

HIND SUGAR COMPANY, INC., PETITIONER, VS. HON. COURT OF INDUSTRIAL RELATIONS, AND HIND LABOR UNION (PLUM), RESPONDENTS.

G.R. No. 13364. July 26, 1960

Ponente: LABRADOR, J.

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LABRADOR, J.:

This is a petition to set aside the decision rendered by the Court of Industrial Relations in Case No. 8-IPA, entitled Hind Sugar Co., Inc. vs. Hind Labor Union (PLUM), on the ground that said decision was rendered beyond or in excess of its jurisdiction.

The record discloses that on December 18, 1955, the Hind Labor Union presented a set of labor demands against the Hind Sugar Company among which were union representatives, seniority preference, grievance committee, union check-off, union meetings, hours of labor for workers of the transportation department, non-discrimination against female employees, overtime pay, vacation and sick leave, reinstatement of all strikers, Christmas bonus, retirement and termination plan, etc. Upon failure of the respondent to conform to its demands, the petitioner union declared a strike on February 3, 1956. On February 25, 1956, the President of the Philippines certified the labor dispute between the labor union and respondent company to the Court of Industrial Relations with the request that appropriate measures be taken. Thereupon the court issued an order requesting the parties to appear before it with a view to an arbitration of the differences existing between them. The parties were able to reach an agreement which was submitted to the court for approval. The same was approved on March 2, 1956. In said agreement, the court was asked to adjudicate the claims of the union grouped under five categories. Only three of these groups are involved in the petition for certiorari and they are as follows—

"Group II:

To pay the claims duly proven for unpaid overtimes, Sunday and Holiday work of members of herein petitioner-union;

To pay all unpaid claims for 'differentials' under the minimum wage law for both industrial and agricultural workers under its employ." (Brief for the Petitioner, p. 126-127).

"Group III:

To reinstate Alfonso Lalaquit (locomotive driver) and Bernardo Pesino' (Mill Tender), with back wages from their respective dates of dismissal or separation from work." (Brief for the Petitioner, p. 128).

"Group V:

To reinstate Felix Soriano and Feliciano Sta. Ana to their respective positions without changes in salary-rate and pay for any differentials for wages from the date of reduction thereof." (Brief for the Petitioner, p. 131).

With respect to the issue involved in the claim designated as group three, the respondent court found that Alfonso

Lalaquit, who had been working as a milling season worker prior to the milling season of 1955-1956, was not involved in any criminal case, as an accused, as claimed by the respondent company, but merely as the offended party therein. For this reason the court held that he may not be punished by a refusal to reinstate him during the milling season of 1955-1956. As to Bernardo Pesino the court found that his separation from service during the milling season of 1955-1956 is not justifiable because he was a lineman helping in electrical installations in 1952 and had an assignment as a mill tender in the crop year 1954-1955.

As to group five, the court found that the reduction in the pay of Feliciano Sta. Ana, the personal driver of the manager of the company, from P175.00 to P150.00 a month was not justifiable because Sta. Ana could be assigned as driver of other vehicles or trucks of the company.

In consonance with the above findings the court ordered the company to reinstate Alfonso Lalaquit as locomotive driver, with back wages from the time of the refusal of the company to rehire him during the milling season in 1955-1956, until the time he is reinstated; and that Bernardo Pesino be immediately reinstated as mill tender with back wages from the milling season of 1955-1956 up to the termination of the season and thereafter during every milling season; to reinstate Sta. Ana as driver with P175.00 a month salary or a monthly wage differential of P25.00 from March 7, 1956 up to the time he actually starts to receive the aforesated salary of P175.00.

Upon receipt of the decision the respondent company moved to reconsider the same but the motion was denied. Hence, the petition to review.

In this Court the petitioner company claims that the respondent court acted without or in excess of its jurisdiction with respect to the above indicated laborers or workers for the reason that Alfonso Lalaquit and Bernardo Pesino were seasonal workers and were laid off at the end of the milling season of 1954-1955 (or since April 1955) and since then had ceased to be employees of the petitioner, and were not actually strikers on February 3, 1956; that the rehiring of Lalaquit and Pesino was not among the demands of the union the denial of which precipitated the labor strike of February 3, 1956.

It is further argued that since the enactment of Republic Act No. 375, known as the Industrial Peace Act, the Court of Industrial Relations may no longer consider the rehiring of said laborers because their rehiring does not constitute a labor dispute which the respondent court may legally adjudicate under the Industrial Peace Act, supporting its contention by the following authorities—

* * * * *

"The National Labor Relations Act does not interfere with the normal exercise of the right of an employer to select his employees or to discharge them, so long as he does not under cover of the right intimidate or coerce his employees with respect to their self-organization and representation. (National Labor Relations Board vs. Jones & L. Steel Co. (1937), 301 U.S. 1, 81 Law ed., 893, 57 S. Ct. 615, 108 A. L. R. 1352.)"

"The Act was not intended to empower the National Labor Relations Board to substitute its judgment for that of the employer in the conduct of his business and does not deprive the employer of the right to select or dismiss his employees for any cause except where the employee was actually discriminated against because of his union activities or affiliations. (National Labor Relations Board vs. Union Pacific Stages (1938; C. C. A. 9th), 99 F. 2d. 153; Standard Lime & Stone Co. vs. National Labor Relations Board (1938; C. C. A. 4th) 97 F. 2d. 531; Martel Mills Corporation vs. National Labor Relations Board, C. C. A. 1940, 114 F. 2d 624.)."

"Neither does the Act require the employment of anyone or preclude the discharge of an employee for any reason other than union activities or agitation for collective bargaining with employees. Associated Press vs. National Labor Relations Board (1937), 301 U.S. 103, 81 Law ed. 953, 57 S. Ct. 650.)"

* * * * *

"This chapter does not interfere with the normal exercise of employer's right to select or discharge employees, but is directed solely against abuse of that right by interfering with the countervailing right of self-organization. (29 USCA, No. 151, p. 103,—citing: National Labor Relations Board vs. Blue Bell-Glove Mfg. Co., C.C.A. 1941, 120 F. 2d 974.)" (Brief for the Petitioner, pp. 62-63).

It is argued in conclusion that the respondent court no longer has jurisdiction to exercise its powers of arbitration and conciliation under Commonwealth Act No. 103, so that in ordering the reinstatement of said workers it went beyond the power granted to it by the Industrial Peace Act.

Answering the above contention, we must state that the certification of the labor dispute causing the strike by the President of the Philippines was made by virtue of Section 10 of the Industrial Peace Act, which provides as follows:

"When in the opinion of the President of the Philippines there exists a labor dispute in an industry indispensable to the national interest and when such labor dispute is certified by the President to the Court of Industrial Relations, said Court may cause to be issued a restraining order forbidding the employees to strike or the employer to lockout the employees, pending an investigation by the Court, and if no other solution to the dispute is found, the Court may issue an order fixing the terms and conditions of employment."

Under this provision the Court of Industrial Relations is authorized to exercise the broad powers and jurisdiction granted to it by Commonwealth Act 103.—

"We cannot subscribe to the above contention. We agree with counsel for the Philippine Marine Radio Officers' Association that upon certification by the President under Section 10 of Republic Act 875, the case comes under the operation of Commonwealth Act 103, which enforces compulsory arbitration in cases of labor disputes in industries indispensable to the national interest when the President certifies the case to the Court of Industrial Relations. The evident intention of the law is to empower the Court of Industrial Relations to act in such cases, not only in the manner prescribed under Commonwealth Act 103, but with the same broad powers and jurisdiction granted by that Act. If the Court of Industrial Relations is granted authority to find a solution in an industrial dispute and such solution consists in the ordering of employees to return back to work, it cannot be contended that the Court of Industrial Relations does not have the power or jurisdiction to carry that solution into effect. And of what use is its power of conciliation and arbitration if it does not have the power and jurisdiction to carry into effect the solution it has adopted. Lastly, if the said court has the power to fix the terms and conditions of employment, it certainly can order the return of the workers with or without backpay as a term or condition of the employment" (The Philippine Marine Radio Officers' Association vs. The Court of Industrial Relations, et al.; Compañia Maritima, Philippine Steam Navigation & Madrigal Shipping Co., Inc., vs. Philippine Marine Radio Officers' Association & Court of Industrial Relations, et al., 102 Phil., 873.

In the above quoted Section 10 of the Industrial Peace Act the Court of Industrial Relations is empowered, when a strike has been referred to it by the President of the Philippines, to issue an order "fixing the terms and conditions of employment." This clause is broad enough to authorize the Court to order the return to work not only of the actual workers who were so at the time of the strike but all other regular workers of the company, even though not actually at work or working during the day of the strike because they are seasonal workers. In other words, the Court of Industrial Relations under Section 10 of the Industrial Peace Act may, as a solution to a strike, order the reinstatement of workers whether on strike or riot, and whether permanent or seasonal, as a condition for the settlement of the strike. So the mere fact that Lalaquit and Pesino were not actually working at the time of the strike in February 1956 is no ground or reason for depriving the Court of Industrial Relations of jurisdiction to include their case or reinstatement in the settlement of the said strike. So that there is no merit in the claim that the order of the Court of Industrial Relations to rehire or reinstate Lalaquit and Pesino is beyond the court's jurisdiction, this power of reinstatement being clearly implied in the express authority granted in Section 10 of the

Industrial Peace Act.

But there is another reason for rejecting the contention that the Court of Industrial Relations had no power to order the reinstatement of Lalaquit and Pesino. When the Court of Industrial Relations called the parties to a hearing on February 29, 1956 in pursuance of the order of the President of the Philippines, the parties agreed upon the subjects which are to be considered in the negotiation, and among these matters were those asking for the reinstatement of Lalaquit and Pesino. The agreement provides among others, the following—

"21. Matters for Court of Industrial Relations Adjudication. The parties hereby agree to submit for consideration and adjudication by the Court of Industrial Relations under Section 10, Republic Act 875, the following matters:

* * * * *

7. Other subject-matters contained in the Union demands of Dec. 18, 1955 including the reinstatement of Alfonso Lalaquit (Locomotive driver) and Bernardo Pesino (mill tender)." (No. 21, (7) pp. 116-117, Brief for the Petitioner).

So that by express agreement, the reinstatement of Lalaquit and Pesino was expressly made by the union and the company the subject of negotiation By consenting that the matter of the reinstatement of these workers be submitted to the court for resolution, the company is now estopped from denying the jurisdiction of the Court of Industrial Relations over the said subject matter. Otherwise speaking, as the workers agreed that the matter of the reinstatement of these workers be submitted for the resolution of the court, the union is now estopped from denying the power and jurisdiction of the court to make the corresponding decision or resolution on the matter submitted to it.

It is also argued, vigorously, that Alfonso Lalaquit and Bernardo Pesino were seasonal workers; hence, the company may not be required to return them to work after the last season in which they worked, that is in the 1954-1955 season. We must note that in the decision rendered by the respondent court, in a case between the same parties to this proceeding, namely, Hind Sugar Central Laborers Union vs. Hind Sugar Company, the respondent court made the following pronouncement—

"SEASONAL CHARACTER OF EMPLOYMENT; REEMPLOYMENT DISCRETIONARY ON THE PART OF THE MANAGEMENT:—

'A careful consideration of the nature of the work of the laborers above-named, including those that were re-admitted subsequently to the commencement of 1947-1948 milling season, leads to no other conclusion than that, strictly speaking, their employment has always been considered seasonal in character in the sense that at the end of each milling season, their employment relationship with the company is severed, and that in the succeeding milling season the management may admit them or not if they apply for re-employment. However, the management in this case has always tried to give preference to its former employees and laborers in the matter of hiring, and this practice should be continued as a matter of policy." (p. 4, Annex J-1).

The petitioner, however, overlooks the last part of the ruling to the effect that the practice of preferring former laborers should be followed by industrial concerns as a matter of policy. The respondent court was only following the directive contained in its decision above quoted when it ordered the reinstatement of Lalaquit and Pesino. This act must have been considered necessary or useful in the settlement of the labor dispute.

However, we do not agree with the court below that the said workers, who were merely seasonal workers, should receive pay during the period of time in which they did not actually work or render service to the company. If, as it had decided in the above quoted case of Hind Sugar Central Laborers Union vs. Hind Sugar Company, seasonal workers may be laid off at the end of the milling season, the company should not as a matter of justice be required

to pay such seasonal laborers or workers wages in a season in which they did not actually work or perform service for the employer. To require that they be paid when not in actual work would be inconsistent with its own holding that the reemployment of seasonal workers is discretionary with the employer. The employer may be compelled to pay for their services only from the time that the company refuses to employ them, after the decision of the Court of Industrial Relations to that effect or for their reinstatement has been rendered. Even then, the compensation to which they should be entitled is only for the regular or ordinary milling season of work whatever it may be. That portion of the decision of the court below requiring the company to pay the wages of Lalaquit and Pesino during the milling season of 1955-1956 should be set aside.

We next come to the next subject of the appeal, namely, the return of the original salary of the driver Feliciano Sta. Ana of P175.00 and the differential pay of P25.00 when he was not receiving the said salary. The reason given by the petitioner company for disputing this order of the court is that the manager had lost confidence in Sta. Ana by reason of the strike, and that Sta. Ana had signed an agreement for the reduction of his pay. Sta. Ana used to be a driver of the manager of the company before the strike-but when the strike came, the manager refused to employ him as his personal driver because of the tension caused by the strike and because of the fear entertained by him because of the strike. We note that Sta. Ana had given no cause for the fear or apprehension of him by the manager; if any legal cause or reason can be found for the refusal of the manager to employ him as his driver it is the mere fact of the strike alone. If Sta. Ana himself has not given cause for the fears of the manager he should not be penalized for it. Admitting that the manager had a right to fear for his own life, the cause for such fear can not be attributable to Sta. Ana personally; the cause for the fear was the strike. But the strike is an instrument recognized by law in labor; resort thereto should not be taken advantage of as excuse for reducing the pay of the striker. In order to give force and effect to the legal right of labor to strike, fears caused by such strike to management personnel should not be considered as a just ground for reduction in pay. As the court below explained, Sta. Ana could very well be employed as a driver for other vehicles of the company. We find this solution made by the court below as just. So is its ruling that the salary differential of P25.00 be paid and the salary of Sta. Ana returned to the original P175.00 a month.

In so far as the contract that Sta. Ana signed wherein he consented to the reduction in his pay, we believe Sta. Ana evidently entered the agreement for fear of losing his work. Even though the contract was signed by him, the matter was agreed expressly to be the subject of negotiation to be submitted to the court for resolution. The court disregarded the contract and under the circumstances we have stated, that Sta. Ana may have been forced into it against his will. We come to the conclusion that the solution made by the court below is proper.

The last question raised for our consideration refers to the payment of overtime to 17 employees named in the decision of the court below. The said court found that said 17 employees worked in the "hacienda" receiving from P2.50 to P5.00 per day, working ten hours daily. Petitioner argues that the decision ordering the payment of overtime is not justified for these reasons: first, because respondent union had withdrawn the union's demands for payment of claims under both the Minimum Wage Law and the Eight Hour Labor Law, such withdrawal appearing in paragraphs two and three of respondent union's answer to the petition; second, because Commonwealth Act No. 444, which establishes the Eight Hour Labor Law, is expressly not made applicable to farm laborers or agricultural employees. In amplification of the first reason petitioner argues that the ruling of the court below declaring that it could not be bound by the withdrawal is incorrect. We find both reasons well founded. The respondent court had power to rule only on issues set forth in the pleadings of the parties, and its award of pay for overtime for ordinary days and holidays is beyond the issues contained in the pleadings. The award should therefore be set aside especially as it appears that the award applies the Eight Hour Labor Law to workers in the "hacienda" or farm laborers, and these are expressly exempted from the provisions of the said law. The award for such overtime pay should therefore be set aside.

For the foregoing considerations, the decision of the court sought to be reviewed is hereby modified thus: the reinstatement of Alfonso Lalaquit and Bernardo Pesino are affirmed, but the order for the payment of backpay to them is set aside; the order for the return of the pay of Feliciano Sta. Ana to P175.00 with the corresponding differential of P25.00 for the months in which he did not receive the pay of P175.00 is affirmed; and the order for the payment of overtime to the 17 hacienda workers specified in the decision is set aside. Without costs.

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

David, J., concurs in the result.

Bengzon and Montemayor, JJ., took no part.

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