

Title: Felipe De Leon, et al. vs. Pampanga Sugar Development Company, Inc.

Facts:

The respondent, Pampanga Sugar Development Company, Inc. (PASUDECO), operated a sugar central in San Fernando, Pampanga. The petitioners, totaling twenty-one individuals, were employed as security guards required to work eight hours per day, seven days per week. On November 28, 1961, these security guards filed a complaint with the Court of Industrial Relations (CIR) seeking the payment of differential or premium pay totaling PHP 49,581.79, plus attorney's fees of PHP 3,000 and other costs. The CIR, through Judge Joaquin M. Salvador, dismissed their case, finding that the petitioners were already receiving their monthly salaries plus an additional 25% compensation for work on Sundays and holidays as was stipulated in their terms of employment. A motion for reconsideration was filed by the petitioners but was subsequently denied by the CIR en banc, affirming the original order. The petitioners then appealed to the Supreme Court.

Issues:

1. Whether the petitioners were entitled to 125% premium pay for work done on Sundays and legal holidays, in addition to their regular monthly salary.
2. Whether the payment of the 25% premium for work on Sundays and legal holidays was already included in their monthly salaries.

Court's Decision:

The Supreme Court ruled against the petitioners and affirmed the decision of the CIR.

1. On the first issue, the Supreme Court clarified that under Section 4 of Commonwealth Act 444 (Eight-Hour Labor Law), the employer is mandated to pay an additional sum of at least 25% of an employee's regular remuneration for work not exceeding eight hours on Sundays or legal holidays. However, the essential point made was that this additional 25% (referred to as "premium pay") is on top of the basic pay which is considered as 100% remuneration for ordinary workdays.
2. On the second issue regarding whether the 25% premium pay was already included in the petitioners' monthly salary, the Court found substantial evidence indicating that it was indeed covered. The petitioners themselves, in their claims, categorized their remuneration inclusive of the regular salary plus the 25% additional pay for Sundays and holidays. Computations showed that the figures used by the petitioners to claim their wages already considered a daily rate that covered all days of the month, including Sundays and holidays,

effectively admitting that their regular monthly pay encompassed the additional 25%.

The Supreme Court thus upheld the CIR's factual findings that were based on substantial evidence, noting also that these were not arrived at with grave abuse of discretion.

#### Doctrine:

The case established the principle that when monthly salaries are stipulated and encompass Sundays and legal holidays, the employees are only entitled to the minimum 25% premium pay in addition to their regular pay for such days. The premium pay is thus distinctly calculated as 25% and does not mean employees should receive 125% above their base salary for work on Sundays and holidays unless specified otherwise by contractual terms.

#### Class Notes:

##### Key Elements:

1. Premium Pay: Under Commonwealth Act 444, work on Sundays and legal holidays requires an additional 25% on top of the regular daily remuneration.
2. Monthly Salary Coverage: Regular monthly salaries can include remuneration for Sundays and holidays if such is implied in the terms of employment.
3. CIR Findings: Factual findings by the Court of Industrial Relations, if based on substantial evidence and free from grave abuse of discretion, are conclusive upon review.

##### Relevant Statute:

- Section 4 of Commonwealth Act 444 (Eight-Hour Labor Law)

##### Historical Background:

The case unfolded during a period when labor laws in the Philippines were still adapting to provide fair working conditions and compensation. The Eight-Hour Labor Law represented progress in defining work hours and compensation, reflecting broader shifts toward improving labor rights in the post-World War II era. The dispute over premium pay reflects ongoing tensions between labor and management particularly around the interpretation of statutory labor protections.