

## **CEBU PORTLAND CEMENT COMPANY, PETITIONER, VS. COURT OF INDUSTRIAL RELATIONS AND PHILIPPINE LAND-AIR- SEA LABOR UNION (PLASLU), RESPONDENTS.**

*G. R. No. 11433. December 26, 1958*

Ponente: LABRADOR, J.

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### **LABRADOR, J.:**

Appeal by certiorari from a decision rendered by the Court of Industrial Relations ordering the petitioner herein, to pay the members of the Philippine Land-Air-Sea Labor Union (PLASLU) one month salary each, the same to correspond to the years 1947, 1948, 1949 and 1950. The proceeding in which the appealed decision was rendered was started by an incidental motion dated February 10, 1953, filed before the respondent court in a case decided by it on April 27, 1951, and entitled PLASLU, petitioner vs. Cebu Portland Cement Company, respondent, Case No. 241-V & V(l, 2, 3 & 4). The incidental motion alleged that during the years 1947, 1948, 1949 and 1950, the respondent obtained a net profit of over two million pesos each year and in the years 1951 and 1952, one million pesos each year; that because of such enormous profits the employees and laborers of the respondent should be given share in said profits, in the form of a bonus equivalent to 12% of the net profits realized. It is to be remembered that by resolution of the respondent company, numbered 197 and dated November 7, 1952, Christmas bonus was given to all the employees of said respondent.

A motion to dismiss the "incidental motion" was denied; so the respondent answered claiming that the giving of bonus is not an established policy and practice of the respondent but that the same is granted only when its finances warrant; that the alleged profits made from 1947 to 1952 had already been spent, applied or earmarked to cover the construction of its new projects, to purchase the necessary properties, plant equipment, etc., such that the respondent has current liabilities to the extent of P2,976,004.24 and that it also has a long-term obligation with the Rehabilitation Finance Corporation in the amount of P6,899,762.09; that the resolution referred to in the motion, No. 197, was disapproved by the Cabinet. By way of special defense respondent alleged that payment of bonus is not a contractual obligation, but a mere bounty which cannot be demanded by petitioner as a matter of right; that the grant of bonus by the respondent will create injustice and discrimination against employees of other Government corporations similarly situated; that if any payment is desired, especially in connection with resolution No. 197, the appeal should be made to the Chief Executive.

The "incidental motion" was filed in Court of Industrial Relations Case No. 241-V, which was instituted as early as December 28, 1948 and, as stated above, decided on April 27, 1951. The petition in Case No. 241-V presented various demands, among which are an increase of salary by 100 per cent; enforcement of the eight-hour labor law; a pay of 100 per cent for overtime work, or an additional 100 per cent over salary for overtime work and for work done during Sundays and holidays; permanency for all the members of the petitioner; vacation leave of 15 days and sick leave of 15 days; free hospitalization and medical and dental services; double compensation to be awarded to employees suffering from accident; minimum wage at P5 a day or a monthly salary of P150; recognition of the PLASLU as the sole collective bargaining agency, etc. Note that no demand for participation in

the profits or bonus was made. In the decision the demands for the observance of the eight-hour labor law, a 25% increase for overtime pay or for work done during Sundays and holidays, a grant of 15 days vacation and 15 days sick leave for every year of continuous service, etc., were granted. Note also that no participation in profits or bonus was given.

On February 24, 1956, the original "incidental motion" was superseded by an "amended incidental motion." The amendment consists in that instead of a share in the profits, it is demanded that respondent pay bonus each year, from the years 1947 to 1952, together with back bonus differentials equivalent to one month salary each year for the years 1953, 1954 and 1955. When the incidental motion was first filed in 1953 a motion to dismiss was presented. Against the amended incidental motion, respondent also presented a motion to dismiss on the ground that as the petition for bonus belongs to conditions of employment and/or affects rates of pay of employees, the matter does not fall within the jurisdiction of the Court of Industrial Relations because the provisions of the Industrial Peace Act, specifically Section 7 of Republic Act No. 875, reads as follows:

"SEC. 7. Fixing Working Conditions by Court Order.—In order to prevent undue restriction of free enterprise for capital and labor and to encourage the truly democratic method of regulating the relations between the employer and employee by means of an agreement freely entered into in collective bargaining, no court of the Philippines shall have the power to set wages, rates of pay, hours of employment, or conditions of employment except as in this Act is otherwise provided and except as is provided in Republic Act Numbered Six hundred two and Commonwealth Act Numbered Four hundred and forty-four as to hours of work."

Petitioner replied that the matter dealt with in the amended incidental motion is an incident of the main case filed before the effectivity of Republic Act No. 876 and, therefore, it must be processed and terminated by the Court of Industrial Relations, in accordance with the provisions of C. A. No. 103. In support of this answer petitioner cites Section 27 of Republic Act No. 875. As the motion to dismiss was denied, respondent company filed an answer practically containing the same defenses set forth in its answer to the original "incidental motion".

The Court of Industrial Relations held that the demand for profit-sharing in the original incidental motion or the demand for Christmas bonus in the amended incidental motion was not included in the main case (CIR Case No. 241-V). It also found that when the original incidental motion was filed on February 10, 1953, there was no actual industrial dispute involving the parties because the parties had abided by the decision of the court and only one issue remained, which was the reinstatement of one employee named Carlos Flores. But the court reasoned that the original demand for profit-sharing contained in the incidental motion of February, 1953 may be considered "as a separate case involving the same parties for arbitration to prevent further industrial dispute." The court said that the amendment demanding Christmas bonus instead of profit-sharing was submitted on February 24, 1956, after the Industrial Peace Act had already been approved, but that, however, this demand for Christmas bonus should be considered effective as of the date of the filing of the original incidental motion in February, 1953 and that the court, therefore, had the jurisdiction to settle the demand in accordance with the provisions of C. A. No. 103.

Going now to the merits of the petition or incidental motion, the court finally concluded:

"The absence of proof that there was a promise of any sort on the part of respondent to give Christmas bonus to its employees for the years 1947 to 1950 militate strongly against its grant for those years. Moreover, the Court is not prepared to state that prewar wage pattern could be used as the same pattern after the war for the reason that under the very nature of things, economic conditions then could not be the same or binding conditions after the war.

"It appears, however, that by consolidating the remaining cash profits for the years 1947, 1948, 1949 and 1950—excluding those for 1951, 1953 and 1955 inasmuch as there was a grant of Christmas bonus for these years; and 1952, as it was withdrawn by petitioner—there would remain a sufficient amount that could meet at

least one year's liability for christmas bonus at the rate of one month salary of all the employees; and considering that an outright denial of this demand might spark a general feeling of discontent among respondent's employees which could prove demoralizing as to affect their efficiency or even result in protracted disputes, the court, in the interest of justice and equity and its duty to prevent further dispute between the parties herein hereby enters an award of christmas bonus on the basis of one month salary, for entire years covered by the claim (not for each year) in favor of the members of petitioner."

There is no question that the original incidental motion as well as the amended incidental motion, the former calling for a participation in the profits and the latter for a Christmas bonus, may not under any circumstances whatsoever be considered as a continuation of the original case, CIR Case No. 241-V or an implementation of the decision contained therein. This fact is recognized by the court below itself. As a matter of fact, the court considered that the demand for profit-sharing as well as the demand for bonus is a separate case. Not being considered as a continuation of the original case or an implementation of the decision rendered therein, the original incidental motion should be considered as a new case for the express reason that the demand therein has no relation absolutely with the demands contained in the petition originating the first case. Any party in the old case may not, under the pretext that it is a continuation of the old case, bring forth by incidental motion in the same original case, any new matter. We would venture further and say that even if the matter has some relation to the demands contained in the original case, if the matter does not involve an execution of the decision, it would still be improper to permit its introduction by mere motion; a new action or new petition must be instituted. Because petitioner in the original case is the same movant in the case at bar and the respondent in the original case is also the respondent in the motions at bar, is no excuse for bringing up new demands on the ground that they are a continuation of the original case. The incidental motions, original and amended, should, therefore, be considered as new cases and the power of the Court of Industrial Relations to take cognizance thereof should be governed by the law or laws in force at the time of their presentation.

Similarly, the demand for Christmas bonus contained in the amended incidental motion may not be considered as a mere amendment of the original incidental motion demanding share in the profits. A participation in the profits claimed by employees is entirely distinct and different from a Christmas bonus. It was, therefore, error on the part of the Court of Industrial Relations to consider the amended incidental motion demanding Christmas bonus as having been presented in the year 1953, the time of the presentation of the original incidental motion.

With the above matter clearly defined, the issue which now presents itself is whether on February 24, 1956, the Court of Industrial Relations had jurisdiction to consider or take cognizance of the petition for Christmas bonus. There is no question, as the court below has found, that Christmas bonus is a condition of employment. With the passage of the Industrial Peace Act, Republic Act No. 875, the Court of Industrial Relations has ceased to have jurisdiction over conditions of employment, except when the same may be considered as causing an industrial dispute causing or likely to cause a strike or lockout in accordance with the provisions of Section 7 of the Industrial Peace Act. Nowhere in the records does it appear that when the demand for Christmas bonus was presented in February 24, 1956, said demand for Christmas bonus was causing or likely to cause a strike or lockout. It is not the possibility or probability that such demand for Christmas bonus may occasion an industrial dispute that authorizes the Court of Industrial Relations to take jurisdiction. Besides, said Section 7 of the Industrial Peace Act requires that the industrial dispute be submitted by the Secretary of Labor to the Industrial Court. It is this certification by the Secretary of Labor that authorizes the Court of Industrial Relations to take cognizance of an industrial dispute, or a difference in wages or conditions of labor. The law authorizes also any or both parties to submit an industrial dispute for arbitration by the Court of Industrial Relations, but there is no such move or petition on the part of any or both of the parties in this case. Nowhere does it appear from the amended incidental motion that an industrial dispute has arisen by reason of the refusal of the petitioner Cebu Portland Cement

Company to pay the Christmas bonus. The right to Christmas bonus was being demanded on the ground that payment of the same has been the established policy and practice of the company and as a supposed incident of the original case.

From the foregoing considerations, we hold that the Court of Industrial Relations had no jurisdiction over the demand for bonus, and the order appealed from should be reversed and the amended incidental motion dismissed. Without costs.

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

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