

EARNSHAW DOCKS & HONOLULU IRON WORKS, PETITIONER VS. THE COURT OF INDUSTRIAL RELATIONS AND NATIONAL LABOR UNION, RESPONDENTS.

G. R. No. L-8896. January 23, 1957

Ponente: MONTEMAYOR, J.

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MONTEMAYOR, J.:

Petitioner Earnshaws Docks & Honolulu Iron Works, later to be referred to as the Corporation, is a domestic corporation licensed to engage in business in the Philippines. The respondent National Labor Union, to be later called the Union, is a duly registered labor organization to which the employees of petitioner belong. On May 16, 1949, the respondent Union, on behalf of more than thirty of its members employed by the Corporation, petitioned for sick leave and vacation leave with pay and other concessions. Upon denial of said petitions by the Corporation, the Union on June 6, 1949, filed a petition with the Court of Industrial Relations (CIR) for compulsory arbitration and decision. On December 9, 1950, the CIR rendered a decision ruling on Demand No. 1, regarding vacation leave, as follows:

"Demand No. 1.- Vacation leave of 15 days.- The, respondent agreed to grant this demand to any person who completes 300 days work. But petitioner would have the effectivity of the grant retroactive and not prospective as the management proposed. So the question submitted for the determination of the Court is the effectivity of the vacation leave of 15 days. On this matter the Court is of the opinion, and so holds, that the same should be made effective as of the date of the filing of the petition with the Court of Industrial Relations on June 6, 1949."

On March 15, 1952, the Union moved for compliance with the decision by granting 15 days vacation leave to all employees who had already completed 300 days work on June 6, 1949, and 15 days more vacation leave for every 300 days work rendered to the Corporation thereafter. The Corporation opposed the motion but on May 17, 1954, the CIR issued an order granting the Union's motion on this wise:

"* * * employees who have completed 300 days work, prior to and up to the filing of the petition on June 6, 1949, are entitled to 15 days vacation leave with pay as it was intended."

The Corporation moved for reconsideration but by order of December 29, 1954, the CIR issued a resolution en banc denying the Corporation's motion for reconsideration, but with a strong dissenting opinion by Judge Lanting. The Corporation through certiorari is now appealing from the said orders of May 17, and December 29, 1954. The issue raised by appellant is whether the period of 300 days work in order to be entitled to 15 days vacation leave with pay, should be counted forward and prospectively from the date of the filing of the petition, namely, June 6, 1949, or whether it should be counted backward from the said date, so as to entitle to 15 days vacation leave those employees who have already completed 300 days work as of June 6, 1949. The position taken by the petitioner is that vacation leave with pay is not a right granted to employees or laborers by any statute, but that the same depends upon any bargaining agreement entered into between labor and management, or by virtue of a court order upon petition of the laborers and after hearing. Consequently, according to petitioner, in the absence of any

previous bargaining agreement as to vacation leave and because the enjoyment thereof is founded entirely upon a grant or award made by the Industrial Court, based on the agreement of the Corporation after the filing of the petition therefor, said grant should be made effective only as of the date of the award, or of the agreement, or at most, of the petition, but surely, not before. We are reproducing with approval pertinent portions of said dissenting opinion:

"Petitioner Union contends that the employees who had already completed 300 days work on June 6, 1949 were entitled to 15 days vacation leave as of that date. On the other hand, respondent firm claims that the 300 days should be counted only from June 6, 1949 when the petition for concession was filed by the Union.

"The Judge a quo interpreting his own decision of December 5, 1950, held in an order dated May 17, 1954, 'that employees who have completed 300 days work prior to and up to the filing of the petition on June 6, 1949 are entitled to 15 days vacation leave with pay * * *.'

"It may perhaps be admitted at the outset that the Judge a quo is in a better position than anybody else to interpret his own decision, so that in case of doubt his interpretation should be allowed to prevail. However, when such interpretation appears to be contrary to the latter and intent of the decision being interpreted as well as to certain established practices and principles which have guided this Court in the past, it should not be allowed to bind us. Needless to say, the interpretation should not go beyond clarifying what is being interpreted, otherwise, it would be tantamount to a modification or change which cannot be allowed once the order in question has become final and conclusive upon the parties.

"Is there anything in the grant of 15 days vacation leave which suggests even remotely that the counting of the 300 days to entitle a worker to such leave should begin at any time prior to June 6, 1949. The decision says that the 'petitioner would have the effectivity of the grant retroactive and not prospective as the management proposed.' The Court decided the issue of whether this particular award or concession should have retroactive or prospective effect by saying: 'On this matter the Court is of the opinion, and so holds, that the same should be made effective as of the date of the filing of the petition with the Court of Industrial Relations on June 6, 1949.' There is absolutely nothing here to indicate that the first vacation leave of 15 days should correspond to services rendered prior to June 6, 1949. It is more logical to assume that under this grant the vacation leave will be earned beginning from June 6, 1949. Ordinarily, decision of this Court granting a demand of labor becomes effective and may be executed when it has become final and executory. In this particular case, however, the original decision makes the concession effective as of the date of the filing of the petition, that is, on June 6, 1949. There is nothing wrong in that but certainly the concession cannot be given retroactive effect beyond the date of presentation of the petition or demand. In other words, the earliest date on which an award may be made effective is the date of the filing of the petition. This Court has never awarded any benefit to a group of workers to take effect before the filing of the corresponding petition. In CIR Case No. 86-V, Manila Terminal Relief and Mutual Aid Association vs. Manila Terminal Co., Inc., the Supreme Court affirmed the ruling of the majority of the Court of Industrial Relations that a grant of additional compensation for nightwork, as a rule, should not be given retroactive effect, at least not beyond the date of the petition or demand. The reason for that is that the workers concerned in that case had no acquired right to additional compensation for night work before the grant. The same is true in the instant case in which vacation leave was granted for the first time by the decision which we are now interpreting. Neither is such benefit granted by any existing statute.

"Moreover, the interpretation of the Judge a quo of his own order would make the issue more complicated and would prolong further the controversy between the Union and the firm as obviously there would be the need of determining who those workers are who rendered service to the firm during the 300 days immediately preceding June 6, 1949. It would therefore be contrary to the spirit of Commonwealth Act No. 103, as amended, section 13 of which provides that this Court may include in the award, order or decision any matter or determination which may be deemed necessary or expedient for the purpose or settling the dispute or of preventing further industrial or agricultural dispute's.

"We are inclined to agree with Judge Lanting that both the established practice in the Industrial Court as well as the spirit of the decision of Judge Castillo in the present case, granting the demand for vacation leave with pay, warrant the interpretation and conclusion that the grant should not be given a retroactive effect, but that it should begin as of the date of the filing of the petition, namely, June 6, 1949, that is to say that workers will begin to earn vacation leave from that date. As correctly claimed by petitioner, there is no law granting vacation leave to laborers in a private establishment. The same is subject to bargaining agreement between employer and employees, and in a petition for vacation leave by employees, the right may, after hearing, be granted by the Industrial Court. The petitioner agreed to giving vacation leave to any employee who completes 300 days work. This is made clear in the court's decision granting:

"Demand No. 1-Vacation leave of 15 days.-The respondent agreed to grant this demand to any person who completes 300 days work. * * *.

"It does not say who has completed. In other words, the agreement of the petitioner was prospective, referring to those workers who complete 300 days work. Ordinarily, any bargaining agreement takes effect as of the date thereof, or as of the date of the decision of the court. In the present case, instead of making effective the grant of vacation leave as of the date of the agreement or the date of the decision which is December 5, 1950, the Industrial Court made it effective as of the date of the filing of the petition, namely, June 6, 1949. That would seem to us sufficient concession and liberality to the workers.

Before the grant of vacation leave, in the instant case, the workers did not enjoy the same. Before that time, the understanding or contract between employer and employee was that the latter would work for the former only on the basis of his pay agreed upon, whether daily, weekly, or monthly. When in addition to said payment, the worker petitions for vacation leave, he asks for a change or modification of the contract of employment. He asks for pay equivalent to 15 days every year, although he renders no work service for that period. If the employer agrees to said petition, or even without said agreement, if the court after hearing grants the petition, it is to be understood that the grant becomes effective as of the date of the decision or at the earliest, as of the date of the petition. There is no reason for making it retroactive or effective before the date of the filing of the petition for the reason that the worker was not asking for something to which he was entitled as of right or by law, but as a concession or act of consideration to him by his employer.

There is another element worthy of consideration. The finances of the Corporation, such as its expenses and profits and the distribution of dividends among its stockholders are made on the basis naturally, of present and existing conditions and circumstances. When the Corporation agreed to grant vacation leave to its employees, from that time on or from the time that the grant was approved by the court in its decision, said corporation could make the necessary adjustments, such as, increasing the efficiency of the plant, making economies here and there, etc, in order to make up for the payment of the equivalent of 15 days vacation leave every year for each employee, which according to the Corporation, considering its more than 300 workers, would mean several thousand pesos. To make the payment of this vacation leave retroactive, that is to say, one year before the date of the agreement, or the decision, or the date of the filing of the petition, would disrupt the economy and the finances of the Corporation, specially if it had already distributed profits in the form of dividends to its stockholders. Besides, as Judge Lanting says in his dissenting opinion, the Corporation would have to examine its old records to determine who of its employees had rendered service for 300 days before, and if the workers do not agree to its determination, another controversy would arise between employer and employee, whereas, if the grant is made prospective, then the management would be in a position to prepare its records and accounts to meet and to be in preparation for the extra pay or expenses to be incurred and the persons entitled to the same.

In view of the foregoing considerations, and reversing the appealed order of May 24, 1954 and the order en banc

denying its reconsideration, we hold that the grant of vacation leave is to be considered prospective, meaning that the workers should begin to earn their vacation leave from June 6, 1949, the 300 days work to be counted from and after the said date, not before. No costs.

Paras, C. J., Bengzon, Padilla, Reyes, A.t Bautista Angefa, Labrador, Reyes, J. B, L., Endencia, and Felist, JJ., concur.

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