

ARTE ESPANOL IRON WORKS LABOR UNION, PETITIONER, VS. JOSE SANZO PEDRET, RESPONDENT.

G. R. No. L-9471-72. March 18, 1957

Ponente: MONTEMAYOR, J.

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MONTEMAYOR, J.:

This is an appeal by way of certiorari by the Arte Espanol Iron Works Labor Union, later referred to as the Union, from the decision of the Court of Industrial Relations (CIR), through Judge Jose S. Bautista, dated April 20, 1955, in Case No. 868-V, and the resolution of the CIR en banc, denying the motion for reconsideration. Although there were supposed to be five judges of the CIR, the resolution of denial was signed only by Judges Bautista, Lanting, and Yanson, because it was said that there were two vacancies in the CIR at that time.

Respondent Jose Sanso Pedret is the sole owner of a business establishment under the trade name of Arte Espanol Herreria Moderna, later referred to as the management, which consists of two departments, viz: Arte Espanol Iron Works and Sanson Steel Windows. The employees and laborers employed in the business belong to two labor unions—the petitioner, Arte Espanol Iron Works Labor Union, which according to the CIR, is the same as the Arte Espanol Labor Union, and Samahan ng Manggagawa sa Sanson Steel Windows (COFTU).

On July 20, 1950, the management concluded with the Union a collective bargaining agreement, Which was renewed on September 2, 1952. The main features of said agreement were that the weekly wages of the members of the Union shall be paid in full every Tuesday; that the management shall not hire new laborers unless otherwise agreed to by the parties; that no worker or group of workers who are members of the Union shall be laid off without the approval of the Grievance Committee, composed of one representative from the Union, one from the management, and one from the Department of Labor who will act as the chairman; that the management grants the Union members seven days sick leave with pay, and vacation leave of seven days with pay, although at the renewal of the agreement on September 2, 1952, it was agreed to suspend the operation of the old agreement regarding vacation leave until the end of November, 1952, but that thereafter, the management agreed to grant fifteen days vacation leave with pay if the financial condition of the business so warranted.

Due to continuous losses in his business and for lack of materials and work, respondent Pedret, on August 4, 1950, filed with the CIE a petition requesting permission to lay off temporarily his employees and laborers (135 in all), which petition was registered as Case No. 468-V. In the course of the hearing of said case, the parties, as a solution, came to an understanding and adopted a rotation system, whereby the employees were to work only three days a week, and in pursuance of said agreement, the CIR on November 29, 1950 issued an order allowing Pedret to adopt in his establishment such rotation system. However, in the course of the operation of said rotation system, it was found that it worked hardships on both the employer and the employees, and so some time in September or October, 1952, Pedret, upon request of the Union, agreed in an extrajudicial conference to dismiss temporarily those employees who were less efficient and less necessary and retain only those most efficient; that implementing said agreement, Pedret, on October 9, 1952, posted a list of laborers (totalling 103) to be temporarily laid off, effective November 10, 1952, notifying the officers of the Union and those of the Samahan

ng Manggagawa sa Sanson Steel Windows (COFTU). At the same time, Pedret filed a manifestation, docketed as Case No. 754-V, informing the CIR that due to continuous losses in the business, he had to lay off about 103 of his employees whose names appeared in Annexes "A" and "A-I" of said manifestation. The COFTU filed opposition to the manifestation and "even petitioned for preliminary injunction. However, at the hearing of said case on November 7, 1952, Pedret r on one hand, and the COFTU on the other, came to an understanding on the matter, and on the following day, executed an amicable agreement which was approved by the Court.

As regards the labor union (Arte Espanol Iron Works Labor Union), the Case No. 754-V was set for hearing. Counsel for the Union asked for postponement. After several hearings and after attempts by the CIR to have the parties come to an understanding and to an amicable settlement failed, the Union, through another counsel (Atty. Leon O. Ty) on May 12, 1953, filed with the CIR a separate petition, docketed as Case No. 868-V, containing five causes of action or demands. Inasmuch as Case No. 754-V was only a manifestation infArming the CIR <5f the temporary lay off of employees by Pedret, and since no other pleadings had been filed therein by the Union, the CIR considered that further proceedings in said case were no longer necessary, and so dismissed said case, confiling itself to Case No. 868-V,

The petition filed by the Union contains substantially following demands: .

- To reinstate the 58 laid-off employees members of the union with back pay from the time of said lay-off;
- To grant fifteen (1B) days sick leave as pet- agreement of September 2, 1952, to the members of said union;
- To pay the weekly wages in full to the laborers every Tuesday of the week as agreed upon in the collective bargaining agreement dated July 20, 1950 which was renewed in the agreement of September 2, 1952;
- To comply with the stipulation of fifteen (15) days vacation leave with pay as agreed also in the agreement of September 2,1952; and
- .
- To pay moral and exemplary damages in the amount of P50,000 and attorney's1 fees equivalent to 20 per cent of the amount to be collected."

After the presentation of evidence, the parties submitted the case for resolution by the Industrial Court, and on April 20, 1955, Judge Bautista rendered the decision, now being appealed. In said decision, judge Bautista found! as a fact, supported by preponderance of evidence, that the temporary dismissal of employees and workers on November 10, 1952 was the result of a verbal arrangement or agreement between the Union and the management and this was confirmed according to Judge Bautista, by the long silence of the Union who was duly notified of said temporary dismissal since October 9, 1952, giving the employees laid off one month notice. It was only on May 12, 1953, about seven months later, and after it had changed counsel that the Union filed the petition, Case No. 868-V, contesting the propriety or legality of the temporary dismissal made seven months before. On the other hand, the other union, COFTU, which apparently was not apprised of the arrangement had between the management and the Union and did not take part in it, immediately opposed the manifestation of the management and the proposed temporary lay off of some of its employees. However, as already stated, the management and the COFTU amicably settled the case.

The CIR also found that the management really suffered continuous losses in its business from 1950 to 1953, as evidenced by the financial report of the very Examiner of the CIR for the year 1951, as well as Certified Accountant's reports for the years 1952 and 1953; that, in the year 1953, the financial situation improved a little, but not sufficient to offset the previous losses, all of which the Union did not even contradict; "and that because of said losses the respondent (Pedret) had to agree with the petitioner (Union) on the temporary dismissal or lay off

of his workers as mentioned above." But even these laid off workers had been working off and on when there was material and work available to them. The CIR further found that the Union failed to prove that the temporary dismissal or lay off was done in order to discriminate against the employees for union activities or affiliation, because in the said dismissal or lay off, not only members of the Union, but also those of the other labor organization, were laid off, said dismissals being based on the efficiency of the employees, pursuant to the agreement between the Union and the management.

The CIR found that on the basis of the testimonies of the witnesses, the management did not violate the agreement regarding sick leave. As regards the payment of wages every Tuesday, it was found that, while there were occasional delays for a few days in the payment of the wages of the workers, still such delays had been caused by lack of funds, a fact well known to the laborers themselves, and so the CIR held that such slight delays were not willful or intentional, but were due to unavoidable circumstances.

As regards the agreement about fifteen days vacation leave with pay, the CIR called attention to the bargaining agreement between the parties that the grant of fifteen days vacation leave with pay was to depend upon the financial condition of the business, otherwise the same would be the subject of conference or evidence, as the case may be; and inasmuch as the management had been continually losing in its business from 1950 to 1953, the demand for fifteen days vacation leave 'could not be entertained.

With respect to the claim for moral and exemplary damages and attorney's fees the CIR said that the Union failed to establish that its members suffered damages in the amount claimed, and that even if such damages had been proven, still the demand was not within the jurisdiction of the CIR.

In the last paragraph of his decision, Judge Bautista ordered the management to reinstate all of the laid off workers as soon as work became available, and directed that no new workers should be hired unless and until each and everyone of those laid off willing to return to work had been readmitted.

As we understand the petition for certiorari and the brief of the petitioner, the main argument in support of the appeal is that the supposed verbal agreement between the Union and the management about the laying off of laborers in 1952 due to financial losses suffered by the company was not reduced to writing; and that any lay off of employees should have been submitted to and approved by the Grievance Committee, according to the bargaining agreement.

In support of its first contention, the petitioning Union cites the second paragraph, section 4, of Commonwealth Act No. 103, as amended by Section 2, Commonwealth Act No. 559, which reads as follows:

"The Court shall, before hearing the dispute and in the course of such hearing, endeavor to reconcile the parties and induce them to settle the dispute by amicable agreement. If any agreement as to the whole or any part of the dispute is arrived at by the parties, a memorandum of its terms shall be made in writing, signed and acknowledged by the parties thereto before any judge of the Court or any official acting in his behalf and authorized to administer oath or acknowledgments, or, before a notary public. The memorandum shall be filed in the office of the Clerk of Court, and, unless otherwise ordered by the Court, shall, as between the parties to the agreement, have the same effect as, and be deemed to be, a decision or award."

As far as we know, the above legal provision has not as yet been interpreted by the courts, and so the question as to the meaning of the same is one of first impression. It seems to us, however, that said meaning is not difficult to ascertain; in fact, to us it is quite clear. A reading of the whole paragraph does not convey the idea that an agreement between the management and the Union as to the whole or any part of any dispute submitted to the Industrial Court is necessarily invalid, unless reduced to writing and signed by the parties. The writing of an agreement, its signature and acknowledgment by the parties and its filing with the court is required only if it is to

have the same effect as, and be deemed to be, a decision or award, as where the dispute is amicably settled by mutual agreement and there is no need or occasion for the rendition of any decision. But where the Industrial Court holds hearings, receives evidence, makes findings of fact and then renders a decision on the basis of said findings, then in that case, the agreement between the parties is to the whole or any part of the dispute need not be in writing, signed and acknowledged by them, but it may be verbal and may be proved by oral evidence, from which the court may make its findings of fact, as it did in the present case.

Here, the CIR found as a fact that there was such oral agreement between the parties, and that the Union agreed to the lay off of some of its members because of losses suffered by Pedret as well as the lack of materials and work for the laborers. We therefore hold the first contention of petitioner to be untenable.

With respect to the intervention of the Grievance Committee, we believe that said committee acts only in ordinary cases and under normal conditions, so as to prevent any lay off Without any valid cause or when made due to the union activities of the laborers laid off. But when the lay off is made due to lack of material and work and with the approval and consent of the Union itself, which represents the laborers, then there would be no need for the intervention of the Grievance Committee. After all, said Grievance Committee is but a creature or agent of the Union and the management. What said creature or agent can do, the creator and the principal can, also do. Consequently, we find and hold that the non-intervention of the Grievance Committee in this case does not affect the validity and propriety of the lay off of the laborers in question.

Petitioner also contends that the alleged losses suffered by Pedret leading to the dismissal or lay off of some of his laborers is immaterial, and that what is material is whether or not the property rights of the laborers may be disregarded by the mere expedience of a 30-day notice of said laborers. In the first place, the losses suffered by the management and the lack of material and work for the laborers were found as a fact by the Industrial Court, and to us these are very material to the layoff of said laborers, regardless of any arrangement or agreements as to the lay off. When the management finds it unnecessary to continue employing some of its laborers because of a business recession, lack of materials to work on due to Government controls or due to lack of demand for its products, then said management is authorized to dismiss said laborers, specially when the dismissal is only temporary. Said the CIR through Judge Bautista on this point:

"To compel now the respondent to have his former force of workers remain permanently by the reinstatement of those who have been laid-off, not counting with the payment of accumulated back wages as prayed for, would inevitably result in the destruction or downright closing of the business of said respondent and would ultimately deprive his workers of their means of livelihood which the Court in its discretion is not in a position to sanction."

In the case of *Union of Philippine Education Employees vs. Philippine Education Company* (G. R. No. L-7161, May 19, 1955), we held that where there was no more work for two of its salesmen and one radio mechanic for the reason that the articles that they used to sell and the radio which the mechanic used to sell and repair could no longer be imported because the company was unable to secure the necessary license for the importation, then lay off is justified.

In view of the foregoing, the decision appealed from as well as the resolution denying the motion for its reconsideration are hereby affirmed, with costs.

Paras, C. J., Bengzon, Padilla, Reyes, A., Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Endencia and Felix, JJ., concur.

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