

CASIANO SALADAS, PLAINTIFF AND APPELLANT, VS. FRANKLIN BAKER COMPANY, DEFENDANT AND APPELLEE.*G.R. No. L-13419. May 30, 1960*

Ponente: CONCEPCION, J.

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This is an appeal, taken by plaintiff Casiano Saladas, from an order of the Court of First Instance of Rizal dismissing the above-entitled case, upon the ground that his cause of action is barred by the statute of limitations.

It appears that said plaintiff was an employee of defendant Franklin Baker Company from December 7, 1949 to June 2, 1952, when he was dismissed. Subsequently, he filed with the Wage Administration Service of the Department of Labor a claim for overtime services allegedly rendered during said period, and for which said office found him, on August 4, 1953, to be entitled to collect P3,799.52. In a letter of said office dated October 27, 1954, payment thereof was demanded from the defendant, which, however, did not heed the demand. Hence, on November 23, 1954, plaintiff instituted Civil Case No. Q-1299 of the Court of First Instance of Rizal, Q. C. against the defendant, for the recovery of said sum. The case having: set for hearing, plaintiff filed, on January 5, 1956, through the Chief of the Prosecution Panel, Regional Office No. 1, Department of Labor, a motion for continuance, upon the ground that prosecutor assigned to handle the case and familiar with the facts therein had suddenly departed for the Visayas for some important matters and would not be available on or before January 15, 1956. This motion was denied and the case dismissed—presumably without prejudice—by an order, dated January 9, 1956. A year and a half later, or on July 18, 1957, plaintiff filed the present action for the recovery of the same overtime compensation already adverted to. In an amended answer, seasonably filed by the defendant, it alleged, among other special defenses, that plaintiff's cause of action had already prescribed. After a preliminary hearing on this particular defense, the lower court issued the order appealed from, dismissing the case as above stated. Hence, this appeal by plaintiff.

The issue is whether his claim for overtime services allegedly rendered from December 7, 1949 to June 2, 1952 is barred by the statute of limitations. Plaintiff maintains, and defendant does not deny, that at the time of the rendition of said services, and for several years subsequently thereto, the former had—pursuant to our decision in *Flores vs. San Pedro*, 102 Phil., 44; 56 Off. Gaz. (31) 4918—six (6) years, from the accrual of his cause of action, within which to sue for the recovery of overtime compensation, upon the assumption, evidently, that the services in question were rendered under an oral contract. It appears, however, that on June 22, 1957, the President approved House Bill No. 6718, which thereby became Republic Act No. 1993, amending Commonwealth Act No. 444, otherwise known as the Eight Hour Labor Law, to read as follows:

"Sec 7-A. Any action to enforce any cause of action under this Act shall be commenced within three years after the cause of action accrued, otherwise such action shall be forever barred: Provided, however, That actions already commenced before the effective date of this Act shall not be affected by the period herein prescribed."

Pursuant to Section 2 of said Republic Act No. 1993, the same took effect upon its approval, or on June 22, 1957.

Thus, the statute of limitations of action for the recovery of overtime compensation has been reduced from six (6) years (when an oral contract is involved) to three (3) years after the accrual of the cause of action. Plaintiff asserts that Republic Act No. 1993 should be construed prospectively and, hence, is inapplicable to the present case, his cause of action having accrued prior to its enactment. However, the proviso in the above-quoted Section 7-A excluding from its operation "actions already commenced before the effective date" thereof, indicates the intent to apply it to all actions instituted thereafter—like the one at bar—regardless of the time of accrual of the cause of action.

It is next urged by the plaintiff that, since his cause of action accrued on June 2, 1952, the period within which he could sue the defendant under Republic Act No. 1993, expired on June 2, 1955, thereby completely stripping him, upon its approval on June 22, 1957, of any and all remedies existing under the laws in force prior thereto, and that, to this extent said Republic Act No. 1993 is unconstitutional, as a denial of due process and an impairment of contractual obligation. As stated in the American Jurisprudence:

"* * * it is firmly established that when a new limitation is made to apply to existing rights or causes of action, a reasonable time must be allowed before it takes effect in which such rights may be asserted or in which suit may be brought on such causes of action, and that a limitation statute is void if the period allowed is unreasonably short. * * * statutes of limitation affecting existing rights are not unconstitutional if a reasonable time is given for the enforcement of the right before the bar takes effect.

* * * * *

"Unless forbidden by the State Constitution, the legislature may constitutionally shorten the periods of limitation fixed by previously existing statutes, and make the amendment applicable to existing causes of action, provided a reasonable time is left in which such actions may be commenced. The question as to what shall be considered such a reasonable time is for the determination of the legislature, and is in no sense a judicial question. Unless the time allowed is so manifestly insufficient that it becomes a denial of justice, the court will not interfere with the legislative discretion.

"The reasonableness of each limitation prescribed by a statute shortening the period of limitation must be separately adjudged in the light of the circumstances surrounding the class of cases to which it applies, and if the time is reasonable as regards the class, it will not be deemed unreasonable because it may operate harshly in some particular or exceptional instance. * * *." (34 Am. Jur. pp. 29-30, 33-34; italics ours.)

The rule is set forth in the *Corpus Juris Secundum* in the following language:

"As to existing causes of action, a statute of limitations must afford a reasonable time for the commencement of an action before the bar takes effect.

* * * * *

"Unless forbidden by constitutional restrictions, the legislature may shorten the period of limitation even as to existing causes of action, provided a reasonable time is given for the commencement of an action before, the bar takes effect. In determining the reasonableness of a statute shortening the period of limitation as to existing causes of action, the period of time between the passage of the statute and its effective date may be considered." (53 C.J.S., pp. 906, 907-908; italics ours.)

Defendant does not assail the soundness of these views, but it maintains that plaintiff had had a reasonable time within which to bring his action, because—in the words of defendant's counsel—"Republic Act No. 1993 was passed by Congress of the Philippines on May 7, 1957 and took effect only on June 22, 1957, when it was approved by the President", so that plaintiff had had forty-five (45) days within which to file his complaint herein. Indeed, in the cases of *Lehigh Valley R. Co. vs. Comar* (151 Fed. 560, 561), *Cumminghan et al vs. Commonwealth*,

et al. (180 N.E., 147-148) and Steele vs. Gana (123 S. W., 522-523), cited by defendant in support of its pretense, the constitutionality of a statute shortening the period of limitation for pre-existing causes of action was upheld upon the ground that the creditors concerned had had a reasonable period, ranging from thirty (30) days to ninety (90) days, from the "passage" of the "Act" to its effective date, within which to sue their respective debtors. What Congress of the Philippines passed on May 7, 1957, was, however, House Bill No. 6718, not Republic Act No. 1993. At that time, there was no such Republic Act No. 1993, which came into existence only on June 22, 1957, upon the approval of said House Bill No. 6718 by the President.

The cases cited by the defendant are good authority with respect to legislative enactments that become effective sometime after they have become part of the law of the land, with or without executive approval, like, for instance, the Civil Code of the Philippines, which was approved by the President on June 18, 1949, but did not take effect until one year after its publication in the Official Gazette. In other words, the doctrine laid down in said cases is irrelevant when the effectivity of the law is simultaneous with the acquisition of such status, although the bill paving the way therefor was passed prior thereto. Indeed, the reasonable time essential to meet the demands of due process must be given by the "statute", not by a "bill", which is not, as yet, a law, and, hence, can grant nothing. Besides, a creditor whose period to sue under existing laws is sought to be extinguished by a bill passed by Congress, to take effect upon its approval by the President, may file his complaint at any time before such approval, not because the bill gives him such opportunity, but despite the legislative intent to the contrary. The action filed by him in the intervening period would be prompted by the desire, not to abide by the provisions of the bill, but to avoid its operation, if not defeat its purpose. As regards bills of this nature the settled rule is:

"An existing right of action can not be taken away by legislation shortening the period of Legislation to a time which has already run; it is not within the power of the legislature to cut off an existing remedy entirely, since this would amount to a denial of justice. * * *." (34 Am. Jur. p. 29; italics ours.)

* * * * *

"* * * a statute which declares that a period lapsed shall bar an action upon a contract is an arbitrary destruction of contractual rights, and therefore, unconstitutional, as would also be a statute which practically denied a party the right to sue on an existing cause of action, by shortening the period of limitations without leaving a reasonable, time thereafter in which to bring the action." (34 Am. Jur. p. 34; italics ours.)

"* * * If the statute operates immediately to cut off the existing remedy, or within so short a time as to give the party no reasonable opportunity to exercise his remedy, then the retroactive application of it is unconstitutional as to such party.

* * * * *

"* * * If an action accrued more than the limited time before the statute was passed, a literal interpretation of the statute would have the effect of absolutely barring such action at once; such an intent would be constitutional * * *." (53 C.J.S., pp. 906-907, 916; italics ours.)

In such event, however, "it has been held that the statute will not be declared unconstitutional or void for that reason, but the courts will permit the action to be brought within such time as may be found to be reasonable". (53 C.J.S. 907; italics ours.) Inasmuch as the case at bar was filed on July 18, 1957, or less than a month, after the approval and effectivity of Republic Act No. 1993, we are of the opinion that plaintiff was reasonably diligent in pursuing the judicial enforcement of his claim, and that, accordingly, the present action should not be deemed barred by Republic Act No. 1993.

Defendant argues that, as held in Flores vs. San Pedro, supra, the cause of action for overtime compensation accrues "at the end of each regular pay period"; that plaintiff having worked on the basis of a monthly salary, his

cause of action for overtime compensation accrued at the end of the month in which the overtime services were rendered; and that, consequently, when this case was instituted on July 18, 1957, plaintiff's right to sue for overtime work rendered over six (6) years prior thereto, or from December 7, 1949 to July 18, 1951, inclusive, was already barred by the statute of limitations. Upon the other hand; plaintiff alleges that said period of prescription should be deemed suspended from October 27, 1954—when payment of the overtime compensation was demanded in writing from the defendant—to February 9, 1956, when the order of dismissal of Civil Case No. -1299 became final, or for a period of one (1) year, three (3) months and fourteen (14) days. However, defendant relies upon *Peralta vs. Alipio*, 97 Phil., 719, for the proposition that said Civil Case No.—1299 did not interrupt the aforementioned period of prescription.

The *Peralta* case is not in point. The debtor therein invoked Article 1946 of the Civil Code of Spain, pursuant to which "the service of summons * * * shall not cause interruption * * * if the plaintiff should * * * permit the proceedings to lapse * * *", whereas the creditor relied upon Article 1155 of the Civil Code of the Philippines, providing that:

"The prescription of actions is interrupted when they are filed before the court, when there is a written extrajudicial demand by the creditors, and when there is any written acknowledgment of the debt by the debtor."

"Neither contention" was held by this Court to be "correct" for "as the sale of the land" involved in the *Peralta* case "took place before the New Civil Code came into effect" or on August 1, 1947—"the statute of limitations applicable is that contained in the Code of Civil Procedure (Act 190) (Article 2258, New Civil Code)". We further declared in said case that the "Code of Civil Procedure (Act No. 190) contains no specific provision on the suspension or interruption of the running of the period of prescription by the institution of an action"; that Section 49 of said Code, reading:

"Saving in other cases.—If, in an action commenced, or attempted to be commenced, in due time, a judgment for the plaintiff be reversed, or if the plaintiff fail otherwise than upon the merits, and the time limited for the commencement of such action has, at the date of such reversal or failure, expired, the plaintiff, or, if he die and the cause of action survive, his representatives, may commence a new action within one year after such date, and this provision shall apply to any claim asserted in any pleading by a defendant."

"indicates that the principle of interruption of the period of limitations was not adopted in our statute" (referring to Act No. 190); and that for this reason, in *Oriental Commercial Co. vs. Jureidini* (71 Phil., 25), *Conspecto vs. Fruto* (31 Phil., 144), and *Santos vs. Vera* (69 Phil., 712), it was held "that the filing of an action within the prescriptive period, if the plaintiff desists in its prosecution, does not suspend the running of the statute."

In other words, the *Peralta* case was decided pursuant to an inference drawn from section 49 of the old Code of Civil Procedure, it being the law in force when the transaction involved therein took place years before the enactment and effectivity of the Civil Code of the Philippines, which was not applied. The doctrine therein laid down is not controlling in the case at bar, for plaintiff herein was dismissed after the effective date of the Civil Code of the Philippines, which specifically and expressly provides in Article 1155 thereof for the interruption of the period of prescription, in consequence of either the filing of suit, or of a written extrajudicial demand or a written acknowledgment of the debt. Moreover, in the *Peralta* case, we said that "* * * there is a firmly established rule in many American states that the commencement of the suit prior to the expiration of the applicable limitation period interrupts the running of the statute as to all parties to the action", which "rule is similar to that contained in Article 1150 of the New Civil Code", although "this principle * * * does not appear in Act 190, our old statute of limitations, which is taken from Ohio." Thus, we have, in fact, acknowledged that, in cases falling under the provisions of the Civil Code of the Philippines, the period of prescription is suspended by

the aforementioned acts or events specified in said Article 1155 thereof.

The next question for determination is whether plaintiff may invoke such provision, as regards the overtime services allegedly rendered by him from December 7, 1949, to August 30, 1950, when the Civil Code of the Philippines became effective. It should be noted that said Code was already part of our laws at that time, it having been approved by the President on June 18, 1949. At any rate, Article 2258 thereof provides:

"Actions and rights which came into being but were not exercised before the effectivity of this Code, shall remain in full force in conformity with the old legislation; but their exercise, duration and the procedure to enforce them shall be regulated by this Code and by the Rules of Court. If the exercise of the right or of the action was commenced under the old laws, but is pending on the date this Code takes effect, and the procedure was different from that established in this new body of laws, the parties concerned may choose which method or course to pursue."

Plaintiff's right of action for overtime services from December 2, 1949 to August 30, 1950 "came into being", but was "not exercised before the effectivity" of the Civil Code of the Philippines. Besides, the aforementioned Civil Case No. Q-1299 was neither "pending on the date" said Code took effect, nor "commenced under the old laws." Pursuant to the first sentence of the above-quoted Article 2258, the "exercise duration and * * * procedure to enforce" plaintiff's right of action for the period preceding the effectivity of said Code, but after the same had become part of our statutes, "shall be regulated" by the same "Code and by the Rules of Court." Inasmuch as the interruption of the prescriptive period established in Article 1155 of our Civil Code affects the "exercise" and, "duration" of the aforementioned right of action, it follows, that plaintiff is entitled to the benefits of said provision, insofar as the overtime services allegedly rendered, not only from August 30, 1950 to June 2, 1952, but, also, from December 7, 1949 to August 29, 1950.

Adding to the six (6) years within which an action based upon an oral contract may be brought, the period of interruption thereof in the case at bar—which, as indicated above, lasted one (1) year, three (3) months and fourteen (14) days—the result is that plaintiff is not barred from suing for overtime services rendered from April 1, 1950 to June 2, 1952.

Wherefore, the order appealed from is accordingly modified and the records remanded to the lower court for further proceedings, not inconsistent with this decision, with the costs of this instance against defendant-appellee, Franklin Baker Company. It is so ordered.

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

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