

CITIBANK PHILS. EMPLOYEES UNION – NATU, PETITIONER, VS. THE HONORABLE MINISTER OF LABOR AND CITIBANK, N. A., RESPONDENTS.

G.R. No. 50184. April 11, 1980

Ponente: BARREDO, J.

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BARREDO, J.:

Petition for certiorari praying that the order of the respondent Minister of Labor dated February 19, 1979 setting aside the resolution of National Labor Relations Commission of December 19, 1977, which in turn dismissed private respondent Citibank, N. A.'s appeal from the order dated December 13, 1976 of Executive Labor Arbiter Guillermo C. Medina denying said respondent's motion to quash the writ of execution issued against it in Case No. RB4-8-6332-75, entitled FNCB Employees Union – Natu vs. First National City Bank, by virtue of the award made in said case by the mutually chosen lone voluntary Arbitrator Ruben F. Santos of December 19, 1975.

The basic facts are stated in the order under review, which being quite brief may be quoted in full as basis for further discussion:

"Briefly, the undisputed facts are as follows: On 5 August 1975, petitioner filed the instant case for payment of regular holiday pay pursuant to Article 208 (a) of the Labor Code. Upon failure of conciliation efforts to settle the case, the parties agreed to submit their dispute to voluntary arbitration.

"After hearing, the Voluntary Arbitrator rendered an Award, dated 15 December 1975, ordering respondent to pay the employees herein concerned, their holiday pay on the basis of his finding that the monthly salary of said employees does not include their pay for unworked holidays. The award was partially implemented by the respondent when it paid to the employees concerned their accrued holiday pay benefits covering the period November 1974 to December 1975.

"However, when the promulgation of the Integrated Implementing Rules of the Labor Code, pursuant to P.D. 850 on 16 February 1976 and the issuance by the Secretary of Labor on 23 April 1976 of Policy Instructions No. 9, the respondent stopped such payment. Hence, petitioner filed the subject motion for execution to enforce the award of the Voluntary Arbitrator. As mentioned above, the Executive Labor Arbiter, in his order dated 13 December 1976, ordered respondent to continue paying the unworked regular holidays to its monthly paid employees covered by the Award of the Voluntary Arbitrator, dated 15 December 1975. This was affirmed by the Commission and now before us on appeal.

"IN VIEW OF THE FOREGOING, let the Resolution of the Commission dated December 19, 1977 be, as it is hereby, set aside and a new judgment, granting the Motion To Quash Execution, and this case dismissed, for lack of merit.

"SO ORDERED." (Pp. 129-130, Record.)

For the sake of further clarity, the following important details alleged in the petition and not denied by respondents may be added:

"IV.

"That in their letter of submission addressed to Atty. Ruben F. Santos, their common choice for voluntary arbitrator, the parties spelled out the terms of their arbitration agreement, as follows:

'Pursuant to the pertinent provisions of the existing Collective Bargaining Agreement between the first National City Bank and the First National City Bank employees Union and the provisions of Article 262 (subsequently re-numbered 263) of the Labor Code, as amended, the following question by the undersigned is submitted to you for resolution as voluntary arbitrator:

"Whether or not employees of the Bank are legally entitled to holiday pay provided under Article 208 (now 94) of the Labor Code, considering their contractual wage scale."

'It is understood that the arbitrator may adopt such procedure, and call such hearing, as he may consider to be convenient for the purpose of arriving at a just decision. The costs of arbitration shall be borne equally by the Bank and the Union.'

V.

"That the pertinent provisions of the parties' Collective Bargaining Agreement referred to in said submission relate to Step 4 of Article XVI of the Agreement, entitled 'Grievance', and reads as follows:

'Should the grievance remain unsettled within the period stated in Step 3, the matter shall be submitted to final and binding resolution by an Arbitration Committee consisting of three (3) members, mutually designated by the BANK and the UNION and specifically named in Annex '2' whose tenure of office shall be co-extensive with the life of this contract unless earlier terminated by mutual agreement of the BANK and the UNION.' (Underscoring supplied.)

as well as to paragraph (d) thereof, which states that:

'The decision of the Arbitration Committee shall be in writing and shall be concurred in and signed by at least two (2) members of the Arbitration Committee. The decision of the Arbitration Committee shall be final and binding upon the BANK, the UNION, and the employee or employees concerned, and may be enforced in any court of competent jurisdiction.' (Underscoring supplied.)

"VI.

"That, on the other hand, the pertinent provisions of Article 262 (now 263) of the Labor Code referred to in the parties' submission are quoted as follows:

'ART. 263. Voluntary arbitration. – All disputes, grievances and matters referred to in the immediately preceding Article which are not settled through the grievance procedure provided in the collective agreement shall be referred to voluntary arbitration prescribed in said agreement.

'x x x .

'Voluntary arbitration awards or decisions shall be final, inappealable, and executory. However, voluntary arbitration awards or decisions on money claims involving an amount exceeding One Hundred Thousand Pesos (P100,000.00) or forty per cent (40%) of the paid-up capital of the respondent employer, whichever is lower, may be appealed to the Commission on grounds of abuse of discretion or gross incompetence.'" (Pp. 3-5, Record.)

Thus, as stated in the order here at issue, the sole reason given by respondent Minister of Labor for in effect refusing further implementation of the Arbitrator's award was the subsequent promulgation by him of the Integrated Implementing Rules of the Labor Code, pursuant to P.D. 850 which pertinently provides that:

"Section 2. Status of employees paid by the month. - Employees who are uniformly paid by the month, irrespective of the number of working days therein, with a salary of not less than the statutory or established minimum wage shall be presumed to be paid for all days in the month whether worked or not.

(Section 2, Rule IV, Book Three of the Rules and Regulations Implementing the Labor Code."

and the purported clarification thereof in Policy Instructions No. 9 of 23 February, 1976 (also his) as follows:

"If the monthly-paid employee is receiving not less than P240, the maximum monthly minimum wage, and his monthly pay is uniform from January to December, he is presumed to be already paid the ten (10) paid legal holidays. (*italics supplied.*)" (Page 6, Record.)

In other words and briefly, the position of respondent Minister is that assuming the final and executory character of the award in question, the same could still be modified or set aside, as contended by the Solicitor General in his comment dated August 6, 1979, in consequence or by reason of the supervening acts of respondent Minister, citing, in support of such contention, the cases of *Ocampo vs. Sanchez*, 97 Phil. 479 in which the Supreme Court ruled that "when after judgment has been rendered and the latter has become final, facts and circumstances transpire which render its execution impossible or unjust, the interested party may ask to modify or later judgment to harmonize the same with justice and the facts (*Molina vs. Dela Riva*, 8 Phil. 569; *Behn, Meyer & Co. vs. McMicking*, 1 Phil. 279; *Warner Barners & Co. vs. Jaucian*, 13 Phil. 4; *Espiritu vs. Crossfiled and Guash*, 14 Phil. 588; *Flor Unata vs. Lichauco and Salinas*, 36 Phil. 809, *italics supplied.*)" (Pp. 134-135, Rec.)

After mature deliberation, We have arrived at the conclusion that the respondent's position is not well taken. The situation before Us in the instant case has no parity with those obtaining in the instances where this Court sanctioned departure from the terms of a final and executory judgment by reason of supervening events that would make literal execution in whole or in part of such judgment unjust and inequitable. It should be clear to anyone conversant with the elementary principles of collective bargaining and the constitutional injunction assuring the rights of workers thereto (Sec. 9, Article II, Constitution of the Philippines) that the terms and conditions of a collective bargaining agreement constitute the sacred law between the parties as long as they do not contravene public order, interest or policy. We might say that the prohibition in the Constitution's Bill of Rights against the passage or promulgation of any law impairing the obligation of contracts applies with perhaps greater force to collective bargaining agreements, considering that these deal with the rights and interests of labor to which the charter explicitly affords protection. (Sec. 9, Article II.)

The award of the arbitrator in this case is not to be equated with a judicial decision. In effect, when in relation to a controversy as to working conditions, which necessarily include the amount of wages, allowances, bonuses, overtime pay, holiday pay, etc., the parties submit their differences to arbitration, they do not seek any judicial pronouncement technically as such; they are merely asking the arbitrator to fix for them what would be the fair and just condition or term regarding the matter in dispute that should govern further collective bargaining relations between them. Stated differently, the arbitrator's award when stipulated by the parties to be conclusive becomes part and parcel of the CBA. Viewed in this sense, which We are fully convinced is most consistent with the principles of collective bargaining, the subsequent or supervening facts referred to by the Solicitor General consisting of acts of none other than the respondent Minister may not be invoked to alter, modify, reform, much less abrogate, the new terms, so to speak, of the collective bargaining inserted by virtue of the award of the arbitrator. To do otherwise would violate the proscription of the Constitution against impairment of the obligation of contracts.

Importantly, the argument that the implementation of the arbitrator's award would contravene public policy (referring to the Policy Instructions of the Minister of Labor) is unavailing, for the simple reason that for an

employer to agree either spontaneously or through arbitration to pay to this workers higher compensation than that provided by law cannot obviously be against public policy but, on the contrary, is a magnificent contribution to the attainment of the social justice objectives envisioned in the Constitution.

With the foregoing view We have taken of the legal situation under controversy, We find no need to dwell on any of the other issues discussed by the parties, whether factual or legal, regarding the manner of computing and determining whether or not a given monthly wage includes unworked holidays. We hold that regardless of any law anterior or posterior to the Arbitrator's award, the collective bargaining agreement in this case has been correspondingly amended in a manner that is unalterable, immovable and immutable like the rock of Gibraltar, during the lifetime of the said collective bargaining agreement.

WHEREFORE, the order of the respondent Minister of Labor of February 19, 1979 is hereby set aside and the resolution of the National Labor Regulations Commission of December 19, 1977 is affirmed, with costs against the private respondent.

Aquino, Concepcion, Jr., Guerrero, and De Castro, JJ., concur.
Antonio, J., took no part.

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