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[G. R. No. L-7201. September 22, 1954]

DEE C. CHUAN & SONS, INC., PETITIONER, VS. BENITO NAHAG,ET AL., RESPONDENTS.

[G. R. No. L-7211, September 22, 1954]

BENITO NAHAG,ET AL., PETITIONERS, VS. DEE C. CHUAN & SONS, INC.,ET. AL., RESPONDENTS

D E C I S I O N

BAUTISTA ANGELO, J.:

These two cases concern two petitions for review of the decision rendered by the Court of Industrial Relations on May 5, 1953, which was affirmed by a resolution of the court *en banc* on August 10, 1955, which orders Dee G. Chuan & Sons, Inc., hereinafter referred to as Company, to pay one month separation pay to Benito Nahag and to each of his 92 co-workers based on their respective basic wages on the date of their lay-off, and approves the closing of the lumber department of said Company as requested with the understanding that, in case that department is thereafter reopened, the laid-off employees would be given priority in the employment of its laborers.

The Company appeals from that portion of the decision which directs it to pay one month separation pay to the 93 laborers of its lumber department on the ground that the same is unfair and unjust, while the 93 laborers are appealing from that portion of the decision which approves the closing of the lumber department wherein they are employed upon the plea that said department was not losing as found by the court.

The important facts which gave rise to the incidents which are now before this Court for determination are briefly outlined in the

decision of the Court of Industrial Relations which, for purposes of the issues herein raised, are quoted hereunder:

> "The evidence shows that the petitioners, members of an unregistered labor union, had succeeded in securing decisions of this Court favorable to them in CTR cases Nos. 71-V, V(1), V(2) and V(4), (Exhibits "A" to, "G"). These various cases were finally decided by the Supreme Court on January 28, 1950 and on July 9, 19.50, and an entry of judgment was made when the decision of the Supreme Court became final on July 6, 1950. Meanwhile, on April 1, 1950, the respondent filed a motion for modification of the award and the same was docketed as Case No. 71-V(6). On July 24, 1950, the union filed a motion for execution of the award of July 23, 1948 as confirmed by the Supreme Court on January 23, 1950—Exhibit "F". On Nov. 24, 1950 an order was issued for a writ of execution to satisfy the award of this Court (Exhibit "10"). In the meantime in 1951, the parties began to negotiate for the settlement of the case, which was1 not finally concluded for reasons only known to the parties. Pending any further settlement, the respondent company on December 15, 1951 has prepared its business for closing on January 15, 1952, and of such fact, respondent advised the laborers affected in the lumber (retail) department that they will fold up on January 15, 1952 (Exhibit, "E"). The company, in acting on the resolution of its stockholders, advised the parties concerned (laborers), but did not advise the Court of its intention to fold up on January 15, 1952. In view of that situation, oh December 28, 1951, petitioners filed their urgent petition for injunction and on, January 12, 1952, an order was issued, enjoining the respondent not to cI6!se its lumber (retail) department or from dismissing, its laborers without the previous authority of this Court. When January 15, 1952 came, the company actually ceased operation of its lumber (retail) department on the claimed shortage of materials and by virtue of the resolution adopted by the stockholders. The petitioners filed on January 22, 1952 an incidental, motion or petition now docketed as Case No. 641-V(1), claiming that the company has violated an order of the Court restraining the respondent to close Its

> business without proper permission."

The main contention of the petitioning laborers refers to the portion of the decision which approves the closing of the lumber department of the Company wherein the court found from the evidence submitted that that department has incurred in 1951 a net loss amounting to P245,922.90. The laborers contend that this finding is not justified and that the proposal to close the lumber department is but a mere scheme to circumvent a final decision of the court which gives them a general increase of P0.30 a day, plus 15 days vacation and sick leave.

The finding of the court *a quo* which is now assailed is as follows:

> "Now, let us examine the evidence on the justification of respondent closing its business in accordance with the resolution of the stockholders on December 12, 1951. It is claimed that the company sustained losses in its lumber (retail) department. After a careful examination of the Examiner's report dated April 4, 1952, the Court observed that the company really suffered a net loss for the year 1951 "amounting to P245,922.90 (pages 2 of the Examiner's report, April 4, 1952). It is also observed in the Examiner's report that the total current assets of the company was P1,354,622.25 as shown in Appendix "4" thereof and with the deferred charges to operation amounting to P44, 975.87 totaling P1,399,598.10. In the same re port, it appears that the total liabilities of the said department of the respondent amounted to P1,944,766.91. From this, it could readily be seen that the total assets are not enough even to meet the total liabilities, a situation showing the financial weakness of the respondent. Even the exhibits showing the financial status of the company, it is also observed that the company suffered losses in 1951 (folio 175 to 178)."

We note, however, that this is an appeal by way of certiorari from a decision of the Court of Industrial Relations if which is authorized under Rule 44 of the Rules of Court, and that in section 2 of said rule

it is expressly provided that in such a case, "only questions of law, which must be distinctly set forth, may be raised in the petition." On the other hand, Section 14, of Commonwealth Act 103, which is the fountain or source of the authority under which this case was litigated before the Court of Industrial Relations, provides that the Supreme Court may require by certiorari that the case be certified to it for review only in any case involving a question of law. And, because of these express provisions of our law and rules, this Court, in a number of cases, has laid down the ruling that as long as there is some evidence to support a decision of the Court of Industrial Relations, this Court should not interfere, nor modify or reverse it, just because it is not based on overwhelming or preponderant evidence. Its only province is to resolve or pass upon questions of law."[1]

We are, therefore, prevented from disturbing the findings oil fact made by the Court of Industrial Relations on the matter touching the financial status of the lumber department of the Company. That finding should stand and is binding upon this Court. However where it appears that the Court of Industrial Relations, has decided a question, of fact with, grave abuse of discretion, or when it is claimed that its findings find absolutely no support in, or is contrary to, the evidence of record, then the remedy is not appeal by certiorari but the interposition of a special civil action of certiorari filed with the Supreme Court. (Manila Trading & Supply Co. *vs.* Manila Trading laborers Association, April 12, 1949, 46 O. G. 4874.) But even if we consider the present appeal as a special civil action for certiorari, as intimated, the situation would not materially change, it appearing that in concluding that the lumber department of the Company has sustained substantial losses in 1951, the court did not rely merely on the reports of the accountants of the Company, or on the documentary evidence submitted by it, but rather on the report and findings made and submitted by its own accountant who made a careful examination of the books of the Company upon its order and reported that in 1951 it incurred a loss amounting to P245,922. 90. This is an indication that the court *a quo* acted with outmost impartiality in appraising the evidence submitted by the parties on the matter.

The foregoing disproves the claim that the closing of the business of the lumber department was in the nature of a lockout adopted merely to coerce the laborers to yielding to the demands of the Company in their labor dispute as regards wages, vacation and sick leave. This claim finds no basis in the evidence, and is contrary to the finding made by the court *a quo that* the closing was done in good faith. This refutes the idea of a lockout. True, there is a belated intimation that the Company has set up another corporation concerning lumber business in an attempt to defeat the claim of the laborers and deprive them altogether of their employment,—referring to the Philippine Lumber Manufacturing Company which, it is claimed, is being operated by the Dee C. Chuan family,—but, again, this claim has no basis in the evidence for, as found by Judge Lanting of the Court of Industrial Relations, among the members who appear to be interested in the two corporations, only Dee C. Chuan and Francisco Gochuico appear as incorporators of both, whose relationship does not appear in the record or the evidence, and so it can hardly be said, as contended, that the Philippine Lumber Manufacturing Company has been set up by the Dee C. Chuan family with the only purpose of defeating the claim of the laborers. This is a question of fact which we cannot now look into.

We will now take up the issue raised by the Company covering the award of one month separation pay made by the court to petitioning laborers as a result of the closing of the lumber department which the Company now disputes as unfair and unjust considering the finding of the court that the closing of that department was made in good faith and for a justifiable cause.

One thing is the right to cease in business for a good or justifiable cause and another is the privilege that should be accorded to the employees or laborers employed in said business upon its termination. The former is a privilege of the management considering the many factors that are linked with the business and the capital which can and should only be solved and determined by the management provided that the cessation of the business is done in good faith, or with no intent to lockout its employees as a means of coercing them to submit to its demands; while the latter is a sort of an aid given to a

laborer upon his separation from the service so that he may have something on which to fall back when he loses his means of livelihood. While the management shut down its business when convenient, it should not however disregard the interest of its deserving laborers. Something must be given to the latter to help them tide over in their hour of need. It is in this spirit that this Court has said in one case:

> "There is nothing novel in this demand. This is in keeping with the policy long observed by our Government with regard to the retirement of its employees who are either given pension or separation pay. We see no reason why this beneficent policy should not be extended to the laborers of a commercial firm in the same way as they are given sick and vacation leave with pay although there is no legal provision authorizing its payment." (Manila Trading Supply Company *vs.* Manila Trading Laborers Association, *supra*.) And of a similar vein is the following pronouncement of this Court:
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> * * In the second place, regardless of the strict applicability or non-applicability of article 302, the Court of Industrial Relations by reason of.its general jurisdiction and authority to decide labor disputes, the amount of salary or vyages to be paid laborers and employees, to determine their living conditions, has been deciding not only the minimum that the employer should pay its employees but also granting them even sick and vacation leave with pay without any express legal provision. A month's pay upon separation from service without just cause and without notice may also. In the discretion of the Indus trial "Court be granted provided that said discretion" is "not abused." (Italics supplied) (Sta. Mesa Slipways Engineering Company, Inc. *vs.* The Court of Industrial Relations, et al., 48 O.G. p. 3353).

It is true that, according to the Company, petitioning laborers are no longer entitled to this separation pay because they had been sufficiently notified by the Company 30 days in advance of its resolution to close the business of its lumber department, and that

such notice has the effect of relieving it of paying such separation pay and it is a substantial compliance with the law, but, contrary to this claim, the Court of Industrial Relations has found that no such notice was given and, what is more, the Company decided to stop the business without notifying the court with sufficient time in advance in order that it could take the necessary appropriate action to protect the interest of the laborers in view of the pendency of a labor dispute which was then peing litigated between the Company and the laborers. The record shows that the Company only notified the court of the closing of the business on the very day of its closing, (January 15, 1952) notwithstanding the injunction issued by the court prohibiting the Company from so closing two days before.

This is a violation of the letter and spirit of the law which prohibits the laying-off of any laborer during the pendency of a labor dispute (Section 19, Commonwealth Act 103, as amended). And because of this disregard of the law, apart from the lack of the requisite notice, we cannot but hold that the Court of Industrial Relations acted properly in adjudging one month separation pay to the laborers effective January 16, 1952. In other words, whether the cause of the termination of the employment is the closing of the business or other justifiable cause, a laborer is entitled to one month separation pay if the requisite notice is not given him one month in advance, or his separation is made without the sanction of the court. This is in keeping with the spirit of social justice enshrined in our Constitution.

The petitions are dismissed, without pronouncement as to costs.

Paras, C. J., Pablo, Bengzon, Padilla, Montemayor, Reyes, Jugo, Bautista Angelo, Concepcion, and *Reyes, J.B.L., JJ.,* concur.

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[1] Insurefco Paper Pulp & Project Workers' Union *vs*. Insular Sugar Refining Corporation Insular Sugar. Refining Corporation *vs.*
Hon. Court of Industrial Relations, et al., G. R. Nos. L-7594 &
L-7596. promulgated September 8, 1954. See also Phil. Newspaper Guild *vs*. Evening News.

Inc., Off Gaz. 6188, 86 Phil. 303; Bardwill Bros. *vs.* Phil. Labor Union and Court of Industrial Relations (1940), 70 Phil., 672; Antamok Goldfields Mining *vs.* Court of Industrial Relations and national Labor Union, Inc., (1940) 70 Phil. 340.

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