

# Our Haus Realty Development Corporation vs. Alexander Parian, Jay C. Erinco, Alexander Canlas, Bernard Tenedero, and Jerry Sabulao

### Facts:

- **Employment**: Respondents were laborers for Our Haus Realty Development Corporation (Our Haus) from 1994 to 2005, with varying daily wages.
- **Financial Distress**: In May 2010, Our Haus experienced financial issues, suspending projects and asking workers to take leave.
- **Complaint Filed**: Respondents filed a complaint with the Labor Arbiter (LA) alleging underpayment of daily wages and non-payment of benefits like holiday pay, SIL, 13th month pay, and overtime pay.
- **Labor Arbiter (LA) Decision**: LA ruled in favor of Our Haus, considering meal and lodging subsidies in wage calculations.
- **Appeal to NLRC**: Respondents appealed to the National Labor Relations Commission (NLRC), which reversed the LA's decision, citing lack of respondents' written agreement for wage deductions.
- **Our Haus' NLRC Motion**: Our Haus presented "kasunduans" (agreements) to prove compliance with legal requirements. NLRC denied the reconsideration, leading Our Haus to file a Rule 65 petition with the Court of Appeals (CA).
- **Court of Appeals (CA) Decision**: CA dismissed the petition, upholding NLRC's decision, stating Our Haus did not comply with legal requirements for wage deductions. SIL pay and attorney's fees were also confirmed in respondents' favor.

### Issues:

1. **Validity of Wage Deductions**: Whether the values of meals and lodging could be legally deducted from wages.
2. **Claim for Service Incentive Leave (SIL) Pay**: Whether the respondents were entitled to SIL pay despite it not being explicitly listed in their initial complaint.
3. **Award of Attorney's Fees**: Whether the respondents' entitlement to attorney's fees stands despite representation by the Public Attorney's Office (PAO).

### Court's Decision:

- **Wage Deductions**: The Supreme Court affirmed the CA's ruling. It rejected Our Haus' distinction between deduction and charging of facilities' value, emphasizing that both reduce the actual take-home pay. Without voluntary written acceptance by the employees and proof of fair valuation, these benefits could not be subsumed into wages.
- **SIL Pay**: The claim was valid as it was clearly raised in the position paper and

contested by Our Haus. Legal precedent (Samar-Med Distribution v. NLRC) supports evaluating the full context of labor grievances, not strictly bound by the initial pro forma complaint.

- **Attorney's Fees**: Respondents were entitled to attorney's fees despite free legal services from PAO, based on the rationale of compensating PAO's services and under RA No. 9406.

### ### Doctrine:

- **Facility vs. Supplement**: Supplements are above wages for employers' benefits; facilities are necessary expenditures forming part of wages (SLL International Cables Specialist v. NLRC and Atok-Big Wedge Assn. v. Atok-Big Wedge Co.).

- **Voluntary Acceptance and Fair Valuation**: Legal deductions require employees' written consent and must be customary, fair, and reasonable (Mabeza v. NLRC).

- **Attorney's Fees with PAO Representation**: Award of attorney's fees to employees also applies when represented by PAO, funds collected deposited as trust fund under RA 9406.

### ### Class Notes:

- **Key Legal Concepts**:

- **Minimum Wage Compliance**: Facilities must be customarily furnished, voluntarily accepted in writing, and reasonably valued.

- **Labor Law Burden of Proof**: Employers must substantiate payment claims with robust evidence.

- **Attorney's Fees**: Employees are entitled even with PAO representation.

- **Statutes and Provisions**:

- **Article 97(f) - Labor Code**: Defines "wage" including fair values of facilities.

- **RA 9406**: PAO clients entitled to attorney's fees awarded to PAO trust fund.

### ### Historical Background:

- **Context**: This case reflects the stringent application of labor laws protecting workers' rights to fair wages and benefits, emphasizing procedural fairness and the non-exploitative treatment of deductions and benefits. It underscores the judiciary's role in ensuring the equitable treatment of workers in financial disputes, and the evolving legal standards in the employer-employee power dynamics.