

**GEORGE W. FLEISCHER AND PAZ LALK, PLAINTIFF-APPELLANTS,
VS. PAMPLONA PLANTATION COMPANY. INC.,
DEFENDANT-APPELLEE.**

G.R. No. L-24749. July 31, 1969

Ponente: BARREDO, J.

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BARREDO, J.:

This is an appeal from the order of the Court of First Instance of Negros Oriental in its Civil Case No. 4296, dismissing the case, on motion to dismiss of defendant-appellee on the ground that the court had no jurisdiction over the subject-matter of the action.

In their verified complaint filed with the court a quo on July 13, 1964, plaintiffs-appellants, the spouses George W. Fleischer and Paz Lalk sought to recover the value of accrued vacation and sick leaves, vacation allowance and actual, moral and exemplary damages, along with attorney's fees, from the husband's former employer, defendant-appellee Pamplona Plantation Company, Inc. They alleged in their pleading, inter alia, the following:

"2. That sometime in the early part of 1955. the defendant employee plaintiff George W. Fleischer as Manager of its vast coconut plantation at Pamplona, Negros Oriental, Philippines, with a monthly salary of P1,000.00 and other privileges;

"3. That immediately thereafter, plaintiff George Fleischer rendered continuous and efficient service as such Manager until February 28, 1963, when, on said date, the defendant, without any justifiable reason whatsoever, illegally dismissed plaintiff George W. Fleischer as such Manager as well as a member of its Board of Directors;

"4. That at the time he was illegally dismissed, plaintiff George W. Fleischer was already entitled legally from but was unlawfully deprived by the defendant, of the following privileges or benefits:

Four(4) months accrued vacation leave with pay

.....

P 4.000.00

Four(4) months accrued sick leave with pay

.....

P 4,000.00

Half(1/2) of value of vacation allowance for

First Class Transportation for him and his

wife and from the West Coast, U.S.A.

.....

P 5,000.00

P13,000.00

"5. That by reason of said illegal dismissal, the plaintiffs suffered and still continue to suffer unnecessary social and business humiliation, causing them moral damages in the amount of P50,000.00 each;

"6. That notwithstanding repeated demands by the plaintiffs, the defendant refused and failed, and still refuses and fails, without any justifiable reason therefor, to pay the plaintiffs the value of the privileges or benefits due them outlined in par. 4 hereof, as well as the moral damages suffered by them intimated in the next preceding paragraph hereof, the defendant having tendered to the plaintiffs' son, Davis Fleischer, as Assistant Manager of defendant, only the sum of P4,000.00 as separation pay for plaintiff George W. Fleischer in the light of said plaintiff's eight (8) long years of continuous and efficient service as Manager of defendant's vast coconut plantation;

"7. That because of said unlawful acts of the defendant, the plaintiffs have been constrained to institute this action and to suffer, as a consequence thereof, actual expenses or damages which may increase as this case progresses, in the amount of not less than P1,000, and Attorney's fees in the amount of P10,000.00;

"8. That defendant's dismissal of plaintiff George W. Fleischer as its Manager as well as defendant's deprivation of the benefits or privileges legally due the plaintiffs which have been intimated in paragraph 4 hereof, have been as they are still are,-unwarranted and illegal, and as a public deterrent to such illegal acts, the defendant deserves to be sentenced to pay exemplary damages in the amount of P10,000.00 to each of the plaintiffs." (Italics supplied.)

Upon the foregoing allegations, the plaintiffs prayed that judgment be rendered in their favor and against the defendant, "holding as illegal, the dismissal of plaintiff George W. Fleischer by the defendant as Manager of its vast coconut plantation, and as a consequence thereof, to sentence the defendant, to pay to the plaintiffs, with legal interest thereon from February 28, 1963, the date of illegal dismissal, until full payment thereof," the aggregate amount of their claims in the sum of P144,000.00.

On July 28, 1964, the defendant corporation moved for the dismissal of the case on the ground that it involved money claims arising from agrarian relations, and, therefore, it was the Court of Agrarian Relations, not the court a quo, which has original and exclusive jurisdiction over it, pursuant to paragraph 1, Section 154 of the

Agricultural Land Reform Code (Republic Act 3844). After a consideration of the ground of said motion as well as the opposition thereto, on November 14, 1961, the court dismissed the case without pronouncement as to costs. Plaintiffs moved for the reconsideration of said order, but the same was denied, hence this appeal.

The case was deemed submitted by this Court without the brief for appellee, the one submitted by the Pamplona Plantation Company having been rejected by this Court for having been submitted out of time. At any rate, the position of appellee as regards the issues posed here by appellants appear to have been discussed quite extensively by said appellee in the court below in its memorandum supporting the motion to dismiss and, later, in its opposition to the motion for reconsideration of the order appealed from filed by appellants with the said court which are reproduced in toto in the Record on Appeal and have been duly considered by Us.

There can be no dispute that the present action pertains to money claims in the nature of damages, value of accrued vacation and sick leaves, allowances for first class transportation to and from the west coast of the United States and attorney's fees, all arising from the alleged illegal dismissal of plaintiff husband Fleischer, as manager and member of the board of directors of appellee corporation, a company admittedly engaged in an agricultural venture in a vast coconut plantation. While it is true that the complaint also alleges that Fleischer was illegally dismissed as a Director of appellee corporation, there is no allegation therein of any specific damages suffered by appellants as a result of such dismissal. Consequently, We do not consider it necessary to touch here the matter of said directorship. Clearly then, the only legal question before Us is: whether or not the present claim for damages and value of accrued leaves and travelling allowances of appellant Fleischer as Manager of appellee company, without any prayer for reinstatement, may be considered as a "money claim arising from agrarian relations" falling within the original and exclusive jurisdiction of the Court of Agrarian Relations.

Appellants contend that the relation of appellee Pamplona Plantation Company, Inc. with Fleischer—as Manager of said company's agricultural venture (coconut plantation)—is "a purely civil law matter between them" and that such employment does not constitute agrarian relations. We agree.

Section 154, paragraph 1 of the Agricultural Land Reform Code provides that the Court of Agrarian Relations shall have jurisdiction over "all cases or actions involving matters, controversies, disputes, or money claims arising from agrarian relations"; but it is not difficult to see that such agrarian relations can arise only where the parties stand in the relation of landlord and tenant or farm employer and farm employee or laborer and one of the parties works the land. The history and reason for the creation of the Court of Agrarian Relations indicate clearly that said court has been designed to deal with matters which relate to land tenancy irrespective of its nature.

The multiplication and frequent recurrence of cases involving questions of compensation, crop sharing, ejectment, etc. between landowners and workers on the land as well as new enlightened policies related to the aged-old problems of tenancy in this country have made it necessary to entrust the settlement of all controversies regarding agrarian relations to special courts that will handle them exclusively, with more expediency and expertise. The series of progressive legislations approved in the last two or three decades, intended to ameliorate the condition of agricultural peasants bespeak the concern of the leadership of the country for the welfare of the workers on the land and their objective of seeing to it that cases connected with the relations between the landowners and the workers are settled as promptly as possible. It is in this sense that the jurisdiction of the CAR over agrarian relations is exclusive. And this does not necessarily follow that Congress intended to make all legal problems in the management of agricultural enterprises and ventures fall within the exclusive jurisdiction of the CAR. In fact, this Court already had occasion to clarify in the case of *Dequito v. Lopez*, 22 SCRA 1352, that said jurisdiction of the CAR is not absolutely exclusive in regard to all claims made by persons working with an agricultural enterprise, whether or not they work on the land itself. In the same case of *Dequito*, this Court held that claims for separation pay, pay differential, overtime pay, reimbursement of transportation expenses, exemplary damages and

"litis" expenses of a dismissed security guard in an agricultural enterprise, are not money claims arising from agrarian relations, hence outside the jurisdiction of the CAR. Speaking for the Court, Mr. Justice Fernando explained:

"As above noted, the motion to dismiss before the lower court was predicated on the plaintiff-appellant's status as a former agricultural employee whose claim, under the Agricultural Land Reform Code, which took effect on August 8, 1963, must be decided by the Court of Agrarian Relations, which is vested with original and exclusive jurisdiction over all cases or action involving matters, controversies, disputes, or money claims arising from agrarian relations. Such plea, again as was set forth above, elicited a favorable response from the lower court as shown from appealed order of dismissal.

"To repeat, the lower court misread the law and the appeal must be sustained. The statutory provision (Section 154, par. 1 of the Agricultural Land Reform Code, Republic Act No. 3844) that controls vests original and exclusive jurisdiction in the Court of Agrarian Relations over 'money claims arising from agrarian relations. . . .' While defendants-appellees did operate an agricultural enterprise, the employment of plaintiff-appellant, prior to his alleged unjust dismissal, such employment and dismissal giving rise to the money claims, was that of a security guard. It would be to stretch unduly the interpretation of 'agrarian relations' to view the work performed by plaintiff-appellant as embraced therein. Moreover, it would not be contrary to the reason that prompted the grant of such original and exclusive jurisdiction to a tribunal, which necessarily has in its favor the presumption of expertise, with its jurisdiction limited to the disposition of controversies and disputes, as well as money claims arising from the relationship between a proprietor on the one hand, and tenants, lessees, or workers on the other. What we have here is an ordinary employment relationship which gives rise to certain money claims. The work as security guard lacks the element which would give rise to any form of agrarian relations. Under the circumstances, the controlling statutory provision is not susceptible of the interpretation erroneously placed upon it by the lower court in granting the order of dismissal." (Italics supplied)

There should be no disagreement, of course, about the fact that appellant Fleischer, as manager of appellee company's coconut plantation, was an employee of said company, and an employer-employee relationship necessarily existed between them; but, certainly, not all forms of employer-employee relationship, albeit in connection with the operation of an agricultural enterprise, nor all disputes or claims arising between a tenant and a landlord, or between an agricultural lessee and an agricultural lessor, or between a farm employer and his farm employees and laborers, give rise to agrarian relations. And for the Court of Agrarian Relations to acquire jurisdiction over disputes between capital and labor, there must exist a controversy involving the cultivation of the land and its consequences. If there is no question arising from that relationship; if there is no agrarian relation involved; or if the dispute is plainly one between parties who do not stand in the relation of landlord and tenant or farm employer and farm laborer, the Court of Agrarian Relations would have no jurisdiction.[1]

As between the farm workers or employees who work the land and appellee company, it would be perfectly right to say that agrarian relations exists between them, and their relationship should be governed by the pertinent provisions of the Agricultural Land Reform Code. However, the problem here is not between such farm workers and appellee company, but between the latter and appellant, as manager of said company, between whom no provision of the Code applies as regards the rights and duties of one towards the other. Necessarily, such relationship must be governed by the contract between them, for appellant is no ordinary employee of appellee company but the alter ego of the company itself. The following words in *Gurrea vs. Lezama, et al.*, [2] altho decided on the issue of whether or not a manager is an "officer" or mere "employee" of a corporation, are enlightening on this point:

" . . . In the present case, however, the parties are the manager and the corporation. And the solution of the problem hinges on the internal government of the corporation where the charter and the by-laws are necessarily involved in the determination of the rights of the parties. . . . "

" The word "manager" implies agency, control, and presumptively sufficient authority to bind a corporation in a case in which the corporation was an actual party. It has been said that such agent must have the same general supervision of the corporation as is associated with the office of a cashier or secretary. By whatever name he may be called, such managing agent is a mere employee of the board of directors and holds his position subject to the particular contract of employment; and unless the contract of employment fixes the term of office, it may be terminated at the pleasure of the board. . . . "

"... The board of directors is the entity elected by the stockholders to manage the affairs of the corporation. And the manager is the individual appointed by the board of directors to carry out the powers delegated to him. In other words, the manager is the creation of the board of directors. He is an alter ego of the board...."

By and large, it is clear to Us that, the fundamental purpose of the tenancy laws to protect and promote to the fullest extent possible the welfare of farm workers duly considered, it was not within the contemplation of the legislature in approving the same that persons occupying positions of general managerial character in agricultural enterprises should be considered in the same category as farm laborers and other farm hands as to put claims for salaries and other forms of emolument and compensation for personal services of such general managers within the exclusive jurisdiction of the agrarian courts.

IN VIEW OF ALL THE FOREGOING, the appealed decision in this case is reversed, the motion to dismiss of defendant-appellee is denied and this case is ordered returned to the trial court for further proceedings consistent with this decision, with costs against appellee.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Sanchez, Ruiz Castro, Fernando, Capistrano and Teehankee, JJ., concur.

Zaldivar, J., took no part.

[1]Montemayor on Labor, Agrarian and Social Legislation, Vol. 3, 2nd Ed., (1967), 488 citing Torres vs. Trinidad, CA -G.R. No. 34041-R, June 1, 1965.

[2] L-10556, April 30. 1958, 103 Phil. 553, 560, 561-562.

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