

EMPLOYEES & LABORERS COOPERATIVE ASSOCIATION, DOMINGO BARTOLOME, EMILIO VISTA, RICARDO ALINEA AND FELIPE BICOMONG (MANAGERS), PETITIONERS, VS. NATIONAL UNION OF RESTAURANT WORKE...

G.R. No. L-18697. February 28, 1963

Ponente: LABRADOR, J.

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LABRADOR, J.:

Respondent herein, the National Union of Restaurant Workers, (PLUM), filed a complaint in the Court of Industrial Relations against the Employees & Laborers, Cooperative Association, Domingo Bartolome, Emilio Vista, Ricardo Alinea and Felipe Bicomong (Managers), petitioners herein, charging the latter with unfair labor practice, among which were failure to pay minimum wages, irregular payment of salaries, employment of nonunion men, unjustified charges for meals, rotation of Workers and dismissals. They prayed that respondents desist from the above unfair practices, stop rotation work, reinstate dismissed members, etc. In answer respondents alleged that the rotation of work among the complaining members of complainant union and the termination of their employment was caused by financial difficulties encountered by the cooperative association, which eventually led to its dissolution.

Various hearings were had before the court's examiner. The case was submitted for decision and on June 9, 1961, Judge Arsenio Martinez of the Court of Industrial Relations rendered judgment finding that the respondents, petitioner's herein, did not commit any acts amounting to unfair labor practice, that the rotation of work among the employees and the termination of their employment was "not motivated by an intent to discriminate but the result of a legitimate closure of its business and respondent association was within its rights to close operations in the face of mounting financial losses." However, the employees were granted separation pay for each of the complainants, thus:

"* * * However, respondent association is hereby ordered to pay each complainant one-half (1/2) month pay for every year of service, it appearing that complainants termination of services were for a just cause and respondent cooperative association failed to give one-month advance notice to complainants before their separation in accordance with Republic Act No. 1052, as amended by Republic Act 1787."

Respondents moved for reconsideration but the motion was denied. Hence, this petition for certiorari. In this Court they, petitioners herein, present the following issues:

"There are five issues which petitioner wishes to raise in this appeal and they all involve purely questions of law. They are as follows:

"1. The ruling ordering petitioner cooperative association to pay separation pay to each of complainants is manifestly erroneous and inconsistent with the findings in this case;

"2. The Court of Industrial Relations has no jurisdiction over claims for separation pay;

"3. The power of the Court of Industrial Relations in an unfair labor practice case is either to grant relief or dismiss the complaint;

"4. The Court of Industrial Relations cannot order payment of separation pay as it is not one of the issues raised in the pleadings and litigated in this case; and

"5. The ruling ordering petitioner cooperative association to pay separation pay is clearly contrary to law."

The most important issue raised in this appeal refers to the ruling of the court below awarding separation pay to each of the claimants, petitioners in this appeal arguing that said grant of separation pay is contrary to the provisions of Republic Act No. 1052 as amended by Republic Act 1787, which in part provides:

"SECTION 1. In cases of employment, without a definite period, in a commercial, industrial, or agricultural establishment or enterprise, the employer or the employee may terminate at any time the employment with just cause; or without just cause in the case of an employee by serving written notice on the employer at least one month in advance, or in the case of an employer, by serving such notice to the employee at least one month in advance or one-half month for every year of service of the employee, whichever is longer, a fraction of at least six months being considered as one whole year.

* * * * *

"The following are just causes for terminating an employment without a definite period:

"1. By the employer -

"a. The closing or cessation of operation of the establishment or enterprise, unless the closing is for the purpose of defeating the intention of this law;"

* * * * *

From the above quoted provisions it can be stated that when an employment is terminated for a just cause as above defined, because of the losses incurred by the business, the employee whose services are terminated or dispensed with is not entitled to a separation pay as expressly provided in section 1 of the Act. This conclusion is evident from a comparison of the original provisions of Republic Act 1052 and those of the amendatory Act No. 1787. Under the original Act No. 1052 while the employer is given the right to terminate an employment without serving notice to the employee one month in advance, this separation entitles the employee to one month pay from the date of the termination of his employment. But under Section 1 as amended by Republic Act 1787, when the termination is for the just cause stated in par. 1(a) such as closing because of financial losses, the employment may be terminated. In this case no provision exists for the payment of separation, pay. When it is not for a just cause it is made the obligation of the employer to return the employee to his former job and his failure (of the employer) to do so renders him liable for damages. So that with the approval of Republic Act 1787 and of the changes introduced therein, an employer now has the right to terminate the employment of his employee at any time for a just cause, in such case without any obligation on his part to the month's compensation originally granted in Section 1 of Republic Act No. 1052. Republic Act 1787 however goes further by providing that an employer may not terminate an employment for a cause not just, otherwise, he is responsible to the employee for damages.

In the discussions in the Senate of the bill which was passed into Republic Act No. 1787, the very issue now submitted to this Court was passed upon or clarified in the answer given by Senator Montano to Senator Tañada in the discussion. The original paragraph (a) of section 1 considered as a just cause the closing of the business because of force majeure. By the interpolations of Senator Tañada it was suggested that "if a business enterprise loses, becomes bankrupt, there is no other recourse but to close the business," in which case there would be a just cause for the termination of the employment. This idea was finally approved and now appears to be the one

embodied in paragraph 1, subparagraph (a) of section 1 of Republic Act 1787. (The discussion appears in Morabe's The Law On Dismissal, p. 72.)

Considering, that the ruling, above set forth is favorable to the petitioners, the consideration of the other questions raised in this appeal becomes unnecessary.

Considering, therefore, that separation pay computable at the rate of one-half (1/2) month's pay for each year of service was granted notwithstanding the fact that the termination of the employment was based on a just cause, we find that the writ should be granted, that the order granting separation pay as above indicated should be reversed and the complaint dismissed. Without costs.

Bengzon, C. J., Padilla, Bautista Angelo, Concepcion, Reyes, J. B. L., Barrera, Paredes, Dizon, Regala, and Makalintal, JJ., concur.

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