

PRICE STABILIZATION CORPORATION, PETITIONER, VS. COURT OF INDUSTRIAL RELATIONS AND PRISCO WORKERS' UNION, ET AL., RESPONDENTS.

G.R. No. L-13806. May 23, 1960

Ponente: BARRERA, J.

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BARRERA, J.:

This is a petition for review by certiorari taken by the Price Stabilization Corporation (PRISCO) from the decision of the Court of Industrial Relations (in Case No. 840-V [6]) of December 27, 1957.

It appears that under date of February 15, 1955, respondent PRISCO Workers' Union, a labor organization duly registered with the Department of Labor, filed with respondent court, a petition praying that herein petitioner-employer PRISCO be ordered to pay its present employees, claimants-members of the said Union, their basic pay and at least 25 per cent additional compensation for one hour overtime work they had previously rendered as security guards of petitioner, from April 17, 1953 to January 13, 1954, and the additional compensation of at least 25 per cent for the work they have been rendering on Sundays and legal holidays, from March 7, 1954 and on.

On March 15, 1955, the petitioner filed an answer denying respondent Union's claim for payment of one hour overtime work, asserting that such overtime, if rendered, not having been authorized; although some of the said claimants had rendered work on Sundays and legal holidays, the same had already been paid from March 6, 1954; and finally alleging that the said claim for work on Sundays and legal holidays had already been withdrawn.

The case was thereafter heard and, after hearing, respondent court, on December 27, 1957, issued an order requiring petitioner to pay the said claimants, members of respondent Union, their basic pay and 25 per cent additional compensation for the one hour overtime work they had rendered from April 16, 1953 to January 13, 1954. However, for lack of evidence and in view of a petition signed by 59 of the 131 claimants withdrawing their claim for pay for work performed on Sundays and legal holidays, the court dismissed the second claim.

On January 8, 1958, petitioner corporation filed a motion for reconsideration of said order, which motion was resolved by respondent court, en banc, as follows: 2 judges voting for straight denial; 2 judges voting for the setting aside of the order as null and void on the ground of lack of jurisdiction; and 1 judge concurring in the denial of the motion for reconsideration, on the ground that the question of lack of jurisdiction has not been raised in the pleading. As a result; petitioner corporation has filed this present petition.

There are 2 questions of law to be determined in this case, to wit: (1) whether respondent court had jurisdiction over the present claim for overtime pay filed by respondent Union; and (2) whether the same court correctly applied Articles 1393 and 1396 of the new Civil Code to the case.

As to the first question, there still seems to be some lack of clear and definite understanding of the jurisdiction of the Court of Industrial Relations, with regards to money claims of laborers or employees against their employers.

The fact that in the present case the judges themselves of the Court of Industrial Relations are divided on this matter, attests to the existence of such misapprehension. It is well therefore to review some of the leading decided cases touching on this point, for the purpose of clarifying this fundamental question.

In the *PAFLU vs. Tan Case*,^[1] we held that the Court of Industrial Relations has jurisdiction over cases (1) when the labor dispute affects an industry which is indispensable to the national interest and is so certified by the President to the industrial court (Sec. 10, Rep. Act No. 875) ; (2) when the controversy refers to minimum wage under the Minimum Wage Law (Rep. Act No. 602); (3) when it involves hours of employment under the Eight-Hour Labor Law (Com. Act No. 444); and (4) when it involves an unfair labor practice (Sec. 5-a, Rep. Act No. 875).

Later, in the case of *Detective and Protective Bureau Incorporated vs. Felipe Guevara, et al*^[2] involving claims for refund of deductions from respondents' salaries, payment of additional compensation for work performed on Sundays and holidays, and for night work, and grant of vacation and sick leave pay, this Court held that the Court of Industrial Relations had jurisdiction, inasmuch as the claimants were all employees of the Detective and Protective Bureau, Inc, at the time of the filing of their claims in Case No. 764-V in the Court of Industrial Relations. To the same effect is the case of *Isaac Peral Bowling Alley vs. United Employees Welfare Association, et al.* (102 Phil., 219).

Subsequently, in the case of *Santiago Aguilar vs. Jose Salumbides* (G.R. No. L-10124, prom. December 28, 1957), this Court declared that the Court of Industrial Relations had no longer jurisdiction to hear and determine the claims of ex-employees against their former employer for overtime, wage differential, and separation pays.

Again, in the cases of *Roman Catholic Archbishop of Manila vs. Yanson, et al.* (G. R. No. L-12341) and *Elizalde and Co., Inc. vs. Yanson, et al.* (G. R. No. L-12345) jointly decided on April 30, 1958, this Court, in a unanimous opinion, declared:

"In the present case, it is apparent that the petition below is simply for the collection of unpaid salaries and wages alleged to be due for services rendered years ago. No labor dispute appears to be presently involved since the petition itself indicates that the employment has long terminated and petitioners are not asking that they be reinstated. Clearly, the petition does not fall under any of the cases enumerated in the law as coming within the jurisdiction of the Industrial Court, so that it was error for that court not to have ordered its dismissal.

Indeed, even under Commonwealth Act No. 103 as amended by Com. Act No. 559, the court below could not have taken cognizance of the present case. For in order for that court to acquire jurisdiction under that law, the requisites mentioned in section 4 thereof must all be present, one of them being that there must be an industrial or agricultural dispute which is causing or likely to cause a strike or lockout. With the employment already terminated years ago, this last mentioned requisite cannot be supposed to still exist."

Then came the decision in the *NASSCO vs. Almin, et al.* case (104 Phil., 835; 56 Off. Gaz. [9] 1879) in which this Court upheld again the jurisdiction of the Court of Industrial Relations to hear and determine the claim of respondents at the time presently and actually in the employ of the petitioner—for overtime compensation for work they were then rendering since 1950 on Sundays and holidays and even at night.

On the same theory, this Tribunal, in the *Chua Workers' Union (NLU) vs. City Automotive Company, et al.* case^[3] where the claimants for differential and overtime pays were former employees of the respondent company, ruled that the Court of industrial Relations had no jurisdiction.

The latest case is that of *Monares vs. CNS Enterprises, et al.* (G.R. No. L-11749, prom. May 29, 1959) in which this Court, speaking through the Chief Justice, held that the Court of Industrial Relations and not the Court of

First Instance, has jurisdiction where the claimant, although no longer in the service of the employer, seeks in his petition the payment of differential and overtime pay and his reinstatement.

Analyzing these cases, the underlying principle, it will be noted in all of them, though not stated in express terms, is that where the employer-employee relationship is still existing or is sought to be reestablished because of its wrongful severance (as where the employee seeks reinstatement), the Court of Industrial Relations has jurisdiction over all claims arising out of, or in connection with employment, such as those related to the Minimum Wage Law and the Eight-Hour Labor Law. After the termination of the relationship and no reinstatement is sought, such, claims becomes mere money claims, and come within the jurisdiction of the regular courts.

We are aware that in 2 cases,[4] some statements implying a different view have been made, but we now hold and declare the principle set forth in the next preceding paragraph as the one governing all cases of this nature.

It appearing that in the present case, the respondents claimants are, or at least were, at the time of presenting their claims, actually in the employ of herein petitioner, the Court of Industrial Relations correctly took cognizance of the case.

In respect of the second issue, it appears that claimants security guards have been employed and required to observe a 24-hour guard duty divided into 3 shifts of 8 hours each. On April 15, 1953, the Assistant Chief Security Officer of petitioner corporation, acting for the Chief Security Officer, issued a Memorandum (Annex A), directing the Security guards to report for duty 2 hours in advance of the usual time for guard work. Pursuant thereto, claimants had been rendering such overtime work until January 13, 1954, when the order was revoked after a change of management.

Petitioner, however, contends that said memorandum of the Assistant Chief Security Officer was issued without authority and, therefore, it is not bound to pay for the alleged overtime. But, as found by respondent court, shortly after the enforcement of the aforementioned memorandum, the security guards protested to the management of petitioner corporation, more particularly to Mr. Santiago de la Cruz, General Manager, Atty. Graciano Borja, Director, and Mr. Espiritu, Director. Instead of revoking said memorandum on the ground that it was unauthorized by the management, General Manager De la Cruz told the security guards that the reason why it was being enforced, was to discipline them and that their work was only light and that 1 hour was of no importance. This, the lower court held, amounted to a tacit ratification of the memorandum, on the part of the said official who, as claimed by petitioner itself, had the power to validly act for it. (See also Sec. 6, Exec. Order No. 350, series of 1950.) Hence, the lower court concluded, applying the provisions of Articles 1393 and 1396[5] of the new Civil Code, that any defect, if any, which said memorandum of the Assistant Chief Security Officer may have at the time it was constituted, was, therefore, corrected.

But petitioner urges that Articles 1393 and 1396 refer to voidable contracts and the questioned memorandum is not such a contract but an order issued by one not authorized and, therefore, is illegal and cannot be ratified tacitly.

This view is without merit. There is no question that a contract of employment exists between petitioner and claimants-respondents, and that pursuant to the terms thereof, the latter are to render 8 hours labor. When petitioner's official required respondents to render an additional hour work, and the respondents had to comply (as non-compliance was punishable and actually punished with disciplinary action), a supplemental contractual obligation was created both under the terms of the original contract of employment and of the Eight-hour Labor Law, that such additional work was to be compensated. That the memorandum giving rise to this situation was originally authorized, did not make it illegal to the extent of not being capable of ratification by the duly authorized official, the General Manager of petitioner corporation. Hence, the lower court correctly applied

Articles 1393 and 1396, upon the facts found by it in this case and amply supported by the record.

Wherefore, finding no error in the decision appealed from and the resolution upholding it, the same are hereby affirmed, with costs against the petitioner. So ordered.

Paras, C. J., Bengzon, Montemayor, Bautista Angelo, Labrador, Concepcion, and Gutierrez David, JJ., concur.
Reyes, J.B.L., J., on leave, took no part.

[1] 99 Phil., 854; 52 Off. Gaz. (13) 5836.

[2] G.R. No. L-8738, prom. May 31, 1957.

[3] G.R. No. L-11655, prom. April 29, 1959.

[4] Mindanao Bus Employees Labor Union (PLUM) vs. Mindanao Bus Co., et al., 102 Phil., 1179; Gomez vs. North Camarines Lumber Co., 104 Phil., 294; 56 Off. Gaz. (12) 2630.

[5] "ART. 1393. Ratification may be affected expressly or tacitly. It is understood that there is a tacit ratification if, with knowledge of the reason which renders the contract voidable and such reason having ceased, the person who has a right to invoke it should execute an act which necessarily implies an intention to waive his right."

"Art 1396. Ratification cleanses the contract from all its defects from the moment it was constituted."

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