

### Title:

\*\*Auto Bus Transport Systems, Inc. vs. Bautista, G.R. No. 155605 (2004)\*\*

### Facts:

Antonio Bautista, employed since May 24, 1995, by Auto Bus Transport Systems, Inc. (Autobus) as a driver-conductor, received compensation on a commission basis (7% of the total gross income per trip). On January 3, 2000, while driving a bus, Bautista collided with another Autobus vehicle due to lack of sleep, having been compelled by management to drive only hours after completing a prior trip.

Management demanded that Bautista pay PHP 75,551.50 for the repair costs and subsequently suspended him. A month later, Autobus terminated Bautista's employment.

On February 2, 2000, Bautista filed a complaint for illegal dismissal and claimed non-payment of 13th-month pay and service incentive leave pay.

The Labor Arbiter ruled Bautista was not dismissed illegally but granted him 13th-month pay and service incentive leave pay. Autobus appealed to the National Labor Relations Commission (NLRC), which deleted the award for the 13th-month pay, citing provisions for commissioned employees but upheld the service incentive leave pay. Discontent with this partial relief, Autobus approached the Court of Appeals, which affirmed the NLRC decision in full. Autobus then petitioned the Supreme Court.

### Issues:

1. **\*\*Entitlement to Service Incentive Leave Pay:\*\***
  - Whether Bautista, as a commissioned employee, is entitled to service incentive leave.
2. **\*\*Application of the Three (3)-Year Prescriptive Period:\*\***
  - Whether Article 291 of the Labor Code applies to Bautista's claim for service incentive leave pay.

### Court's Decision:

1. **\*\*Entitlement to Service Incentive Leave Pay:\*\***
  - The Supreme Court considered the interpretation of Article 95 of the Labor Code vis-à-vis Section 1(D), Rule V, Book III of the Implementing Rules and Regulations.
  - The Court noted that the Implementing Rules' exemptions from service incentive leave do not automatically apply to commissioned employees. The key criterion was whether Bautista

was classified as “field personnel” whose actual hours of work could not be ascertained with reasonable certainty.

- Bautista was found to be under the employer’s constant supervision (through dispatch schedules, inspectors on routes, mandatory maintenance checks, etc.), thus not a field personnel. Hence, the Supreme Court held that Bautista was entitled to service incentive leave pay.

## 2. **Application of the Three (3)-Year Prescriptive Period:**

- The Court noted that a cause of action for service incentive leave pay accrues when the employer refuses its commutation upon demand. Bautista’s demand coincided with his termination and refusal of payment, within three years from when his employment ended.

- Thus, his claim was validly filed within the prescriptive period.

### ### Doctrine:

**Service Incentive Leave Entitlement:** Employees, even those on a commission basis, are entitled to service incentive leave if they are not field personnel, meaning their work is supervised with determinable hours.

**Prescriptive Period:** Claims for service incentive leave must be filed within three years from the employer’s refusal to pay upon demand or termination of employment.

### ### Class Notes:

- Field Personnel Definition:** Non-agricultural employees working away from principal office with indeterminable hours of work.
- Service Incentive Leave (Art. 95, Labor Code):** Employees with at least one year of service are entitled to 5 days leave/year.
- Prescription of Claims (Art. 291, Labor Code):** Money claims must be filed within three years from when the cause of action accrues.
- Ejusdem Generis Rule:** Broader terms followed by specific terms are limited by the latter.

### ### Historical Background:

This case underscores the evolving interpretation of labor protections in the Philippines, particularly about non-standard employment arrangements, highlighting the courts’ trend towards a worker-friendly interpretation of labor laws aiming to provide broader coverage and protection to various kinds of employees including those on commission basis. This

decision reinforces the statutory protection of labor rights as enshrined in the Labor Code, even as employment practices diversify.