Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NEW WORLD INTERNATIONAL DEVELOPMENT (Phil.), INC., STEPHAN STOSS and GEUEL F. AUSTE, Petitioners,	**G.R. No. 197889**
	Present:
	GESMUNDO, *C.J.*, *Chairperson*
	CAGUIOA,
	LAZARO-JAVIER,
	LOPEZ, M., and
-versus-	LOPEZ, J., *JJ.*
	Promulgated:
	JUL 28 2021
NEW WORLD RENAISSANCE HOTEL LABOR UNION, Respondent.	

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DECISION

LAZARO-JAVIER, *J.*:

The Case

This petition for review assails the following issuances of the Court of Appeals in CA-G.R. SP No. 116181 entitled "*New World Renaissance Hotel*

Labor Union v. National Labor Relations Commission, New World Intenrational Development (Phil.), Inc., Stephan Stoss and Geuel F. Auste:"

1) Decision[1] dated March 14, 2011, setting aside the dispositions of the National Labor Relations Commission (NLRC) in NLRC LAC No. 08-002876-08/NLRC-NCR-00-02-01243-05 and directing the parties to promptly conduct collective bargaining negotiations, and petitioners, to pay respondent ₱50,000.00 as attorney's fees.

2) Resolution[2] dated July 21, 2011, denying petitioner's motion for reconsideration and supplemental motion for reconsideration.

Proceedings before the Labor Arbiter

In NLRC-NCR Case No. 02-01243-05, respondent New World Renaissance Hotel Labor Union filed with the NLRC a complaint for unfair labor practice against petitioners New World International Development (Phil.), Inc. ("hotel"), Stephan Stoss (owner), and Geuel Auste (Director of Human Resources) for unfair labor practice. Respondent essentially alleged:

1) Following the certification election held on July 10, 2002, it was certified as the sole and exclusive bargaining agent of all rank and file employees of the hotel. On September 3, 2002, it submitted its proposal for a collective bargaining agreement (CBA) to the hotel management but failed to get a response from the latter. For this reason and considering the incidents of harassment against its officers and members, it was constrained to resort to preventive mediation proceeding before the National Conciliation and Mediation Board (NCMB) on September 25, 2002.[3] On March 4, 2003, it submitted to petitioners its amended CBA proposal. Petitioners' counsel replied that since a petition for cancellation of the union's certification as bargaining agent then pended before the Department of Labor and Employment – National Capital Region (DOLE-NCR), it was more prudent to await the outcome of the aforesaid petition.[4]

2) The petition for cancellation was filed by a certain Diwa Dadap and 197 employees of the hotel on September 17, 2002, a week after the Bureau of Labor Relations (BLR) denied the appeal of the hotel against the dismissal of its petition for cancellation and a day after the opposition of the hotel to the conduct of certification election also got denied. On May 8, 2003, DOLE-NCR dismissed the

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[1] Penned by Associate Justice Estela M. Perlas-Bernabe (now Senior Associate Justice of this Court), with the concurrence of Associate Justices Priscilla J. Baltazar-Padilla (a retired member of this Court) and Elihu A. Ybañez, all members of the Special Third Division, *rollo*, pp. 53-60.

[2] Penned by Associate Justice Estela M. Perlas-Bernabe (now Senior Associate Justice of this Court), with the concurrence of Associate Justices Bienvenido L. Reyes (a retired member of this Court) and Elihu A. Ybañez, all members of the Third Division, *id.* at 78-80.

[3] *Id.* at 112.

[4] *Id.*

petition for cancellation. Diwa Dadap appealed to the BLR under BLR-A-C-73-8-15-03.[5] By Resolution dated December 17, 2003, the BLR dismissed the appeal and subsequently entered judgment on January 16, 2004. On February 26, 2004, Diwa Dadap assailed this Resolution before the Court of Appeals via a special civil action for certiorari, docketed CA-G.R. SP No. 82428.[6]

3) Meantime, the union filed a similar complaint, followed by an amended complaint, for unfair legal practice, as in here, docketed as NLRC Case No. 00-07-07978-2003. Both complaint and amended complaint were anchored on the alleged failure of the hotel to consider the September 2002 CBA proposal and the March 2003 Amended CBA proposal submitted by the union.[7]

4) By Decision dated March 22, 2004 in NLRC Case No. 00-07-07978-2003, the labor arbiter dismissed the complaint for unfair labor practice on ground of prematurity. The labor arbiter held that the cause of action of the union would accrue only after the assailed BLR Resolution dated December 17, 2003 shall have been affirmed with finality by the Court of Appeals.[8]

5) On November 16, 2004, it submitted to the hotel its third amended CBA proposal dated November 8, 2004, informing the latter that the BLR Resolution December 17, 2003 had already attained finality on January 16, 2004. By Letter dated November 22, 2004, the hotel asserted that contrary to this statement, the Court of Appeals had yet to resolve its petition for *certiorari* against the BLR Resolution December 17, 2003. In truth, however, the Court of Appeals had already promulgated its Decision dated November 17, 2004, dismissing the aforesaid petition. Though it was possible that the hotel had not yet received a copy of the decision at the time they sent their letter to the union.[9]

6) Meantime, the hotel started discriminating against the union officers. Union Secretary Joselito Santillana, who was before given a positive rating as Receiving Clerk – Store Room Department, was demoted to Bellman, albeit without diminution of benefits. Thereafter, the hotel hired two (2) casuals to perform his former task.[10] Union officers Ramil Elnar and Norberto De Villa, both Public Area Attendants, were demoted to Stewards, though likewise without diminution of benefits. Two (2) casuals were hired to perform their former tasks.[11]

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[5] *Id.* at 112-113.
[6] *Id.* at 114.
[7] *Id.* at 113-114.
[8] *Id.* at 114.
[9] *Id.* at 114-115.
[10] *Id.* at 116.
[11] *Id.* at 117.

7) Consequently, the union got constrained to revive the earlier complaint for unfair labor practice through the present complaint.

On the other hand, petitioners countered, in the main:

1) The hotel was correct in refusing to negotiate with respondent since the resolution of the petition for *certiorari* in CA-G.R. SP No. 82428 is a prejudicial question. Also, the petition for cancellation of certification filed by Diwa Dadap and 197 employees casts doubt on respondent's status as collective bargaining agent. The hotel cannot be faulted for being cautious and prudent.[12]

2) The transfer of the aforenamed employees was a valid exercise of management prerogative in good faith. The transfer was done in good faith and in furtherance of the hotel's operational needs and legitimate business reasons. In fact, they were even consulted prior to their transfer. They accepted it though without hesitation and only months later did they raise their objections. [13]

Ruling of the Labor Arbiter

By Decision[14] dated June 13, 2008, Labor Arbiter Veneranda C. Guerrero found petitioners not liable for unfair labor practice. She ruled that petitioners had a valid reason not to negotiate with respondent in light of the petition for cancellation of respondent's certification. Petitioners were only observing judicial courtesy, thus, they were not guilty of unfair labor practice for refusing to negotiate with respondent. Additionally, respondent failed to adduce documentary evidence to show that there was in fact demotion, not merely transfer, of union officers. There can be no demotion if there was non-diminution of benefits.[15]

Ruling of the NLRC

On respondent's appeal, the NLRC, by Decision[16] dated March 25, 2010 in NLRC LAC No. 08-002876-08/NLRC-NCR-00-02-01243-05, affirmed.[17]

Respondent sought a reconsideration[18] which the NLRC denied under Resolution[19] dated July 12, 2010.

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[12] *Id.* at 237.
[13] *Id.* at 237-238.
[14] *Id.* at 233-246.
[15] *Id.* at 245-246.
[16] *Id.* at 247-257.
[17] *Id.* at 256.
[18] *Id.* at 258-262.
[19] *Id.* at 266-269.

Proceedings before the Court of Appeals

In its subsequent Petition for *Certiorari*[20] before the Court of Appeals, respondent faulted the hotel for unjustifiably refusing to negotiate with it notwithstanding that its status as exclusive bargaining agent of the rank and file employees of the hotel was already confirmed with finality by BLR Resolution dated December 17, 2003. Notably, the execution of the same was not enjoined by the appellate court. Thus, the hotel should have responded to its September 2002 CBA proposal, amended March 2003 CBA proposal, and Third Amended CBA Proposal dated November 8, 2004.

In their Comment[21] dated January 7, 2011, petitioners riposte that: a) the hotel merely acted with prudence when it refused to negotiate with respondent, whose status as the legitimate bargaining agent is still uncertain; b) jurisprudence recognizes the employer's right to implement safeguard measures against the commission of fraud by labor organizations; and 3) the reassignment of some of the union officers to other posts without diminution of benefits was done in good faith and in the exercise of management prerogative, and with the consent of the employees concerned.

Ruling of the Court of Appeals

By its assailed Decision[22] dated March 14, 2011, the Court of Appeals reversed and ruled that: a) the pendency of a cancellation proceedings against a union is not a bar to set in motion the mechanics of collective bargaining: b) petitioners' refusal to negotiate, despite the final and executory BLR Resolution dated December 17, 2003 demonstrated petitioners' utter lack of interest in bargaining with respondent, amounting to bad faith and unfair labor practice; and c) respondent is entitled to attorney's fees because it was compelled to litigate in order to protect its interest. Thus:

> **WHEREFORE**, premises considered, the instant petition for certiorari is **GRANTED**. The assailed NLRC Decision date March 25, 2010 and its Resolution dated July 12, 2010 are hereby **REVERSED** and **SET ASIDE** and a new one entered (a) ordering the parties to promptly conduct collective bargaining negotiations; and (b) ordering private respondents to pay petitioner P50,000.00 as and for attorney's fees.
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> SO ORDERED.[23]

In their Motion for Reconsideration[24] dated April 4, 2011, petitioners reiterated that the labor arbiter and the NLRC did not commit grave abuse of discretion when they dismissed the complaint. At any rate, there was no basis for the award of attorney's fees.

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[20] *Id.* at 270-287.
[21] *Id.* at 372-401.
[22] *Id.* at 53-61.
[23] *Id.* at 60.
[24] *Id.* at 62-76.

In their Supplemental Motion for Reconsideration[25] dated April 18, 2011, petitioners sought to dismiss the case on ground of mootness, citing the following supervening event: on December 27, 2005, twenty-four (24) resolutions[26] were passed by the rank and file employees (members) who grouped themselves in accordance with their respective stations or departments in the hotel. Through these resolutions, the rank-and-file employees (members) decreed the dissolution of the union. Through Letters dated December 27, 2005[27] and January 17, 2006,[28] the members (employees) officially relayed this development to BLR Director Atty. Henry Parel and Assistant Regional Director of DOLE-NCR Atty. Agatha Ann Daquigan, respectively.

By its assailed Resolution[29] dated July 21, 2011, the Court of Appeals affirmed its Decision dated March 14, 2011. As for the issue of mootness, the Court of Appeals ruled that having been belatedly raised for the first time on appeal, the same cannot be resolved in the appellate proceedings.

The Present Petition

Petitioners now seek affirmative relief from the Court via Rule 45 of the Revised Rules of Court. They reiterate that the case has become moot because on December 27, 2005, respondent's members themselves had resolved to dissolve the union. Some of respondent's officers had already been promoted to supervisory positions, thus, rendering them ineligible to retain membership in the rank-and-file union. Also, half of the original members already resigned. The NLRC did not commit grave abuse of discretion when it held that the hotel is not guilty of unfair labor practice when it refused to bargain with respondent. The pending petition for cancellation against respondent posed a prejudicial question, which called for the suspension of the CBA negotiations. Lastly, there was no legal basis for the award of attorney's fees by the Court of Appeals.[30]

In its Comment on the Petition[31] dated February 10, 2011, "respondent union" submits that even assuming that the signatures in the resolutions to dissolve were authentic, these signatures were definitely obtained through pressure and intimidation. From the time the certification election was conducted up to the failed attempts at CBA negotiations, the hotel had been acting in bad faith. The hotel is legally obligated to bargain with the union as the certified bargaining agent of the rank-and-file employees. Since it was compelled to litigate to assert its right as the collective bargaining agent, it is entitled to attorney's fees.[32]

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[25] *Id.* at 404-408.
[26] *Id.* at 411-434.
[27] *Id.* at 410.
[28] *Id.* at 440.
[29] *Id.* at 78-80.
[30] *Id.* at 9-47.
[31] *Id.* at 551-575.
[32] *Id.*

In their Reply[33] dated June 4, 2013, petitioners assert that respondent's claim of supposed pressure and coercion has no evidentiary basis, but a pure speculation.

Issue

Has the case become moot?

Ruling

A case becomes moot when it ceases to present a justiciable controversy such that its adjudication would not yield any practical value or use.[34] It can no longer grant any relief or enforce any right, and anything it says on the matter will have no practical use or value. Without any legal relief that may be granted, courts generally decline to resolve moot cases, lest the ruling result in a mere advisory opinion.[35] Indeed, the power of the Court to adjudicate is limited to actual ongoing controversies. Thus, and as a general rule, this Court will not decide moot questions, or abstract propositions, or declare principles or rules of law which cannot affect the result as to the thing in issue in the case before it.[36]

Here, the dissolution of respondent union by its own members is a supervening event which rendered the case moot. ***Abrigo v. Flores***[37] explains the concept of 'supervening event', thus:

> We deem it highly relevant to point out that a supervening event is an exception to the execution as a matter of right of a final and immutable judgment rule, only if it directly affects the matter already litigated and settled, or substantially changes the rights or relations of the parties therein as to render the execution unjust, impossible or inequitable. **A supervening event consists of facts that transpire after the judgment became final and executory, or of new circumstances that develop after the judgment attained finality, including matters that the parties were not aware of prior to or during the trial because such matters were not yet in existence at that time.** x x x (Emphasis supplied)

Verily, the dissolution of respondent union, a supervening event, is a matter which appellate courts can take judicial notice of even though the same is raised for the first time on appeal. For such dissolution deprives these courts of judicial authority to resolve the case, there being no longer any actual case or controversy since one of the parties, a real party in interest, has ceased to be. A real party in interest is a component of the concept of 'justiciable controversy' as explained in ***AMCOW v. GCC***,[38] *viz.*:

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[33] *Id.* at 682-691.
[34] See *J.O.S. Managing Builders, Inc. v. UOBP*, 795 Phil. 380, 390 (2016).
[35] See *Express Telecommunications Co., Inc. v. Az Communications, Inc.*, G.R. No. 196902, July 13, 2020.
[36] *Pormento v. Estrada*, 643 Phil. 735,738 (2010).
[37] 711 Phil. 251, 261-262 (2013).
[38] 802 Phil. 116, 140-141 (2016).

> Basic in the exercise of judicial power whether under the traditional or in the expanded setting - is the presence of an actual case or controversy. For a dispute to be justiciable, a legally demandable and enforceable right must exist as basis, and must be shown to have been violated.
>
> **Whether a case actually exists depends on the pleaded allegations, as affected by the elements of standing (translated in civil actions as the status of being a "real-party-in-interest," in criminal actions as "offended party" and in special proceedings as "interested party"),** ripeness, prematurity, and the moot and academic principle that likewise interact with one another. These elements and their interactions are discussed greater detail below. (Emphasis supplied)

Any decision rendered for or against a person who is not a real party in interest in the case cannot be executed.[39] Here, it would be pointless to adjudicate the case because there is no way respondent union can still benefit from the judgment being prayed for here precisely because respondent union had long ceased to be. A bare accusation that the members were allegedly forced or coerced to dissolve the union does not negate the fact of dissolution which the members themselves promptly relayed to the concerned labor agencies. So must it be.

ACCORDINGLY, the petition is **GRANTED**. The Decision dated March 14, 2011 and Resolution dated July 21, 2011 of the Court of Appeals in CA-G.R. SP No. 116181 are **REVERSED** and **SET ASIDE**. The Amended Complaint dated March 7, 2005 in NLRC-NCR Case No. 02-01243-05 is **DISMISSED** on ground of mootness.

SO ORDERED.

AMY C. LAZARO-JAVIER
Associate Justice

[39] See *Fernandez v. Smart Communications, Inc.*, G.R. No. 212885, July 17, 2019.

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice
Chairperson

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

MARIO V. LOPEZ
Associate Justice

JHOSEP Y. LOPEZ
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

ALEXANDER G. GESMUNDO
Chief Justice
Chairperson, First Division