

INSULAR SUGAR REFINING CORPORATION, PETITIONER, VS. COURT OF INDUSTRIAL RELATIONS AND INSUREFCO & PAPER PULP PROJECT WORKERS UNION, RESPONDENTS.

G.R. No. 19247. May 31, 1963

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

Petition on certiorari impugning the jurisdiction of the Court of Industrial Relations.

On 14 June 1952, the respondent union staged a strike against the old Insular Sugar Refining Corporation (hereinafter referred to as the old INSUREFCO), owned and controlled by the Philippine Sugar Institute (PHILSUGIN). In 1953, the Court of Industrial Relations, in its Case No. 707-V(3), found and declared the strike illegal, and authorized the management to dismiss at its discretion those responsible for the strike. This order was subsequently affirmed by the Supreme Court. Accordingly, in September, 1954, the management dismissed several employees.

On 18 November 1955, the union moved to reopen the case on the ground that the 39 workers named in their petition were dismissed even though they were not responsible for the illegal strike, and therewith prayed for their reinstatement, and in the event that they cannot be reinstated, they be paid gratuity equivalent to one (1) month pay for every year of continuous service. Then, in a motion dated 28 April 1961, the union moved for the inclusion, as additional parties, of the Philippine Sugar Institute (hereinafter referred to as PHILSUGIN) and the present petitioner, the new Insular Sugar Refining Corporation (hereinafter referred to as the new INSUREFCO).

Other relevant facts are that the new INSUREFCO is a private corporation registered with the Securities and Exchange Commission on 6 February 1961; that the PHILSUGIN and the National Development Company sold the assets of the old Insular Refining Company to the new INSUREFCO on 7 February 1961; over the protest of the Union, based on the pending case; and that the new INSUREFCO knew of the pending case involving the 39 workers at the time it bought the properties.

In the contract of sale to the new INSUREFCO, Clause XI provides:

"Vendee-Mortgagor (the petitioner) shall retain such present personnel of the Refinery as may be determined by Vendee-Mortgagor to be necessary for the efficient and economical operation thereof.

The PHILSUGIN shall on its account pay to the employees and laborers the existing gratuities under its Bargaining Agreement with its employees and laborers; and vendee-mortgagor on its part shall pay to each of the Refinery personnel who may not be retained, and those who may be laid-off by vendee-mortgagor within a period of one (1) year from the turn-over of the Refinery, a separation pay equivalent to one (1) month basic pay. vendee-mortgagor shall not answer for any claim which employees and laborers have or may have arising from employer-employee relationship between the PHILSUGIN and such employees and laborers prior and up to the turn-over of the properties hereby sold to vendee-mortgagor and the latter shall not be bound by any contract or bargaining agreement that they have been entered into between the PHILSUGIN and Buch

employees and laborers."

The PHILSUGIN interposed no objection to its inclusion as an additional party; but the new INSUREFCO entered a special appearance for the purpose of contesting the jurisdiction of the industrial court.

Ruling upon the issue presented, the Industrial Court overruled the contentions of the new INSUREFCO by order of 10 October 1961; whereupon, the latter filed the present petition.

At the time the union filed a petition to reopen Case 707-V (3), the Court of Industrial Relations had jurisdiction over the original parties and the subject-matter because in determining jurisdiction, the truth of the allegations in the petition is theoretically admitted. Among the allegations is that the employees were illegally dismissed because they were not responsible for the strike. Consequently, it is also theoretically admitted that there existed an employer-employee relationship between the 39 workers and the old INSUREFCO, since the relationship is not terminated by illegal dismissal (*Fernando vs. Angat Labor Union*, L-17896, May 30, 1962).

However, the Court of Industrial Relations has no jurisdiction over the new INSUREFCO because it cannot, primordially, compel the reinstatement of employees upon an employer that had no previous employer-employee relationship with the former. The two INSUREFCOs, although carrying the same corporate name, are admittedly distinct from each other, and no charge is made that the sale was fictitious or made in order to enable the old INSUREFCO to escape its liability to the discharged employees.

Even if the petitioner (new INSUREFCO corporation) knew at the time of the purchase that a pending labor case existed between its vendor and the Union, that knowledge alone would not make it an accomplice in any unfair labor practice. Wherefore, petitioner can not be required to keep the 39 discharged laborers in its employ if it does not choose to do so, since the contract of sale of the refinery reserved it the discretion to retain only such personnel as it (new INSUREFCO) might determine. Assuming, therefore, that the Industrial Court later find that these 39 laborers were improperly discharged by the old corporation, their claim against the petitioner, new INSUREFCO, would, at most, be the right to be considered as regular employee at the time of the transfer, and entitled to the one month separation pay for non-retained personnel stipulated in the second paragraph of Clause XI of the contract of sale (previously quoted). Being purely for money, such a claim will not come under the jurisdiction of the Industrial Court; consequently, the impleading therein of the petitioner (new INSUREFCO) against the latter's objection would be to no purpose. This Court has repeatedly held that pure money claims not connected with any unfair labor practice, or with the opposite violation of the Eight-Hour Labor Law or of the Minimum Wage Act, must be prosecuted in the proper courts of first instance.

WHEREFORE, the writ of certiorari prayed for is granted, and the order of 10 October 1961 of the Court of Industrial Relations is set aside. Costs against respondent INSUREFCO & Paper Pulp Project Workers' Union.

Bengzon, C. J., Padilla, Bautista Angelo, Concepcion, Paredes, Dizon, Regala, and Makalintal, JJ., concur.

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