

MANILA HOTEL COMPANY, PETITIONER, VS. PINES HOTEL EMPLOYEES ASSOCIATION AND COURT OF INDUSTRIAL RELATIONS, RESPONDENTS.

G.R. No. L-24314. September 28, 1970

Ponente: RUIZ CASTRO, J.

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RUIZ CASTRO, J.:

Petition for review of the Resolution of the Court of Industrial Relations (CIR) dated February 24, 1965, affirming its Order of December 22, 1964 which directs the petitioner Manila Hotel Company (MHC) to deposit with the said court the amount of P8,795.62 representing the differential pay of eight (8) of the petitioner's employees, pursuant to the provisions of Republic Act 1880, otherwise known as the 40-Hour Week Law.[1]

On July 22, 1963 the respondent Pines Hotel Employees Association (PHEA) applied to the CIR for an order that would require the petitioner herein to pay PHEA members in the petitioner's employ the benefits due them under R.A. 1880, from July 1, 1957 to the date of the filing of the petition with the CIR. The particular portion of R.A. 1880 invoked reads as follows:

"SEC. 562. Legal Hours of Labor— Minimum Requirement.—

* * *

"Such hours, except for schools, courts, hospitals and health clinics or where the exigencies of the service so require, shall be as prescribed in the Civil Service Rules ... but shall be eight (8) hours a day, for five (5) days a week or a total of forty (40) hours a week, exclusive of time for lunch: Provided, That any employee or laborer now in the employment of the government who shall suffer a reduction of his weekly or daily wage or compensation because of a reduction of the number of days or hours of labor in a week, as provided by this section, subject to the minimum daily or hourly wage or compensation or pay per piece already fixed under R.A. 602, shall be given an automatic increase in his daily or hourly wage or compensation or in the rate per piece, whose amount in a week or a day or per piece shall be equal to the diminution which his daily or hourly or per piece wage or compensation shall suffer on account of the reduction of days or labor to five days a week: And provided, further, That salaries of employees received on monthly basis shall not suffer any diminution on account of the reduction of the number of days of labor a week."

In opposition, the MHC replied that the demand of the PHEA had already been settled under the terms of an agreement, entitled "Settlement of Grievance," which the parties entered into- on February 9, 1962 as a supplement to their "Collective Bargaining Agreement" dated November 6, 1961. The pertinent portion of this agreement recites:

"(a) As understood herein, 'regular extras' referred to under this grievance, shall refer to workers who rendered continuous service for six (6) months or more;

"(b) Regular extras who were in the service of the Pines Hotel on July 1, 1957, shall be given automatic salary increases in accordance with R.A. 1880, otherwise known as 40-Hour-5 Days A Week Law, as implemented

by Presidential Executive Order No. 251, series of 1957;

"(c) Regular extras taken in the service after July 1, 1957 are not included in this settlement."

On November 22, 1963 the CIR directed its examiner to see through the books of MHC and verify compliance with R.A. 1880 and the agreement of the parties.

On March 23, 1964 the examiner submitted his report covering the period from July 1, 1957 to December 31, 1963. This report disclosed that eight employees of the MHC were still being paid the same wages they used to receive before July 1, 1957. The total amount due them, according to his computation, is P8/795.62, broken down as follows:

1. Adrinada, Fortunato

P979.72

2. Enriquez, Jose

883.50

3. Niniwat, Ananayo

1,460.70

4. Lopez, Daniel

797.70

5. Natividad, Bernabe

1,622.40

6. Nidoy, Ponciano

1,092.80

7. Tabbang, William

1,158.50

8. Evangelista, Federico

____800.30

P81795.62

The MHC, however, interposed an objection with reference to the coverage of the examiner's report, contending that the employees referred to therein are not entitled under the terms of the "Settlement of Grievance" to any automatic salary increases because to qualify thereunder an employee must have been in its service for at least six (6) months prior to July 1, 1957. The above-mentioned employees did not meet this requirement of the agreement, according to the MHC. The PHEA, however, countered that this 6-month period refers to the time prior to February 9, 1962, the date of the execution of the "Settlement of Grievance," and not to the time prior to July 1,

1957.

On December 22, 1964, after due hearing, the CIR promulgated the disputed order, the pertinent portions of which read as follows:

"A reading of the above agreement convinces this Court that the regular extras who were already in the service before July 1, 1957 and who had been receiving wages based on 48 hours a week are entitled to the benefits of Republic Act 1880 in that the same salary they are receiving for the 48-hour-service before the law took effect should be their wages for the 40 hours a week service, after the effectivity of the law on July 1, 1957 and therefore any service rendered over the 40 hours a week, after effectivity of the law, represents extra hours of work and respondent should pay the corresponding differential in pay to the employees concerned. The 6 months service referred to in the agreement applies only to extra employees who were taken in after July 1, 1957, otherwise they cannot even be considered as regular extras' but they are not entitled to the benefits of R.A. 1880 because this law applies only to the employees who were already in the service on July 1, 1957. There is no requirement in the law, and even the contract does not require, that the continuous service for 6 months should apply to those who were already in the service on July 1, 1957 before they can be entitled to the provision of the law. Hence, the Court is of the opinion, and so holds, that the 8 employees named in the Report of the Examiner should be paid the corresponding amount due each of them, by the respondent company, as differential in pay representing extra hours of service, or hours of work more than 40 hours a week of service, required under Republic Act 1880."

On January 9, 1965 the MHC moved for reconsideration, reiterating its interpretation of the "Settlement of Grievance," and further arguing that: (1) the PHEA has validly waived the benefits of the 40-Hour Week Law when it agreed that only those who have rendered six months' service shall be given automatic salary increases; and (2) the CIR has no jurisdiction over the subject-matter of the petition because it involves merely the implementation of a contract between the parties. This motion was denied by the CDR. en banc on February 24, 1965.

Hence, the present recourse.

- The jurisdiction of the CIR to entertain the petition of the PHEA should be upheld. The question of benefits arising under R.A. 1880 has become closely intertwined with union interest. This is explicitly recognized by the MHC itself which entered into an agreement with the PHEA precisely on this particular matter. Thus, when the PHEA averred non-compliance by the MHC with the statute, against the MHC's claim of full compliance by virtue of an agreement entered into by it with the PHEA to carry out the mandate of the Forty-Hour Week Law, the CIR was inescapably presented with the issue of whether or not there was compliance with the law and the contract between the parties. An issue of this nature is undoubtedly within the competence of the CIR to take cognizance of, considering the likelihood that its investigation may disclose that the employer was, in effect, committing an unfair labor practice. Under Section 5(a) of R.A. 875, otherwise known as the Industrial Peace Act, the machinery established to prevent the occurrence of unfair labor practices is the CIR. The petition filed by PHEA presented, in our opinion, all the aspects of an unfair labor practice case arising from the conflict in the interpretation of the agreement between the PHEA and the MHC.

Another cogent reason why we uphold the jurisdiction of the CIR is that R.A. 1880 closely resembles and partakes of the nature of Commonwealth Act 444, otherwise known as the Eight-Hour Labor Law. Both statutes limit the number of hours of labor, and R.A. 1880 does suggest, in a manner intimately akin to C.A. 444, that work in excess of 40 hours a week or 8 hours a day will give rise to a right to overtime pay. Indeed, in both policy and purpose, the two enactments are indistinguishable, hi recognizing the jurisdiction of the CIR in the case at bar, therefore, we are merely reiterating our adherence to the principle (enunciated by this Court in a number of cases involving claims for overtime pay under C.A. 444) that where there is an employer-employee relationship, a

claim arising out of or in connection with employment under the Eight-Hour Labor Law is within the jurisdictional competence of the CIR.²

- The MHC contends that its obligation under the disputed order of the CIR represents arrears which the PHEA, in behalf of its members, must be deemed to have waived when it entered on February 9, 1962 into the "Settlement of Grievance" with the MHC. This contention is palpably devoid of merit.

R.A. 1880 was enacted for the benefit of the laboring masses of our society. Thus, it not only limits the hours of labor per day and per week, but as well provides that automatic salary increases shall be enjoyed by those who, as a result of the operation of the law, stood to suffer a reduction in pay because of the reduction of the number of hours of work. These strictures are clearly mandatory for the employer, and understandably so, for Congress fully appreciates the unhappy and disadvantageous bargaining status of the employees who would naturally be reluctant or even apprehensive in asserting a claim which may cause them the loss of their livelihood. It is this Court's solemn duty to apply the full import and intendment of the law.

ACCORDINGLY, the Order dated December 22, 1964 and the Resolution dated February 24, 1965 of the CIR are affirmed, at petitioner's cost.

Reyes, J.B.L., Acting CJ., Dizon, Makalintal, Fernando, Teehankee, Barredo, Villamor and Makasiar, JJ., concur.

Zaldivar, J., took no part.

Concepcion, CJ., is on official leave.

[1] R.A. 1880, which amends Sections 562 and 564 of the Revised Administrative Code, took effect on June 22, 1957. That R.A. 1880, when it became effective, applied to the MHC and its subsidiary, the Pines Hotel, is conceded by the parties.

[2] *Paflu vs. Tan*, L-9115, Aug. 31, 1956, 52 O.G. (13) 5836; *Phil-sugin vs. CIR*, L-13098, Oct. 29, 1959, 57 O.G. (4) 635; *Elizalde Paint & Oil Factory vs. Bautista*, L-15904, Nov. 23, 1960; *Price Stabilization Corp. vs. CIR*, L-13806, May 23, 1960; *Benito Sy Htian vs. Jose Bautista*, L-16115, Aug. 29, 1962; *Campos vs. MRR*, L-17905, May 25, 1962; *Meralco vs. Elizalde & Co.*, L-16440, Feb. 29, 1964.

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