

FERMIN REOTAN, PLAINTIFF AND APPELLEE, VS. NATIONAL RICE AND CORN CORPORATION, DEFENDANT AND APPELLANT.*G. R. No. L-16223-25. February 27, 1962*

Ponente: CONCEPCION, J.

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Appeal by the National Rice and Corn Corporation, hereafter referred to as the NARIC, from a decision of the Court of First Instance of Manila in the above entitled three (3) cases, which were jointly tried, sentencing the NARIC: (a) in Case No. 27483 (CA-G. R. No. 20151-R), to pay to Fermin Reotan P5,806.61, with interest thereon at the rate of 6% per annum from September 14, 1955, plus P500.00 as attorney's fees, and the costs; (b) in Case No. 27484 (CA-G. R. No. 20152-R), to pay to Silvestre Reotan P3,647.03, with interest at the same rate and from the same date, and P500 as attorney's fees, as well as the costs; and (c) in Case No. 27485 (CA-G. R. No. 20153-R), to pay to Praxedes Balane P3,819.48, with the same rate of interest and from the same date, aside from P500 as attorney's fees, in addition to the costs.

Plaintiffs Fermin Reotan, Silvestre Reotan and Praxedes Balane were guards-watchmen in the agencies or branches of the NARIC in Naga, Camarines Sur, Tabaco, Albay, and Daet, Camarines Norte, respectively, the first, from December 1, 1946 to March 31, 1954, the second, from July 12, 1949 to February 12, 1954, and, the last, from September 12, 1949 to March 31, 1952. Inasmuch as these agencies had each only two (2) guards-watchmen, the latter had been required by their immediate superiors to work in two (2) shifts of 12 hours daily each, except when they were on vacation or sick leave of absence. Having made demands of payment of the corresponding overtime compensation which were not heeded by the NARIC, on July 15, 1954, plaintiffs filed their respective claims for overtime with the Wage Administration Service, which, on February 16, 1955, rendered decision in their favor. Inasmuch as, this notwithstanding, the NARIC persisted in its refusal to pay said compensation, plaintiffs instituted the present separate actions, which were jointly heard and disposed of in one decision, as above stated.

That plaintiffs had rendered the overtime services aforementioned has been fully established, not only by their testimony and that of the corresponding officers-in-charge of the agencies of the NARIC in Naga, Tabaco, and Daet, but, also, by their respective time-records, most of which—duly certified and found correct as to the prescribed office hours, and bearing the signatures of the officers-in-charge—were introduced in evidence. It was, also, proven satisfactorily that, some time-records had been destroyed by any, and consequently, could not be produced in court, and that said overtime services were rendered by order of the aforementioned officers-in-charge, because it was necessary to protect the properties of the NARIC therein and because the request of said officers for authority to engage additional guards had not been approved by the management.

Upon the other hand, the NARIC maintains: (1) that its President-Manager had ordered that "except in special cases of overtime work specifically approved by the management to be with pay, no payment of overtime work will be approved", for pursuant to Resolution No. 479 of its Board of Directors, "no overtime nor meal allowance shall be allowed unless previously approved by the General Manager and only in cases of absolute necessity"; (2)

that this case should be dismissed because, upon petition filed by the NARIC Workers' Union in Case No. 746-V(8) of the Court of Industrial Relations, the same extended to the NARIC workers in the provinces, the benefits of a partial decision, rendered in said case, on February 16, 1953, granting differential pay to NARIC workers in Manila who had rendered night work, overtime and work on Sundays and legal holidays, for which reason an examiner of the Court of Industrial Relations reported thereto, inter alia, that plaintiffs herein, namely, Fermin Reotan, Silvestre Reotan and Praxedes Balane were entitled, for such work, during the period from February 1945 to January 1953, to the sums of P5.82, P193.30 and P151.23, respectively; (3) that the Eight Hour Labor Law is inapplicable to the NARIC; and (4) that the period during which said plaintiffs were on leave of absence should not have been included in the computation of the amounts due them by way of overtime according to the decision appealed from.

1. The authority of the officers-in-charge of the NARIC agencies in Naga, Tabaco and Daet to require plaintiffs herein to render overtime services is not questioned. What the NARIC contests is its obligation to pay for the aforementioned services, its President-Manager having specifically instructed said officers-in-charge, in pursuance of a resolution of the Board of Directors that there would be no compensation for said services "unless previously approved by the General Manager and only in cases of absolute necessity". The lower court overruled this pretense upon the ground that:

"Section 6 of Commonwealth Act No. 444 specifically provides that 'any agreement or contract between the employer and the laborer or employee contrary to the provision of this Act shall be null and void ab initio'. Even in cases of disaster or calamity, to prevent loss of life and property, Section 3 of said Commonwealth Act No. 414 provides that 'in all such cases the laborers and employees shall be entitled to receive compensation for the overtime work performed as the same rate as the regular wages or salary, plus at least 25 per centum additional'. Section 4 of the same Act provides that 'no person, firm, or corporation * * * shall compel an employee or laborer to work during Sundays and legal holidays, unless he is paid an additional sum of at least 25 per centum of his regular remuneration.'"

We are fully in accord with this view, which is in line with our decision in *Manila Railroad Co. vs. CIR*, G. R. No. L-4616 (July 31, 1952) in which we held that:

"If the work performed was necessary, or that it benefited the company or that the employee could not abandon his work at the end of his eight hour work because there was no substitute ready to take his place and he performed overtime services upon the order of his immediate superior, notwithstanding the fact that there was a standing circular to the effect that before overtime work may be performed with pay, the approval of the corresponding department head should be secured, such overtime services are compensable in spite of the fact that said overtime services were rendered without the prior approval of the Department Head."

2. On August 3, 1954—when the petition of counsel for the NARIC Workers' Union for extension, to the NARIC employees in the provinces, of the benefits of the partial decision in Case No. 746-V(8) of the Court of Industrial Relations, dated February 16, 1953, granting additional compensation or differential pay to NARIC employees in Manila for overtime work and work rendered on Sundays and legal holidays, was filed—plaintiffs herein were no longer employees of the NARIC. Hence, insofar as they are concerned, said petition involved no more than an ordinary claim for the recovery of a sum of money, which was beyond the jurisdiction of the Court of Industrial Relations (*Mindanao Bus Employees Labor Union vs. Mindanao Bus Co.*, G. R. No. L-9795, December 28, 1957; *Price Stabilization Corp. [PRISCO] vs. CIR, et al.*, 108 Phil. 134; *Ajax International Corp. vs. Seguritan, et al.*, 109 Phil., 813; *Sampaguita Pictures, Inc., et al. vs. CIR, et al.*, 109 Phil., 816; 60 Off. Gaz., [52] 8583; *Pan American World Airways System [Philippines] vs. Pan American Employees Association*, 111 Phil., 126; 59 Off. Gaz., [36] 6046; *Philippine Wood Products, et al. vs. CIR, et al.*, 112 Phil., 640; 61 Off. Gaz., [10] 1345; *Manila Port Service, et al. vs. CIR, et al.*, 112 Phil., 672; 58 Off. Gaz., [43] 7042).

What is more, it appears from the affidavits of plaintiffs herein—neither the admissibility nor the accuracy of which has been impugned by the NARIC—that the attorney for the NARIC Workers' Union who filed said petition had not been authorized by said plaintiffs to represent them in the aforementioned Case No. 746-V(8). Indeed, months before the presentation of the abovementioned petition of counsel for the NARIC Workers' Union, or on July 15, 1954, plaintiffs herein had filed with the Wage Administration Service of the Department of Labor their respective claims for the overtime services involved in the cases at bar.

Again, the same were filed on September 14, 1955, or ten (10) months before the filing of the report of the examiner of the Court of Industrial Relations, dated July 10, 1956, stating that the amounts due to plaintiffs herein as differential pay were P5.82, P193.30 and P151.23, respectively. In any event, the NARIC does not claim that this report of the examiner has been approved by said court. Hence, the plea of *res adjudicata* is groundless and the lower court did not err in sustaining its jurisdiction to hear and decide these cases.

3. In support of the theory that the Eight Hour Labor Law is inapplicable thereto, the NARIC relies upon the case of *Tabora vs. Montelibano* (52 Off. Gaz., 3058), in which we held that employees of the NARIC may not be removed except in accordance with the provisions of the Civil Service Law and regulations. Being concerned merely with the fixity of the tenure of such employees, said case is not decisive on the question under consideration.

The Civil Service Law was, also, invoked in *Price Stabilization Corporation vs. Court of Industrial Relations*, (102 Phil., 515; 54 Off. Gaz., [15] 4472) and *Price Stabilization Corporation vs. PRISCO Workers' Union*, G. R. No. L-9288 (December 29, 1958), to bolster up the theory that the Eight Hour Labor Law was not applicable to the petitioners in both cases. Yet, this contention was overruled, upon the ground that "section 10, Executive Order No. 350, Series of 1951, providing that officers and employees of the PRISCO are subject to the Civil Service Law * * * refer to the fixed tenure of office of its officers and employees who may be removed only for cause as provided by law", citing precisely the case, among others of *Tabora vs. Montelibano*, *supra*. Moreover, we then said explicitly that the PRISCO

"* * * is a government-owned corporation run and operated like any ordinary corporation which may realize profits and incur losses and the jurisdiction of the Court of Industrial Relations in labor disputes involving government-owned corporations is recognized. Moreover, it is a well-established doctrine that when the Government engages in business, it abdicates part of its sovereign prerogatives and descends to the level of a citizen, and thereby subjects itself to the laws and regulations governing the relation of labor and management. Additional compensation for overtime, Sundays and legal holidays' work, and for night time work, have been granted to labor."

The applicability of this ruling to the NARIC becomes more apparent when we consider that the same, like the Price Stabilization Corporation (PRISCO), has been created *inter alia* to stabilize prices—with the only difference that the former is concerned with those of rice and corn (Republic Act No. 663, Section I), whereas the latter seeks to prevent "scarcity, monopolization, hoarding, speculation, manipulation and profiteering affecting the supply, distribution and movement" (and hence to stabilize the price) not only of rice and corn, but, also, of other products—and that the Civil Service Law has been made applicable to the NARIC by the same Executive Order No. 399, Series of 1951, which extended its operation to the PRISCO.

4. It appearing that Fermin Reotan had been on leave of absence for 36 days and that Silvestre Reotan and Praxedes Balane had been absent for one (1) day and four (4) days, respectively, and that these absences had not been considered in computing the overtime compensation due to said plaintiffs, it is clear that the corresponding deductions should be made therefrom.

With this modification, the decision appealed from is hereby affirmed, therefore, in all other respects, and let these cases be remanded to the lower court for determination of the amount of said deductions, without special pronouncement as to the costs of this instance. It is so ordered.

Bengzon, C. J., Padilla, Bautista Angelo, Labrador, Reyes, J. B. L., Barrera, Paredes, Dizon, and De Leon, JJ., concur.

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