

CHANROBLES PUBLISHING COMPANY

COMMONWEALTH ACT NO. 103

AN ACT TO AFFORD PROTECTION OF LABOR BY CREATING A COURT OF INDUSTRIAL RELATIONS EMPOWERED TO FIX MINIMUM WAGES FOR LABORERS AND MAXIMUM RENTALS TO BE PAID BY TENANTS, AND TO ENFORCE COMPULSORY ARBITRATION BETWEEN EMPLOYEES OR LANDLORDS, AND EMPLOYEES OR TENANTS, RESPECTIVELY; AND BY PRESCRIBING PENALTIES FOR THE VIOLATION OF ITS ORDERS

CHAPTER I

Organization of the Court

SECTION 1. The Judge: his appointment, qualifications, compensation, tenure. — There is hereby created a Court of Industrial Relations, which shall have jurisdiction over the entire Philippines, to consider, investigate, decide, and settle any question, matter, controversy or dispute arising between, and/or affecting, employers and employees or laborers, and landlords and tenants or farm-laborers, and regulate the relations between them, subject to, and in accordance with, the provisions of this Act. The Court shall keep a record of all its proceedings and shall be presided over by-a Judge to be appointed by the President of the Philippines with the consent of the Commission on Appointments of the National Assembly. The Judge of the Court shall hold office during good behavior until he reaches the age of seventy years,-or becomes incapacitated to discharge the duties of his office His qualifications shall be the same as those provided in the Constitution for members of the Supreme Court and he shall receive an annual compensation of ten thousand pesos and shall be entitled to traveling expenses and per diems when performing official duties outside of the City of Manila. The

Department of Justice shall have executive supervision over the Court.

SECTION 2. The oath of the judge. — Before entering upon the discharge of the duties of his office, the Judge of the Court shall take and subscribe an oath of office before an official authorized by law to administer oaths, wherein he shall declare, in addition to the matters prescribed in Section 23 of the Administrative Code and in the Constitution of the Philippines, that he shall faithfully and impartially perform the duties of his office, and that, except in the discharge of his duties, he will not disclose to any person any evidence or other matter brought before the Court.

SECTION 3. The Clerk of the Court; other personnel. — The judge of the Court shall appoint and fix the compensation of the Clerk of the Court, and of such other subject, employees, and technical staff as may be necessary, subject to the Civil Service Laws, and subject to the approval of the Secretary of Justice: Provided, however, That the maximum yearly salary of the Clerk of the Court shall be five thousand pesos.

CHAPTER II

Powers and Duties of the Court

SECTION 4. Strikes and lockouts. — The Court shall take cognizance for purposes of prevention, arbitration, decision and settlement, of any industrial or agricultural dispute causing or likely to cause a strike or lockout, arising from differences as regards wages, shares or compensation, hours of labor or conditions of tenancy or employment, between employers and employees or laborers and between landlords and tenants or farm-laborers, provided that the number of employees, laborers or tenants or farm-laborers involved exceeds thirty, and such industrial or agricultural dispute is submitted to the Court by the Secretary of Labor, or by any or both of the parties to the controversy and certified by the Secretary of Labor as existing and proper to be dealt with by the Court for the sake of public interest. In all such cases, the Secretary of Labor or the party or parties submitting the disputes, shall clearly and specifically state in writing the questions to be decided. Upon the submission of such a

controversy or question by the Secretary of Labor, his intervention therein as authorized by law, shall cease.

The Court shall, before hearing the dispute and in the course of such hearing, endeavor to reconcile the parties and induce them to settle the dispute by amicable agreement. If any agreement as to the whole or any part of the dispute is arrived at by the parties, a memorandum of its terms shall be made in writing, signed and acknowledged by the parties thereto before the Judge of the Court or any official acting in his behalf and authorized to administer oaths or acknowledgments, or, before a notary public. The memorandum shall be filed in the office of the Clerk of the Court, and, unless otherwise ordered by the Court, shall, as between the parties to the agreement, have the same effect, and be deemed to be, a decision or award.

SECTION 5. Minimum wage and maximum “canon” or rental. — Whenever conditions in a given industry or in a given locality so warrant, and in the interest of public welfare and for the promotion of industrial peace and progress, the President of the Philippines shall direct the Court of Industrial Relations to investigate and study all pertinent facts related to the industry concerned or to the industries in a designated locality, with a view to determining the necessity and fairness of fixing and adopting for such industry or locality a minimum wage or share of laborers or tenants, or a maximum “canon” or rental to be paid by the “inquilinos” or tenants or lessees to landowners.

In order to determine the necessity and fairness of adopting such measures, and in order to arrive at a proper, just, and reasonable minimum wage or share or maximum “canon” or rental, the Court shall make a careful examination of the amount of capital invested in the industry or industries concerned, insurance and transportation, market prices, benefits or gains derived or losses suffered or expected, wages and shares as well as other income of laborers and tenants, minimum cost of living and labor conditions in general, and such other factors and circumstances as may, in its opinion, be necessary to fairly and adequately accomplish the purpose of the investigation.

After such an examination, and after the Court is satisfied of the necessity and fairness of fixing and adopting a minimum wage or share or maximum “canon” or rental for such locality or industry, it shall tentatively fix such minimum wage or share or maximum “canon” or rental as would give the workmen a just compensation for their labor and an adequate income to meet the essential necessities of civilized life, and at the same time allow the capital a fair return on its investment.

When determining a minimum wage or share for laborers and tenants engaged in a given industry, the Court may, in its discretion, taking into account the conditions prevailing in the different localities where such industry is carried on, fix different minimum wages or shares, according to localities or fix different minimum wages or shares according to the industries existing in that locality.

A minimum wage or share shall be determined and fixed for laborers working by the hours, day or month, or by piecework, and for tenants sharing in the crop or paid measurement unit. Unless otherwise expressly provided in the order fixing a minimum wage, a minimum wage in industrial or manufacturing enterprises shall be understood to be fixed on the basis of eight hours daily labor, and employees and laborers working in excess of such number of hours shall be entitled to a proportionate increase in their wages.

The Court may, by so specifically providing in its order fixing a minimum wage, exclude apprentices from the provisions thereof, but the number of such apprentices in an industrial firm or labor establishment shall not exceed twenty per centum of the total number of laborers employed therein.

Insofar as possible, and when deemed necessary to better carry out the provisions of this Act, the Court may classify or group the laborers according to the kind and importance of the work and the amount or degree of skill, training, experience and knowledge required and shall fix for each class or group a minimum wage or compensation. In like manner, it may classify or group the tenants or lessees according to the kind of work they perform, the terms of the contract with the landowners and the productivity of the lands or the maximum “canon” or rental to be paid to the landowners.

After such minimum wage or share or maximum “canon” or rental has been tentatively fixed by the Court, the Court shall order the publication of such tentative decision in three successive issues of two newspapers of general circulation in the locality or localities affected, one published in English and another in Spanish. All parties not agreeing to such tentative decision may, within forty-five days after the first publication, submit to the Court their written objections. With due consideration to such objections, and after the expiration of the period given to question such tentative decision, the Court shall adopt a final minimum wage or share or maximum “canon” or rental, which shall, with the approval of the President of the Philippines, be binding upon everyone concerned and shall have the force and effect of law thirty days after the approval by the President duly promulgated in an executive Proclamation.

CHAPTER III

Incidental Powers of the Court and Manner of Conducting Investigations

SECTION 6. The power to issue subpoena, etc. — The Judge of the Court shall have the power to administer oaths in matters connected with the business of the Court; summon the parties to a controversy before the Court, issue subpoena, require the attendance and testimony of witnesses and the production of such books, papers, contracts, records, statements of accounts, agreements and statements as may be material to a just determination of the matter under investigation, take testimony in any investigation or hearing conducted in pursuance of the provisions of this Act, and delegate all such powers to any board or person who shall act in behalf of the Court. Any contempt of the orders of the Court in this regard shall be punished as in other cases of contempt of Courts of First Instance.

SECTION 7. Where hearings may be held; and how. — The Court shall have power to conduct hearing in any place for the determination of a question, matter or controversy within its jurisdiction, proceed to hear and determine the dispute in the absence of any party thereto who has been summoned or served with notice to appear, conduct its proceedings or any part thereof in public or in private; adjourn its hearings or any part thereof in public or in

private; adjourn its hearings to any time and place, refer any technical matter or matters of account to an expert and to accept his report as evidence, direct parties to be joined or stricken out from the proceedings, correct, amend or waive any error, defect or irregularity, whether in substance or in form; extend any prescribed time; give all such directions as it may deem necessary or expedient in the determination of the dispute before it; and dismiss any master or part of any matter, or refrain from hearing further or from determining the dispute or part thereof, where it is trivial or where further proceedings by the Court are not necessary or desirable.

SECTION 8. Assessors. — Employers and employees or laborers and landlords and tenants or farm-laborers directly concerned with any matter under or to be submitted to the consideration of the Court may petition for the appointment of assessors, and the Court, when satisfied of the interest of the petitioners in the controversy, may appoint at any stage of the proceedings assessors not exceeding three for the employer or landlords, and an equal number of assessors for the employees, laborers or tenants, from the lists of candidates to be submitted by the parties concerned. The assessors will serve without compensation or allowance whatsoever.

SECTION 9. Boards of inquiry. — Whenever necessary in his opinion, the President of the Philippines may appoint boards of inquiry in different localities to assist the Court in the performance of its duties under the provisions of Section five hereof. A local board of inquiry shall be composed of the following members: not more than six from among a list of nominees to be submitted by employers or landlords, an equal number from a list submitted by the employees, laborers, tenants or farm-laborers, and not more than three experts in sociology, welfare work, labor problems or industrial and agricultural economics and administration: Provided, That if within fifteen days after requesting them to do so, the parties concerned fail to submit the list of nominees above mentioned, the President may appoint in their stead such persons as in his judgment may represent the parties failing to submit such nominees. The chairman of the board shall be designated by the President from among the experts. The majority of the board shall constitute a quorum to do business, and the affirmative vote of the majority of all the members present shall be necessary to the approval of any proposition. The members of the

board shall receive no compensation but they shall be paid their traveling expenses. The boards of inquiry shall be charged with the duty of investigating and determining the facts in any given case, and their report and decision shall be deemed as only advisory.

SECTION 10. Reference to public officials. — For the sake of expediency and depending on the nature and extent of the facts and questions involved, the Court may refer any industrial or agricultural dispute, or any matter under consideration or advisement by the Court under the provisions of section four hereof to a local board of inquiry, a provincial fiscal, a justice of the peace or any public official in any part of the Philippines for investigation, report, and recommendation, and may delegate to such board or public official such powers and functions as the said Court of Industrial Relations may deem necessary; but such delegation shall not affect the exercise by the Court itself of any of its powers or functions. When delegation is made to a public official as above provided, he may, in his discretion, appoint an equal number of assessors, not exceeding three, from each of the lists submitted by the employers or landlords and by the employees, laborers, tenants, or farm-laborers, respectively, interested in the matter referred to him for investigation. The assessors thus appointed shall serve without compensation or allowance whatsoever. The Court may take into account or set aside the recommendation of any such board or public official in deciding the dispute and making its decision, award or order.

SECTION 11. Court authorized to seek help from other officers.-The Court shall have the power to require the services of any Government official or employee, to help it, without additional compensation, in the performance of its duties.

SECTION 12. Power of inspection. — The Judge or any person authorized by him in writing may at any time during working hours, enter any labor establishment, building, place or premises in the performance of the duties of the Court, and may inspect and view any work, material, implement, machinery, appliances or any object therein.

CHAPTER IV

Award and Appeals

SECTION 13. Character of the award. — In making an award, order or decision, under the provisions of section four of this Act, the Court shall not be restricted to the specific relief claimed or demands made by the parties to the industrial or agricultural dispute, but may include in the award, order or decision any matter or determination which may be deemed necessary or expedient for the purpose of settling the dispute or of preventing further industrial or agricultural disputes.

SECTION 14. Finality of award. — At the expiration of ten days from the date of the award, order or decision, in cases brought under the provisions of section four hereof, judgment shall be entered in accordance therewith, unless during said ten days an aggrieved party shall appeal therefrom to the Supreme Court of the Philippines by writ of certiorari as hereinafter provided. The Supreme Court in its discretion, may, in any case involving a question of law, upon petition of the party aggrieved by the decision of the Court of Industrial Relations and under rules and conditions that it may prescribe, require by certiorari that said case be certified to it for review and determination.

SECTION 15. Decision of Supreme Court. — Upon the final determination and decision by the Supreme Court of the questions or issues raised in the appeal, the Clerk of the Supreme Court shall immediately transmit to the Clerk of the Court of Industrial Relations a certified copy of the decision or judgment. Five days after receipt of said certified decision or judgment by the Clerk of the Court of Industrial Relations it shall immediately become conclusive, final and executory.

If exceptions to an award, order or decision of the Court are finally sustained, judgment shall be entered setting aside the award, order or decision, in whole or in part, but in such case the parties may agree upon a judgment to be entered disposing of the subject matter of the controversy, which shall have the same force and effect as judgment entered, an award, order or decision.

SECTION 16. Preference given to labor cases. — The Supreme Court shall hear cases arising out of, and brought under, the provisions of

this Act in preference to all other cases, and decide them as soon as practicable.

SECTION 17. Limit of effectiveness of award. — An award, order or decision of the Court shall be valid and effective during the time herein 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.

SECTION 18. Interpretation of award. — Whenever a doubt shall arise as to the meaning or interpretation of an award, order or decision of the Court of Industrial Relations, any interested party may petition the Court to determine such meaning or interpretation and the Court, upon receiving such petition, shall set a date for the hearing of the case and shall dispose of the same as soon as practicable.

CHAPTER V

General Provisions

SECTION 19. Implied condition in every contract of employment. — In every contract of employment or tenancy, whether verbal or written, it is an implied condition that when any dispute between the employer or landlord and the employee, tenant or laborer has been submitted to the Court of Industrial Relations for settlement or arbitration, pursuant to the provisions of this Act, and pending award or decision by it, the employee, tenant or laborer shall not strike or walk out of his employment when so enjoined by the Court after hearing and when public interest so requires, and if he has already done so, that he shall forthwith return to it, upon order of the Court, which shall be issued only after hearing when public interest so requires or when the dispute cannot, in its opinion, be promptly decided or settled; and if the employees, tenants or laborers fail to return to work, the Court may authorize the employer or landlord to

accept other employees, tenants or laborers. A condition shall further be implied that while such dispute is pending in the Court, the employer or landlord shall refrain from accepting other employees, tenants or laborers, unless with the express authority of the Court, and shall permit the continuation in the service of his employees, tenants or laborers under the last terms and conditions existing before the dispute arose: Provided, That within fifteen days after the declaration of the strike, employers will not be allowed to engage the services of strike breakers. A violation by the employer or landlord or by the employee, tenant or laborer of such an order or the implied contractual condition set forth in this section shall constitute contempt of the Court, and shall be punishable as in all other cases of contempt of a Court of First Instance.

SECTION 20. Rules of court. — The Court of Industrial Relations shall adopt its rules of procedure and shall have such other powers as generally pertain to a court of justice: Provided, however, That in the hearing, investigation and determination of any question or controversy and in exercising any duties and powers under this Act, the Court shall act according to justice and equity and substantial merits of the case, without regard to technicalities or legal forms and shall not be bound by any technical rules of legal evidence but may inform its mind in such manner as it may deem just and equitable.

SECTION 21. Unlawful for employer to discharge employee under certain conditions. — It shall be unlawful for any employer to discharge or to threaten to discharge, or in any other manner discriminate against, any laborer or employee because such person has testified or is about to testify, or because such employer believes that he may testify in any investigation, proceeding or public hearing conducted by the Court or any board of inquiry.

SECTION 22. Unlawful agreements. — Any agreement intended to avoid the provisions of this Act shall be void.

CHAPTER VI

Damages and Penalties

SECTION 23. Civil liability. — Non-compliance with any of the terms of the agreement of the parties as provided for in this Act, or, of the

award, order or decision, after it has become final, conclusive and executory, may subject the offending party to liability for damages to be recovered in an ordinary civil action.

SECTION 24. Criminal liability. — Any violation of the provisions of this Act, or, of any order, award or decision of the Court of Industrial Relations, shall be punished with a fine not exceeding one thousand pesos or imprisonment not exceeding one month, or both in the discretion of the Court. Any person who shall induce or cause somebody to violate any provision of this Act or of any order, award or decision of the Court shall be punished with a fine not exceeding two thousand pesos or imprisonment not exceeding one year or both in the discretion of the Court.

CHAPTER VII **Special Provisions**

SECTION 25. Appropriation. — The sum of forty-five thousand pesos or so much thereof as may be necessary, is hereby appropriated out of the unappropriated funds in the Philippine Treasury, for salaries, per diems, traveling expenses purchase of materials and equipments and other necessary sundry expenses that may be incurred in the carrying out of the provisions of this Act up to the last day of December of nineteen hundred and thirty-seven. The expenses for the succeeding years shall be provided for in the current appropriations for such years.

SECTION 26. Partial invalidity. — If for any reason, any section or provision of this Act shall be questioned in any Court, and shall be held to be unconstitutional or invalid, no other section or provision of this Act shall be affected thereby.

SECTION 27. This Act shall take effect upon its approval.

APPROVED: October 29, 1936.