it was not guilty of unfair labor practice.

[UST] further argued that the claim of [USTFU] had already been barred by prescription since under Article 290 of the Labor Code all unfair labor practice [cases] should be filed within one (1) year from the accrual thereof otherwise they shall forever be barred. And assuming that the instance [sic] case may be considered as a money claim, the same already prescribed after three (3) years from the time the cause of action accrued.

Finally, [UST] maintained that the present dispute should not be treated as unfair labor practice but should be resolved as a grievance under the CBA and referred to a Voluntary Arbitrator.

The parties thereafter submitted their respective Replies and Rejoinders amplifying their arguments while refuting those made by the other.⁷

The Labor Arbiter’s Ruling

The LA ruled in favor of USTFU. The LA classified USTFU’s complaint as one for “unfair labor practice, claims for sliding in of funds to hospitalization and medical benefits under the CBA, damages and attorney’s fee with prayer for slide-in and restoration of medical benefits under the CBA.”⁸ The LA ruled that UST was not able to comply with Article XIII, Section 1A-(4) of the 1996-2001 CBA. However, despite UST’s alleged non-compliance, the LA ruled that UST did not commit unfair labor practice.

The LA interpreted the pertinent CBA provisions to mean that UST bound itself to contribute to the fund ₱2,000,000.00 every school year, regardless of the appropriated augmentation amount. The LA computed UST’s liability in this manner:

⁷ Id. at 10-16.

⁸ Id. at 313.

Considering that the pertinent provision of the [1996-2001] CBA Article XIII, Section 1A(4) stated that “The University shall establish a perpetual hospitalization and medical benefits fund in the sum of two million pesos (₱2,000,000.00) x x x x” it follows that the amount of ₱2M every school year must be slided in regardless of the augmentation amount as may be appropriated. The word shall is mandatory and the word perpetual [is] continuous thus, [UST] is obligated to remit the actual amount to wit:

SY 1996-1997 – ₱2M	= ₱2M
SY 1997-1998 – ₱2M + ₱1M	= ₱3M
SY 1998-1999 – ₱2M + ₱1M	= ₱3M
SY 1999-2000 – ₱4M (Renegotiated)	= ₱4M
SY 2000-2001 – ₱4M	= ₱4M
TOTAL REMITTANCE	= ₱16M

Thus, [UST] therefore has an unremitted fund of Eight Million (₱8,000,000.00) pesos.

Corollarily, the CBA covering the period SY 2001-2006 [UST] is under obligation to remit two (2) million (₱2,000,000.00) [sic] pesos every year or a total of ten million (₱10,000,000.00) pesos in addition to whatever augmented amount stipulated in the CBA.

In fine, the total unremitted amount to the [hospitalization and medical benefits] fund is eighteen million (₱18,000,000.00) pesos. ₱8M for SY 1996-2001 and ₱10M for SY 2001-2006.⁹

The LA did not find UST’s non-compliance with the 1996-2001 CBA as acts that constitute unfair labor practice.

The failure of [UST] to slide in yearly the ₱2M hospitalization fund is not violation of the CBA but an error in the interpretation of the provision of the CBA. It could not be said either that [UST] acted with malice and bad faith in view of the compliance with the other economic provision[s] of the CBA. An error in the interpretation of a provision in the CBA, absent any malice or bad faith could not be considered as unfair labor practice as held in the case of Singapore Airlines Local Employees Association vs. NLRC, et al., 130 SCRA 472.¹⁰

The dispositive portion of the LA’s Decision reads:

WHEREFORE, premised on the foregoing considerations, judgment is hereby rendered ordering [UST] to remit the amount of eighteen million (₱18,000,000.00) pesos to [the] hospitalization and medical benefits fund pursuant to the mandate of the Collective Bargaining Agreement on economic benefits.

[UST is] likewise directed to pay attorney’s fee[s] equivalent to ten (10) percent of the total monetary award in this case.

⁹ Id. at 322-323.
¹⁰ Id. at 323.

Other claims dismissed for lack of merit.

SO ORDERED.¹¹

USTFU filed a Memorandum of Partial Appeal¹² from the LA's Decision. USTFU claimed that the LA erred in holding that UST is liable to USTFU in the amount of ₱18 million only, and in not holding that the amounts claimed by USTFU should be remitted by UST to USTFU. USTFU claimed that, as of 2011, UST's total liability to the fund is ₱97 million: ₱17 million for CBA years 1996 to 2001, ₱40 million for CBA years 2001 to 2006, and ₱40 million for CBA years 2006 to 2011. USTFU also claimed that the amount should be remitted by UST to USTFU for proper turnover to the fund.

UST, on the other hand, filed an Appeal Memorandum.¹³ UST claimed that the LA committed grave abuse of discretion in taking cognizance over the case because the issue is within the jurisdiction of the voluntary arbitrator. UST further claimed that the LA committed grave abuse of discretion in finding that UST erred in its interpretation of the CBA and in not finding that USTFU's claims are already barred by prescription.

The NLRC's Ruling

The NLRC granted USTFU's appeal and denied UST's appeal for lack of merit. The NLRC ordered UST to pay USTFU ₱80,000,000.00 and attorney's fees equivalent to ten percent of the monetary award.

The NLRC pointed out that UST's refusal to comply, despite repeated demands, with the CBA's economic provisions is tantamount to a gross and flagrant violation. Thus, the present case properly falls under the LA's original jurisdiction as well as the NLRC's appellate jurisdiction. The issue of prescription also cannot be held against USTFU because the cause of action accrued only when UST refused to comply with USTFU's 6 February 2007 demand letter. The demand letter was sent only after the conduct of proceedings in the Permanent Union-University Committee (PUUC).

The NLRC noted that the subsequent CBAs between UST and USTFU show that the parties intended that the amount appropriated each year to augment the fund shall be carried over to the succeeding years and is chargeable to the tuition fee increment. The NLRC ruled that the amounts appropriated for each year during the effectivity of the 1996-2001 CBA should still be appropriated to the succeeding years. From school year 1997-1998 and onwards, the basis for such carry over is that the amounts were

¹¹ Id. at 324.

¹² Id. at 325-345.

¹³ Id. at 346-368.

sourced from tuition increases corresponding to a given school year. Since any increase in tuition is integrated into the subsequent tuition, the amount allocated to the fund because of the tuition increase should be remitted to the fund. The 2001-2006 and 2006-2011 CBAs have express provisions on the carry over. The NLRC computed UST’s deficiency¹⁴ as follows:

For the 1996-2001 CBA:

Year 1 1996-97	Year 2 1997-98	Year 3 1998-99	Year 4 1999-00	Year 5 2000-01	Total amount that should be submitted
2M	2M	2M	2M	2M	
	1M	1M	1M	1M	
		1M	1M	1M	
			4M	4M	
2M +	3M +	4M +	8M +	8M =	25M

Since it is undisputed that [UST] remitted the amount of PhP8,000,000.00 only, there is still a deficiency of PhP17,000,000.00 corresponding to the 1996-2001 CBA.

x x x x

For the 2001-2006 CBA:

Year 1 2001-02	Year 2 2002-03	Year 3 2003-04	Year 4 2005-06	Total amount that should be submitted
2M	2M	2M	2M	
	3M	3M	3M	
		3M	3M	
2M +	5M +	8M +	8M =	23M

For the 2006-2011 CBA:

Year 1 2006-07	Year 2 2007-08	Year 3 2008-09	Year 4 2009-10	Year 5 2010-11	Total amount that should be submitted
8M +	8M +	8M +	8M +	8M =	40M

The NLRC computed UST’s total liability for school years 1996-1997 up to 2010-2011 at ₱80,000,000.00. The records show that UST remitted ₱8,000,000.00 for 1996-2001 CBA, and there is absence of proof that the additional contributions to the fund were made for the 2001-2006 and 2006-2011 CBAs. The NLRC also ordered UST to pay USTFU attorney’s fees at

¹⁴ Id. at 443-445. The NLRC decision did not provide for Year 2004-2005.

10% of the monetary award.

UST filed a motion for reconsideration of the NLRC decision. UST again claimed that the Voluntary Arbitrator, and not LA, had jurisdiction over the interpretation of the CBA; the ₱80,000,000.00 award had no basis; and the fund should be remitted to the Hospital and Medical Benefits Committee, not to USTFU, as stated in the CBA.

In a Resolution promulgated on 29 July 2011, the NLRC denied UST's motion for reconsideration for lack of merit.

UST filed a petition for certiorari and prohibition under Rule 65 of the Rules of Court before the CA. UST still questioned the jurisdiction of the LA, as well as the award of ₱80,000,000.00. UST also claimed that USTFU's money claims are barred by prescription, and that the proper recipient of the award should be the Hospital and Medical Benefits Committee. Finally, UST also questioned the award for attorney's fees.¹⁵

On 8 November 2011, USTFU filed a comment before the CA. USTFU claimed that the NLRC did not commit grave abuse of discretion in finding that USTFU is entitled to its claims for payment of the unremitted benefits. USTFU also claimed that certiorari is not a proper remedy for UST because the NLRC did not commit any grave abuse of discretion.¹⁶

The Court of Appeals' Ruling

The CA, in its decision promulgated on 13 July 2012, disposed of the present case by agreeing with UST's argument that the LA and the NLRC did not have jurisdiction to hear and decide the present case. The CA stated that since USTFU's ultimate objective is to clarify the relevant items in the CBA, then USTFU's complaint should have been filed with the voluntary arbitrator or panel of voluntary arbitrators.

The dispositive portion of the CA's decision reads:

WHEREFORE, finding grave abuse of discretion on the part of public respondent NLRC, the petition is GRANTED. Without prejudice to the re-filing of private respondent's complaint with the proper forum, the assailed NLRC decision dated June 8, 2011 and resolution dated July 29, 2011 in NLRC LAC No. 10-003370-08, as well as the decision dated September 24, 2010 of the Labor Arbiter in NLRC-NCR Case No. 09-09745-07 are hereby SET ASIDE.

SO ORDERED.¹⁷

¹⁵ Id. at 492-493.

¹⁶ Id. at 559-560.

¹⁷ Id. at 95-A.

USTFU filed its motion for reconsideration¹⁸ before the CA. USTFU maintained that the LA and the NLRC had jurisdiction over the subject matter of the complaint.

In a resolution¹⁹ promulgated on 19 October 2012, the CA denied USTFU's motion for reconsideration for lack of merit.

USTFU filed the present petition for review²⁰ before this Court on 7 December 2012.

The Issues

USTFU enumerated the following grounds warranting allowance of its petition:

1. The Honorable Court of Appeals departed from the usual course of judicial proceedings in holding that the Labor Arbiter and the NLRC have no jurisdiction over the complaint for unfair labor practice (ULP) filed by USTFU.
2. The Court of Appeals acted in a way not in accord with the applicable decisions of the Supreme Court in holding that the voluntary arbitrator has jurisdiction over the instant case despite the fact that Article XIII ("Grievance Machinery") of the CBA is not applicable.
3. The Court of Appeals committed grave abuse of discretion in the appreciation of facts in not finding that under Art. XXII of the CBA, the Permanent University-Union Committee (PUUC) is the proper forum to resolve the dispute between UST and USTFU. However, Art. XXII does not provide for a "voluntary arbitration" clause and therefore, USTFU validly filed the complaint for ULP before the Labor Arbiter.
4. The Honorable Court of Appeals committed grave abuse of discretion in its appreciation of evidence in not finding that the parties agreed to have the dispute resolved by the labor tribunals and UST had actively participated in the proceedings before the Labor Arbiter and the NLRC which is tantamount to a recognition of the jurisdiction of the said bodies.
5. The Court of Appeals departed from the usual course of proceedings in referring back the case to voluntary arbitration despite the fact that the parties already fully and exhaustively litigated the case before the Labor Arbiter and the NLRC which both correctly found in favor of USTFU. Moreover, referral to voluntary arbitration would result in waste of precious time in relitigating the case all over again.²¹

¹⁸ Id. at 603-624.

¹⁹ Id. at 97.

²⁰ Id. at 33-72.

²¹ Id. at 48-49.

UST, for its part, enumerated the following grounds for opposing USTFU's petition:

1. The Court of Appeals correctly ruled that it is the Voluntary Arbitrator which has jurisdiction over the instant case.
2. Assuming arguendo that NLRC has jurisdiction over the instant case, it clearly erred when it made an award not prayed for in petitioner USTFU's complaint, in effect mandating double payment.
3. Assuming arguendo that NLRC has jurisdiction over the instant case, it erred in ruling that respondent UST is still liable to pay the amount of ₱17,000,000.00 for the period 1996-2001 under the 1996-2001 CBA considering that:
 - a. There is no slide-in provision in the 1996-2001 CBA.
 - b. The amounts allocated for the Hospitalization Fund during SYs 1996-2001 were not sourced from the 70% share of the teaching and non-teaching personnel in the tuition fee increases.
4. The complaint for money claims of petitioner USTFU arising from the interpretation of the 1996-2001 CBA is already barred by prescription.
5. Assuming arguendo that NLRC has jurisdiction over the instant case, it unjustly and erroneously ordered respondent UST to pay the subject amount to petitioner USTFU and not to the Hospital and Medical Benefits Committee under the CBA.²²

The Court's Ruling

The petition has no merit. We shall address the issues raised by the parties one by one.

Jurisdiction over the Present Case

On the issue of jurisdiction, we affirm with modification the ruling of the CA. The Labor Arbiter has no jurisdiction over the present case; however, despite the lack of jurisdiction, we rule on the issues presented. We recognize that a remand to the voluntary arbitration stage will give rise to the possibility that this case will still reach this Court through the parties' appeals. Furthermore, it does not serve the cause of justice if we allow this case to go unresolved for an inordinate amount of time.

²² Id. at 648-649.

We quote the pertinent Articles of the Labor Code of the Philippines below:

Art. 217. *Jurisdiction of Labor Arbiters and the Commission.* –

(a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, x x x:

1. Unfair labor practices cases;

x x x x

(b) The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters.

(c) Cases arising from the interpretation or implementation of collective bargaining agreements and those arising from the interpretation or enforcement of company personnel policies shall be disposed of by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements.

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.

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.

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.

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 to the dispute, including efforts to effect a voluntary settlement between the parties.

All parties to the dispute shall be entitled to attend the arbitration proceedings. The attendance of any third party to 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.

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.

On the other hand, the pertinent provisions in the 1996-2001 CBA between UST and USTFU provide:

ARTICLE X GRIEVANCE MACHINERY

Section 1. Grievance. – Any misunderstanding concerning policies and practices directly affecting faculty members covered by this [collective bargaining] agreement or their working conditions in the UNIVERSITY or any dispute arising as to the meaning, application or violation of any provisions of this Agreement or any complaint that a covered faculty member may have against the UNIVERSITY shall be considered a grievance.

Section 2. Exclusion. – Termination of employment and preventive suspension shall be exempted from the provisions of this Article as the same shall be governed by the procedure in the Labor Code and its Implementing Rules.

Section 3. Procedure. – A grievance shall be settled as expeditiously as possible in accordance with the following procedure:

STEP I. Upon presentation of a grievance in writing by the aggrieved faculty member, to the FACULTY UNION Grievance Officer, the said officer shall present the same to the Dean or school/department head concerned who shall render his decision on the matter within five (5) school days from the date of the presentation. If the aggrieved party is not satisfied with the decision, or if the Dean or school/department head fails to act within the five-school-day period, appeal may be made to Step II within five (5) school days from receipt of the decision or, in the absence of a decision, the expiration of the period for its rendition. If no appeal is made within the period of appeal, the grievance shall be deemed settled on the basis of Step I.

STEP II. All appeals from Step I shall be presented to and considered by an Adjudication Committee which shall be composed of two (2) representatives chosen by the UNIVERSITY and two (2) representatives chosen by the FACULTY UNION. The Committee shall meet within ten (10) school days after the elevation to this step and try to settle the grievance to the satisfaction of all concerned. It shall render its decision within twenty (20) school days following the presentation of the grievance to the Adjudication Committee. A quorum for any meeting of the Committee shall consist of a majority of its entire membership. The affirmative vote of at least three (3) members of the Committee shall be necessary to reach a decision. If the Committee renders a decision, the grievance shall be deemed settled accordingly. If the Committee fails to make a decision within the period of twenty (20) days above stated, the FACULTY UNION President may, within ten (10) days thereafter elevate the grievance to Step III.

STEP III. The grievance appealed to this step shall be handled by the FACULTY UNION President who shall take it up with the Rector of the UNIVERSITY who, in turn, shall settle the grievance within ten (10) days. If no settlement is arrived at within the aforementioned period, the grievance will automatically be referred to voluntary arbitration.

STEP IV. The mechanics of arbitration shall be as follows:

(a) The UNIVERSITY and the FACULTY UNION shall select within three (3) days, by raffle or process of elimination, an arbitrator mutually agreeable to them preferably from the list provided by the Bureau of Labor Relations.

(b) The voluntary arbitrator shall render an award within ten (10) days after the issue in dispute is submitted for decision and his award shall be final and binding upon all parties to the grievance.

(c) Arbitration costs shall be shared equally by the UNIVERSITY and the FACULTY UNION.²³

²³

Id. at 162-164.

The corresponding Article in the 2006-2011 CBA reads:

Article XIII

GRIEVANCE MACHINERY

Section 1. Guiding Principles in Dispute Settlement. – The intention and purpose of the parties is to establish a means for the prompt disposition and amicable settlement of all grievances. The parties shall endeavor to resolve all disputes through friendly negotiations as their mutual commitment to ensure the continuity of work; that an open conflict, in any form, involves losses to the parties, and therefore, every effort shall be exerted in this direction to avoid such conflict.

ARTICLE XXII
PERMANENT UNIVERSITY-UNION COMMITTEE (PUUC)

Permanent UNION-UNIVERSITY Committee (PUUC). – The UNIVERSITY and the FACULTY UNION realize that notwithstanding this CBA, there will remain problems and irritants which will require the continuing attention of both parties. Symbolic of the mutual good faith of the parties, they have agreed to establish a permanent committee, where the UNIVERSITY and the FACULTY UNION are equally represented, to address these problems as they arise.

Section 2. Grievance. – Any misunderstanding concerning policies and practices directly affecting faculty members covered by this Agreement or their working conditions in the UNIVERSITY, or any dispute arising as to the meaning, application or violation of any provisions of this Agreement or any complaint that a covered faculty member may have against the UNIVERSITY shall be considered a grievance.

Section 3. Exclusion. – Termination of employment and preventive suspension shall be exempted from the provisions of this Article as the same shall be governed by the procedure provided in the Labor Code and its implementing Rules.

Section 4. Procedure. A grievance shall be settled as expeditiously as possible in accordance with the following procedure:

STEP I. Upon presentation of a grievance in writing by the aggrieved faculty member, to the FACULTY UNION Grievance Officer, the said officer shall present the same to the Dean or School/Department Head concerned who shall render his decision on the matter within five (5) school days from the date of the presentation. If the aggrieved party is not satisfied with the decision, or if the Dean or school/department head fails to act within the five-school-day period, appeal may be made to Step II within ten (10) school days from receipt of the decision or, in the absence of a decision, the expiration of the period for its rendition. If no appeal is made within the period of appeal, the grievance shall be deemed settled on the basis of Step I.

STEP II. All appeals from Step I shall be presented to and considered by an Adjudication Committee which shall be composed of two (2) representatives chosen by the UNIVERSITY and two (2) representatives chosen by the FACULTY UNION. The Committee shall meet within ten (10) school days after the elevation of appeals to this step and try to settle the grievance to the satisfaction of all concerned. It shall render its decision within twenty (20) school days following the presentation of the grievance to the Adjudication Committee. A quorum for any meeting of the Committee shall consist of a majority of its entire membership. The affirmative vote of at least three (3) members of the Committee shall be necessary to reach a decision. If the Committee renders a decision, the grievance shall be deemed settled accordingly. If the Committee fails to make a decision within the period of twenty (20) days above stated, the FACULTY UNION President may, within ten (10) days thereafter elevate the grievance to Step III.

STEP III. The grievance appealed to this step shall be handled by the FACULTY UNION President who shall take it up with the Rector of the UNIVERSITY who, in turn, shall settle the grievance within ten (10) days. If no settlement is arrived at within the aforementioned period, the grievance will automatically be referred to voluntary arbitration.

STEP IV. The mechanics of arbitration shall be as follows:

(a) The UNIVERSITY and the FACULTY UNION shall select within three (3) days, by raffle or process of elimination, an arbitrator mutually agreeable to them preferably from the list provided by the Bureau of Labor Relations.

(b) The voluntary arbitrator shall render an award within ten (10) days after the issue in dispute is submitted for decision and his/her award shall be final and binding upon all parties to the grievance.

(c) Arbitration costs shall be shared equally by the UNIVERSITY and the FACULTY UNION.

Section 5. Money Claims. – In case a faculty member or UNION wins a money claim under the Grievance Machinery, **voluntary arbitration, or negotiation** against the UNIVERSITY, the

a. Within thirty (30) days from signing of this Agreement, the Committee shall meet. The members of the Committee are the following:

1) For the ADMINISTRATION:

- a) Rector or his representative;
- b) Vice Rector for Academic Affairs or his representative;
- c) Vice Rector for Finance or his representative; and
- d) Appointee of the Rector.

2) For the FACULTY UNION:

- a) President of the UNION;
- b) Executive Vice President of the UNION or his representative;
- c) Secretary General or his representative; and
- d) Appointee of the UNION President.

b. The regular meetings of this Committee shall be held at least bi-monthly or as the need arises.

c. The decision reached in the PUUC Meetings shall be binding to all UNIVERSITY functionaries.²⁴

Jurisdiction is determined by the allegations of the complaint. In the present case, USTFU alleged that UST committed unfair labor practice in its blatant violation of the economic provisions of the 1996-2001 CBA, and subsequently, the 2001-2006 and 2006-2011 CBAs. UST, meanwhile, has consistently questioned USTFU's act of bringing the case before the LA, and of not submitting the present case to voluntary arbitration. The LA assumed jurisdiction, but ruled that UST did not commit any unfair labor practice in UST's interpretation of the economic provisions of the 1996-2001 CBA. The NLRC, on the other hand, ruled that there was indeed unfair labor practice. The CA ruled that the LA and the NLRC did not have jurisdiction as there was no unfair labor practice.

Reading the pertinent portions of the 1996-2001 CBA along with those of the Labor Code, we see that UST and USTFU's misunderstanding arose solely from their differing interpretations of the CBA's provisions on economic benefits, specifically those concerning the fund. Therefore, it was clearly error for the LA to assume jurisdiction over the present case. The

monetary claim shall be awarded not later than forty-five (45) days from the date of the receipt of the final decision **including interest due thereon for the duration with which the money was with the University from the time that it should have been due the Union or faculty.** If the money claim is won in a judicial or quasi-judicial body, the UNIVERSITY shall shoulder all the money claims in accordance with the decision.

A faculty member exonerated from an administrative case or judicial case shall be entitled to reimbursement of CBA benefits and educational benefits even if the judicial award is for salary backpay only. Internal administrative decisions are deemed to include reimbursements of all CBA and educational benefits, if applicable, even if the decision does not mention it. (Emphasis in the original) Id. at 415-416.

²⁴

Id. at 752. The same provisions are found in Article XXII in the 2006-2011 CBA.

case should have been resolved through the voluntary arbitrator or panel of voluntary arbitrators.

Article 217(c) of the Labor Code provides that the Labor Arbiter shall refer to the grievance machinery and voluntary arbitration as provided in the CBA those cases that involve the interpretation of said agreements. Article 261 of the Labor Code further provides that all unresolved grievances arising from the interpretation or implementation of the CBA, including violations of said agreement, are under the original and exclusive jurisdiction of the voluntary arbitrator or panel of voluntary arbitrators. Excluded from this original and exclusive jurisdiction is gross violation of the CBA, which is defined in Article 261 as “flagrant and/or malicious refusal to comply with the economic provisions” of the CBA. *San Jose v. NLRC*²⁵ provides guidelines for understanding Articles 217, 261, and 262:

1. The jurisdiction of the Labor Arbiter and Voluntary Arbitrator or Panel of Voluntary Arbitrators over the cases enumerated in Articles 217, 261, and 262 can possibly include money claims in one form or another.
2. The cases where the Labor Arbiters have *original and exclusive* jurisdiction are enumerated in Article 217, and that of the Voluntary Arbitrator or Panel of Voluntary Arbitrators in Article 261.
3. The original and exclusive jurisdiction of Labor Arbiters is qualified by an exception as indicated in the introductory sentence of Article 217 (a), to wit:

“Art. 217. *Jurisdiction of Labor Arbiters* ... (a) Except as otherwise provided under this Code the Labor Arbiter shall have original and exclusive jurisdiction to hear and decide ... the following cases involving all workers...”

The phrase “Except as otherwise provided under this Code” refers to the following exceptions:

A. Art. 217. *Jurisdiction of Labor Arbiters* ...

x x x

(c) Cases arising from the interpretation or implementation of collective bargaining agreement and those arising from the interpretation or enforcement of company procedure/policies shall be disposed of by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitrator as may be provided in said agreement.

B. 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.

²⁵ See *San Jose v. NLRC*, 355 Phil. 759, 771-773 (1998).

Parenthetically, the original and exclusive jurisdiction of the Labor Arbiter under Article 217 (c), for money claims is limited only to those arising from statutes or contracts other than a Collective Bargaining Agreement. The Voluntary Arbitrator or Panel of Voluntary Arbitrators will have original and exclusive jurisdiction over money claims “arising from the interpretation or implementation of the Collective Bargaining Agreement and, those arising from the interpretation or enforcement of company personnel policies,” under Article 261.

4. The jurisdiction of Voluntary Arbitrator or Panel of Voluntary Arbitrators is provided for in Arts. 261 and 262 of the Labor Code as indicated above.

1. A close reading of Article 261 indicates that the original and exclusive jurisdiction of Voluntary Arbitrator or Panel of Voluntary Arbitrators is limited only to:

“... 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... 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. x x x.”

2. Voluntary Arbitrators or Panel of Voluntary Arbitrators, however, can exercise jurisdiction over any and all disputes between an employer and a union and/or individual worker as provided for in Article 262.

“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.”

It must be emphasized that the jurisdiction of the Voluntary Arbitrator or Panel of Voluntary Arbitrators under Article 262 must be voluntarily conferred upon by both labor and management. The labor disputes referred to in the same Article 262 can include all those disputes mentioned in Article 217 over which the Labor Arbiter has original and exclusive jurisdiction.

As shown in the above contextual and wholistic analysis of Articles 217, 261, and 262 of the Labor Code, the National Labor Relations Commission correctly ruled that the Labor Arbiter had no jurisdiction to hear and decide petitioner’s *money-claim underpayment of retirement benefits*, as the controversy between the parties involved an issue “arising from the interpretation or implementation” of a provision of the collective bargaining agreement. The Voluntary Arbitrator or Panel of Voluntary Arbitrators has original and exclusive jurisdiction over the controversy under Article 261 of the Labor Code, and not the Labor Arbiter.

Despite the allegation that UST refused to comply with the economic provisions of the 1996-2001 CBA, we cannot characterize UST's refusal as "flagrant and/or malicious." Indeed, UST's literal interpretation of the CBA was, in fact, what led USTFU to file its complaint. To our mind, USTFU actually went beyond the text of the 1996-2001 CBA when it claimed that the integrated tuition fee increase as described in Section 1D(2) is the basis for UST's alleged deficiency.

We cannot subscribe to USTFU's view that the 1996-2001 CBA's Article X: Grievance Machinery is not applicable to the present case. When the issue is about the grievance procedure, USTFU insists on a literal interpretation of the 1996-2001 CBA. Indeed, the present case falls under Section 1's definition of grievance: "[a]ny misunderstanding concerning policies and practices directly affecting faculty members covered by this [collective bargaining] agreement or their working conditions in the UNIVERSITY or any dispute arising as to the meaning, application or violation of any provisions of this Agreement or any complaint that a covered faculty member may have against the UNIVERSITY." Section 2 excludes only termination and preventive suspension from the grievance procedure.

USTFU's focus is on the 1996-2001 CBA's provisions about the grievance process rather than the provision about the subject matters covered by the grievance process. Despite UST's alleged violation of the economic provisions of the CBA by its insufficient remittances to the fund, a dispute arising as to the meaning, application or violation of the CBA, USTFU used Step I in Section 3, and ignored Steps III and IV, to rule out any referral to voluntary arbitration. USTFU concludes that the 1996-2001 CBA's provisions on grievance machinery only refer to a grievance of a faculty member against UST, and that said provisions do not contemplate a situation where USTFU itself has a grievance against UST.

USTFU argues that the PUUC is the proper forum to resolve the issue, and that the filing of a complaint before the LA is proper in the absence of a voluntary arbitration clause in the 1996-2001 CBA's Article XXII: Permanent University-Union Committee. However, as provided in the 1996-2001 CBA, PUUC is established for "continuing problems and irritants which will require the continuing attention" of UST and USTFU. Clearly, the PUUC addresses matters not covered by the CBA.

USTFU's adamant refusal to consider voluntary arbitration ignores Articles 261 to 262-A of the Labor Code, as well as Steps III and IV of Section 3 of the 1996-2001 CBA.

**Accrual of Cause of Action and
Prescription of Claims**

USTFU's claims arose from UST's alleged failure to contribute the correct amounts to the fund during the 1996-2001 CBA. However, USTFU did not complain of any violation by UST during the lifetime of the 1996-2001 CBA. Neither did USTFU complain of any violation by UST during the lifetime of the succeeding 2001-2006 CBA. It was only on 6 February 2007 that USTFU sent a demand letter to UST Rector Fr. Ernesto M. Arceo, O.P., for the claimed hospitalization and medical benefits under the 1996-2001 CBA. On 2 March 2007, UST, through its Rector, Fr. Ernesto M. Arceo, O.P., informed USTFU, through its President, Dr. Gil Gamilla, that "the hospitalization and medical benefits contained in [the 1996-2001 CBA] were a one-time give, and therefore not meant to slide." USTFU notified UST on 24 June 2007 about its intent to file the necessary complaint. On 6 September 2007, USTFU filed a complaint against UST before the LA.

The 1996-2001 CBA, as well as the applicable laws, is silent as to when UST's alleged violation becomes actionable. Thus, we apply Article 1150 of the Civil Code of the Philippines: "The time for prescription for all kinds of actions, when there is no special provision which ordains otherwise, shall be counted **from the day they may be brought.**"²⁶ Prescription of an action is counted from the time the action may be brought.²⁷

It is error to state that USTFU's cause of action accrued only upon UST's categorical denial of its claims on 2 March 2007. USTFU's cause of action accrued when UST allegedly failed to comply with the economic provisions of the 1996-2001 CBA. Upon such failure by UST, USTFU could have brought an action against UST.

Article 290 of the Labor Code provides that unfair labor practices prescribe within one year "from accrual of such unfair labor practice; otherwise, they shall be forever barred." Article 291 of the same Code provides that money claims arising from employer-employee relations prescribe "within three (3) years from the time the cause of action accrued; otherwise they shall be forever barred." USTFU's claims under the 1996-2001 CBA, whether characterized as one for unfair labor practice or for money claims from employer-employee relations, have already prescribed when USTFU filed a complaint before the LA.

USTFU filed its complaint under the theory of unfair labor practice. Thus, USTFU had one year from UST's alleged failure to contribute, or "slide in," the correct amount to the fund to file its complaint. USTFU had one year for every alleged breach by UST: school year (SY) 1997-1998, SY 1998-1999, SY 1999-2000, SY 2000-2001, SY 2001-2002, and SY 2002-

²⁶ See *Tolentino v. Inciong*, 109 Phil. 1116 (1960).

²⁷ *Calma and Ontanillas v. Montuya*, 120 Phil. 896, 900 (1964).

2003. USTFU did not file any complaint within the respective one-year prescriptive periods. **USTFU decided to file its complaint only in 2007, several years after the accrual of its several possible causes of action.** Even if USTFU filed its complaint under the theory of money claims from employer-employee relations, its cause of action still has prescribed.

Determination of the Benefits Due

We consolidate USTFU’s claims, UST’s remittances, and UST’s alleged balances in the table below:

	USTFU’s claims ²⁸	UST’s remittances ²⁹	UST’s alleged balances
<u>1996 to 2001 CBA</u>			
SY 1996-1997	₱2,000,000.00	₱2,000,000.00	0
SY 1997-1998	₱3,000,000.00	₱1,000,000.00	₱2,000,000.00
SY 1998-1999	₱4,000,000.00	₱1,000,000.00	₱3,000,000.00
<u>1999 Memorandum of Agreement</u>			
SY 1999-2000	₱8,000,000.00	₱4,000,000.00	₱4,000,000.00
SY 2000-2001	₱8,000,000.00	-	₱8,000,000.00
<u>2001 to 2006 CBA</u>			
SY 2001-2002	₱8,000,000.00	₱2,000,000.00	₱6,000,000.00
SY 2002-2003	₱8,000,000.00	₱5,000,000.00	₱3,000,000.00
SY 2003-2004	₱8,000,000.00	₱8,000,000.00	0
SY 2004-2005	₱8,000,000.00	₱8,000,000.00	0
SY 2005-2006	₱8,000,000.00	₱8,000,000.00	0
<u>2006-2011 CBA</u>			
SY 2006-2007	₱8,000,000.00	₱8,000,000.00	0
SY 2007-2008	₱8,000,000.00	₱8,000,000.00	0
SY 2008-2009	₱8,000,000.00	₱8,000,000.00	0
SY 2009-2010	₱8,000,000.00	₱8,000,000.00	0
SY 2010-2011	₱8,000,000.00	₱8,000,000.00	0
<u>Total</u>	₱105,000,000.00	₱79,000,000.00	₱26,000,000.00

We restate the following provisions in the pertinent CBAs to establish what USTFU claims as its bases for additional funds:

²⁸ Rollo, pp. 43-44, 192-193.
²⁹ Id. at 350, 361, 522, 532, 635, 637.

1996-2001 CBA**ARTICLE XIII
ECONOMIC BENEFITS**

Section 1. ECONOMIC BENEFIT- Upon ratification and approval and for the term of this Agreement. the economic benefits to be granted by the UNIVERSITY and the schedule of such releases are as follows:

A. School Year 1996-97 (June 1, 1996 to May 31, 1997):

X X X X

4. Hospitalization Fund: Upon ratification and approval hereof, **the UNIVERSITY shall establish a perpetual hospitalization and medical benefits fund in the sum of TWO MILLION PESOS (₱2,000,000)** to be managed conjointly by a hospitalization and medical benefits committee where both management and union are equally represented.

The joint committee shall promulgate its internal rules and regulations, and on the second year of this agreement, i.e., SY 1997-98, may allocate such amount as required, but not to exceed ten per cent (10%) of the gross income of the fund, for administrative expenses. For the duration of the first year of operation of the fund, the UNIVERSITY and the FACULTY UNION shall equally subsidize the operations of the fund.

The hospitalization costs and medical benefits of the members of the faculty as provided in Article XVI of this agreement shall be taken from this fund.

This fund is independently managed by the aforementioned joint committee, subject to independent audit. The yearly state of finances of the fund shall be reported, appended to the FACULTY UNION's own annual report, to all members of the university faculty.

B. School Year 1997-98 (June 1, 1997-May 31, 1998):

X X X X

2. Hospitalization Fund: **The UNIVERSITY shall contribute the sum of ONE MILLION PESOS (₱1,000,000) to augment the Hospitalization and Medical Benefits fund.** The said sum shall be added to the remaining balance of the aforementioned fund;

X X X X

C. School Year 1998-99 (June 1, 1998-May 31, 1999):

X X X X

2. Hospitalization Fund: **The UNIVERSITY shall contribute the sum of ONE MILLION PESOS (₱1,000,000) to augment the Hospitalization and Medical Benefits fund.** The said sum shall be added to the remaining balance of the aforementioned fund;

D. Miscellaneous Provisions:

1. At the end of this agreement, and within three months therefrom, the UNIVERSITY shall render an accounting of the monies it paid or released to the covered faculty in consequence thereof;

2. All the economic benefits herein given and those elsewhere provided under this agreement, other than retirement benefits and one-half of the signing bonus, are chargeable to the tuition fee share, if any, of the faculty members;

3. In the event that the tuition fee benefits of the faculty for any of the three years covered by this part of this agreement i.e., the University decides to raise tuition fees in the coming two school years, exceed those provided herein, the same may be allocated for salaries and other benefits as determined by the FACULTY UNION and the matter duly communicated to the UNIVERSITY; and,

4. None of the benefits provided herein, both distributable immediately after ratification and those to be given during the term hereof, other than the amounts checked-off and the Hospitalization and Medical Benefits are to be directly distributed to the faculty members by the University.³⁰

1999 Memorandum of Agreement

1.0 The University hereby agrees to grant increase in salary and fringe benefits as provided for by the tuition fee increase of school year 1999-2000 according to the following scheme:

X X X X

6.0 If there is any tuition fee increase for school year 2000-2001, there will be an additional increase in salary/fringe benefits to be agreed upon by both parties.

³⁰ Id. at 168-170. Boldfacing added.

7.0 An additional amount of four million pesos will be deposited in the hospitalization fund of the faculty.³¹

2001-2006 CBA

Article XX

HOSPITALIZATION AND MEDICAL BENEFITS

Section 1. Hospitalization and Medical Benefits Fund. – The UNION and the UNIVERSITY shall build up and maintain the perpetual Hospitalization and Medical Benefits Fund. For this purpose, **the UNIVERSITY agrees to appropriate for AY 2001-2002 two million pesos (Php2,000,000.00); for AY 2002-2003 three million pesos (Php3,000,000.00); and for AY 2003-2004 another three million pesos (Php3,000,000.00). It is understood that the amount appropriated for each year is carried over to the succeeding years and is chargeable to the tuition fee increment. x x x³²**

2006-2011 CBA

Article XX

HOSPITALIZATION AND MEDICAL BENEFITS

Section 5. Miscellaneous Provisions. a. **The UNIVERSITY will continue to slide in the amounts set aside in the 2001-2006 CBA to augment the fund.** Fifty percent of the amount due shall be remitted within a month from the start of the first semester and the other fifty percent within a month from the start of the second semester of the academic year. These sums of money shall be remitted without necessity of demand on the part of the union and may not be garnished or held by the university on account of disputes in hospital billings between the University and the Union.

x x x x³³

USTFU claims that UST's contributions should have been cumulative, with the amount appropriated for each year carried over to the succeeding years and is chargeable to the tuition fee increment. However, USTFU's claims are not supported by the economic provisions of the 1996-2001 CBA and the 1999 Memorandum of Agreement reproduced above.

We wholly agree with UST's interpretation of the economic provisions of the 1996-2001 CBA, the 1999 Memorandum of Agreement, and the 2001-2006 and 2006-2011 CBAs, as well as its remittances to the fund for the covered periods. UST faithfully followed the clear provisions of these agreements.

³¹ Id. at 253-254. Boldfacing added.

³² Id. at 278. Boldfacing added.

³³ Id. at 425. Boldfacing added.

The 1996-2001 CBA established the fund, with an initial remittance of ₱2,000,000.00 for school year 1996-1997. UST bound itself to augment the fund by contributing ₱1,000,000.00 per year for school years 1997-1998 and 1998-1999. The 1999 Memorandum of Agreement merely stated that UST will deposit ₱4,000,000.00 to the fund. Express mention of the carry-over is found only in Section 1, Article XX of the 2001-2006 CBA: "It is understood that the amount appropriated for each year is carried over to the succeeding years x x x." The 1996-2001 CBA does not have this carry-over provision. During the lifetime of the 1996-2001 CBA, the 1999 Memorandum of Agreement, and the 2001-2006 CBA, USTFU never questioned the non-compliance by UST with an alleged carry-over agreement applicable to the 1996-2001 CBA.

This Court is well aware of Article 1702 of the Civil Code, which provides that "[i]n case of doubt, all labor legislation and all labor contracts shall be construed in favor of the safety and decent living for the laborer." This Court is also well aware that when the provisions of the CBA are clear and unambiguous, the literal meaning of the stipulations shall govern.³⁴ In the present case, the CBA provisions pertaining to the fund are clear and should be interpreted according to their literal meaning.

WHEREFORE, we **DENY** the petition. We **DECLARE** that the claims of the University of Santo Tomas Faculty Union have prescribed and that there is no carry-over provision for the Hospitalization and Medical Benefits Fund in the 1996-2001 Collective Bargaining Agreement and in the 1999 Memorandum of Agreement. The carry-over provision for the Hospitalization and Medical Benefits Fund is found only in the 2001-2006 and 2006-2011 Collective Bargaining Agreements.

No costs.

SO ORDERED.




ANTONIO T. CARPIO
Associate Justice

³⁴

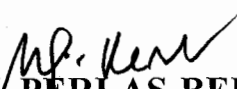
See *Wesleyan University-Philippines v. Wesleyan University-Philippines Faculty and Staff Association*, G.R. No. 181806, 12 March 2014.

WE CONCUR:


TERESITA J. LEONARDO-DE CASTRO
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

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

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