

HACIENDA LUISITA, PETITIONER, VS. NATIONAL LABOR UNION AND COURT OF INDUSTRIAL RELATIONS, RESPONDENTS.

G.R. No. 13072. March 30, 1960

Ponente: LABRADOR, J.

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LABRADOR, J.:

This is a petition for a writ of certiorari to reverse a resolution of the Court of Industrial Relations dated October 19, 1957, rendered in the case of National Labor Union vs. Hacienda Luisita, No. 835-V, declaring that the compromise agreement embodied in its order dated February 11, 1954, may be terminated by the respondent only on June 14, 1959.

The record discloses that prior to February 10, 1954, the National Labor Union instituted a proceeding against the Hacienda Luisita before the Court of Industrial Relations (Case No. 835-V), making various demands regarding the conditions of employment of its members. On February 10, 1954, said Union and the Hacienda Luisita entered into a compromise, most of the provisions of which dealt with the nature of the work to be assigned to employees designated as tractoristas and farmalistas, the pay they should receive for work to which they would be assigned. Paragraph 3 of the Agreement reads as follows:

"3. The HACIENDA agrees to maintain its present six-day work week schedule for the tractoristas and farmalistas, provided, however that if there is no available work connected with the operation and maintenance of the tractors, the HACIENDA shall have the right to assign any of the tractoristas and/or farmalistas to perform any other work except cutting grass, cleanings latrines, mixing fertilizers and manual digging of ditches and canals."

The compromise having been submitted to the court, the same was approved on February 11, 1954,, the court declaring "Consequently, this agreement constitutes the decision of the Court in the above entitled, case; and, for purposes of industrial peace, the parties are hereby enjoined to comply strictly to the terms and conditions of this agreement, etc." The above compromise agreement was adopted pending certification by the Court of Industrial Relations of the Union which shall be the exclusive bargaining agent of the laborers and employees of the Hacienda Luisita. Thereafter the National Labor Union was declared as the bargaining unit, and on December 18, 1956, entered into another agreement, Annex "C". In this agreement the following provision was inserted:

"SEC. 9. Tractoristas and Farmalistas.—In view of the misunderstanding between the union and the hacienda as to whether or not the hacienda has the legal right to terminate on February 11, 1957 the award granted on February 11, 1954 by the Court of Industrial Relations in CIR Case No. 835-V, the parties hereto have agreed as follows:

"(a) All of the tractoristas and farmalistas covered by the aforementioned order of the Court, of Industrial Relations shall be allowed to retire under the same terms and "Conditions as the personnel of the Taller and Almacen Departments have been retired. In connection with the foregoing, 26 out of the 87 tractoristas and farmalistas had in fact already retired and been paid their respective retirement pay.

"(b) If the eleven remaining tractoristas and farmalistas do not choose to retire, the HACIENDA shall, pursuant to what it believes to be its right under Section 17 of Commonwealth Act No. 103, terminate on February 11, 1957 the effectiveness of the award or decision granted to the said tractoristas and farmalistas under the aforementioned CIR order dated February 11, 1954, and shall thereafter convert the said eleven remaining tractoristas and farmalistas into regular milling season workers. However, inasmuch as the union does not agree with the HACIENDA'S belief that the latter can terminate the said award of the Court of Industrial Relations, the union hereby reserves its rights to question the HACIENDA'S right to terminate the above-mentioned court award by instituting the necessary legal proceedings before the Court of Industrial Relations, and the parties hereto agree to abide by the final decision of the courts in this regard. If no final decision is rendered before February 11, 1957, the HACIENDA shall continue with its contemplated action, but it is clearly understood and agreed that if the court's final decision shall sustain the union's position, all the rights and benefits that the tractoristas and farmalistas may be deprived of as a result of the HACIENDA'S contemplated action shall be restored to them; on the other hand, if the court shall finally decide that the HACIENDA has the right to terminate the effectiveness of the aforementioned award of the Court of Industrial Relations, the union shall accept as final the HACIENDA'S contemplated action in this regard.

"(c) Notwithstanding the result of the legal action that may be instituted by the union as set forth in paragraph (b) hereof, the parties hereto agree that the award granted in the aforementioned order of the Court of Industrial Relations dated February 11, 1954 shall not be applicable to any tractorista and/or farmalista who may be hired by the HACIENDA, or to any other employee or worker of the HACIENDA who may be assigned to perform the functions of tractoristas or farmalistas after the effectivity of this agreement."

As shown in the above-quoted provision, there was a misunderstanding between the respondent union and the HACIENDA as to the right of the latter to convert the tractoristas and the farmalistas into regular season milling workers, the HACIENDA claiming that by virtue of the compromise agreement approved by the court on February tractoristas and farmalistas into regular milling season workers from the third year after the first decision of the court on February 11, 1954, and the National Labor Union contending that the right to make the change could only be recognized in the HACIENDA three years after the second agreement dated December 18, 1956. In view of this misunderstanding, Rodolfo Garcia, a member of the respondent union, presented a motion for a clarification to the Court of Industrial Relations, alleging that he and his co-movants are of the belief that the HACIENDA could not change or terminate the award granted in the compromise agreement of February 11, 1954, until after three years after the effectivity of the bargaining agreement of December 18, 1956. The HACIENDA, contending otherwise, opposed the petition. In an order dated August 26, 1957, the court sustained the contention of the Union, citing the case of Katipunan Labor Union vs. Caltex (Phils.) and CIR, G. R. No. L-10337, May 27, 1957, to the effect that a contract may not be unilaterally set aside by a party. A motion to reconsider this order was presented but the same was denied on October 19, 1957. Hence this appeal by certiorari.

The first agreement between the parties is that approved by the Court on February 11, 1954. The parties are bound by that agreement for a period of at least three years. The tractoristas and farmalistas, whose status was recognized as such, are to remain in that status for a period of three years, as provided for in the contract of February 11, 1954. This contract has the force of law between the parties, in accordance with Section 17 of Commonwealth Act No. 103, which reads as follows:

"SEC. 17. Limit of effectiveness of award.—An award, order or decision of the Court shall be valid and effective during the time therein specified. In the absence of such specification, any party or both parties to a controversy may terminate the effectiveness of an award, order or decision after three years have elapsed from the date of said award, order or decision by giving notice to that effect to the Court: Provided, however, That at any time during the effectiveness of an award, order or decision, the Court may, on application of an interested party, and after due hearing, alter, modify in whole or in part, or set aside any such award, order or decision, or reopen any question involved therein."

The court below did not make a finding that the change is not justified by the circumstances; the court denied it merely on the technical ground that an agreement may not be altered without the consent of both contracting parties. The case of *Katipunan Labor Union vs. Caltex (Phils.)* and *Court of Industrial Relations*, *supra*, lays down the principle that an award may not be terminated by mere notice of one party. The ruling is not applicable to the case at bar. But the law fixing the period of effectivity of labor contracts provides that the same is to continue for a specified period of three years (Sec. 17, C. A. No. 103.) As the time for authority to change is thus expressly fixed by law at three years, it stands to reason that in the absence of any other agreement to the contrary, and for reasons of justice and equity; any party to an agreement may change or modify the same upon the expiration of the period of three years from the date thereof.

A consideration of the nature and character of, the industry in which the HACIENDA Luisita is engaged justifies the decision of the HACIENDA to convert the tractoristas and farmalistas into regular season milling workers. Work in the planting and cultivation of sugar cane comes in seasons. When no planting or cultivation is being done, it would be unreasonable to require the HACIENDA to employ tractoristas or farmalistas. Without doing their specific work at all. In the contract and in the compromise agreement of February 11, 1954, approved by the court, the HACIENDA Luisita undertook to assign the tractoristas and farmalistas in other jobs if the tractors are not being used. This is expressly provided in paragraph 8, as quoted above. But upon the expiration of the period of three years from the date of the compromise agreement and the decision of the court on February 11, 1954, the obligation of the HACIENDA to continue employing them in other jobs terminated, and with this termination the right of the HACIENDA to change them (tractoristas and farmalistas) into regular season or milling workers can not be denied, because the change is justifiable and is impliedly recognized in the Agreement of December 18, 1956. The right of the HACIENDA to convert these workers into regular milling season workers is clearly and expressly granted in Section 2 of Article I of the Collective Bargaining Agreement of December 18, 1956, which contains a master list classifying permanent employees and workers into (a) regular monthly paid employee or worker, (b) regular daily paid year-round worker, (c) regular milling season worker, and (d) regular seasonal employee or worker. A tractorista or farmalista by the very nature of his work, can not be employed as a whole year round worker. Under the above section of the Agreement the HACIENDA Luisita would have had the authority to change the status of the tractoristas and the farmalistas into regular seasonal workers as early as December 18, 1956, were it not for the decision of the court dated February 11, 1954, approving the compromise agreement which only authorized assignment of tractoristas and farmalistas to other work when not so employed. Were it not for the express agreement that the misunderstanding would be subject of future litigation, we would have been inclined to grant the HACIENDA the right to change the tractorista and farmalistas into regular seasonal workers immediately from December 18, 1956 because their work is not for the whole year round but only seasonal and the change is expressly justified by Section 2 of Article I of the subsequent bargaining agreement.

For the foregoing considerations, we find that the enforcement of Section 3 of the compromise agreement of February 11, 1954, may be terminated after three years therefrom. The order of the court below is hereby reversed, without costs.

Paras, C. J., Bengzon, Montemayor, Bautista Angelo, Concepcion, Barrera, and Gutierrez David, JJ., concur.
Padilla and Reyes, J.B.L., JJ., did not take part.

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