

**INDEPENDENT SAGAY-ESCALANTE PLANTERS, INC., PETITIONER,
VS. NATIONAL LABOR RELATIONS COMMISSION, FOURTH DIVISION,
CEBU CITY AND ALFREDO SUMIDO, JULIO PANER, MELQUIADES
BACAN AND...**

G.R. No. 100926. March 13, 1992

Ponente: FELICIANO, J.

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FELICIANO, J.:

The private respondents in this case are sugarcane plantation workers of Hacienda Tinago, situated at Fabrica, Negros Occidental. In 1983, they instituted a class suit on behalf of all sugar plantation workers of the Lopez Mill District, directed against all sugar planters therein and the Lopez Sugar Corporation -- which operated the sugar central or mill and refinery serving the Lopez Mill District -- before Regional Arbitration Branch No. 6 of the Department of Labor and Employment, Bacolod City.[1]

Private respondents sought to recover the sixty per cent (60%) share of the laborers in the increased deliveries enjoyed by their employer-planters of unrefined sugar and other derivative products of sugar cane produced by the refinery. Such benefit was accorded the laborers or employees of sugar planters by Sections 1 and 9 of R.A. No. 809.[2]

Private respondent workers alleged in their complaint that beginning with the 1972-73 crop year, such increases in the planters' participation in the output of the refinery had been concealed in their milling contracts, either by being omitted deliberately, or by being characterized or disguised as other items therein. Thus, the alleged 4.5% increase enjoyed by planters beginning with the 1972-73 crop year was made to appear as trucking allowances to be remitted annually to the planters until the 1986-87 crop year; an additional one percent (1%) increase of the planters' share given during this same period was diverted by the latter to the laborers' hospital being operated by the Lopez District Farmers' Foundation Inc.; and a further two percent (2%) increase was given the planters beginning with the 1978-79 crop year when the refinery's production reached 1.4 million piculs annually. According to the private respondents, these increases in participation have continued to be received from the refinery by the planters to the present time.[3]

The planters, represented by petitioner Independent Sagay-Escalante Planters, Inc., sought dismissal of the complaint, offering in evidence the affidavits of its members declaring that they had not received increases in their share of the products of the refinery as claimed by private respondents.[4]

On the basis of the parties' position papers and annexes, the Labor Arbiter rendered a decision dated 15 August 1984 dismissing the complaint of the planters' laborers on the grounds that it was not a proper class suit and that R.A. No. 809 did not apply to the Lopez Mill District since a majority of the planters therein had executed milling contracts with the refinery.[5]

Private respondents appealed to the National Labor Relations Commission ("NLRC") in Manila. Initially, the

NLRC dismissed the appeal in a resolution dated 26 April 1988 for being late.[6] On reconsideration, however, the NLRC gave due course to the appeal in a resolution dated 8 June 1990, after ascertaining that only payment of the appeal fee had been effected by private respondents beyond the reglementary period.

On the merits of the case, the NLRC found that it needed to ascertain additional facts before it could resolve the substantive issues raised. It remanded the case back to the Labor Arbiter for reception of evidence relating to: 1) the sharing agreements between the sugar central or refinery and the planters; 2) the gross production of the sugar central; and 3) the value of the planters' participations turned over by the sugar central, for each fiscal year, beginning from 1972 onwards. The NLRC further directed the Labor Arbiter to complete such inquiry into the relevant facts within sixty (60) days from notice of its resolution and to forward the evidence received, with the latter's evaluation and report, to the Commission.[7]

In this Petition for Certiorari with prayer for preliminary injunction, petitioner planters assail the reinstatement of private respondents' appeal as a grave abuse of discretion on the part of the NLRC. Petitioner's contention is that the NLRC should not be permitted to reopen a case where the decision of the Labor Arbiter had become final, so to enable private respondent workers to introduce evidence to establish their claim before the Labor Arbiter that the planters had received increases in their participations in the products of the refinery. Petitioner contends that the private respondents had waived their opportunity to prove their allegations when they chose to submit the case before the Labor Arbiter on the basis of their position paper.

The Court is not persuaded. We note that the workers had failed to establish their claim before the Labor Arbiter because access to the evidence needed for that purpose was under the absolute control of the sugar central and of petitioner's members. Private respondent workers had tried several times to obtain a subpoena from the Labor Arbiter to require the sugar central to produce its records. The Labor Arbiter failed to act on these motions for reasons which do not appear on the record. Thus, the private respondents had no effective and fair opportunity to be heard before the Labor Arbiter; accordingly, the NLRC considered that it should not resolve the appeal on the basis alone of position papers of the parties and affidavits of petitioner's member planters. We consider that the NLRC had ample authority, under Article 218 (c) of the Labor Code, to disregard the circumstance that the appeal fee had been tardily paid by private respondents[8] and to order the parties to present evidence before the Labor Arbiter in support of their claims.

The Labor Arbiter's award was vitiated by other, equally serious, flaws. The Labor Arbiter held that the private respondent workers had no standing to bring their complaint on behalf of all the laborers in their district for lack of a sufficiently common interest in the subject matter of the litigation, that is, that they were not entitled to bring a class suit:

"x x x. In the present case, the five complainants themselves working under respondent Teodoro Lopez are not similarly situated with respect to their status and conditions of employment, dates of employment and hours of work. Moreover, it cannot be denied that whatever rights each of the five complainants may have is exclusively personal to them individually and will be based on their respective actual work done during the crop year in which their planter?employer may have received an increase in his participation under the Act. From the foregoing, we find that complainants cannot properly represent their co-workers under respondent Teodoro Lopez and more especially the other plantation workers numbering tens of thousands employed by different and numerous planters within the Lopez Mill District. We therefore rule that the present case cannot be treated as a class suit."[9] (Underscoring supplied)

Worse, the Labor Arbiter also held that the private respondents themselves had no cause of action against the planters because R.A. No. 809 had provided that its benefits would be available only in milling districts where a majority of the planters did not execute milling contracts with the sugar central, a situation which did not exist in

the Lopez Mill District. The Labor Arbiter said:[10]

"Moreover, Sections 1 and 9 of Republic Act 809, which we have earlier quoted, are clear and unambiguous as to leave no room for interpretation. Since the share of labor under Section 9, in any increase in participation which his planter-employer may receive under the Act, is made dependent upon the application of said Act in a milling district, and since said Act applies only when there is an 'absence of written milling agreements between the majority of the planters and miller', and since in this case the complainants themselves admitted that all the planters within the Lopez Mill District have such written milling agreements with respondent Central, then the sharing between the planters and respondent Central provided under Section 1 of said Act becomes inoperative and Republic Act 809 will not apply in the present case. Therefore, this particular claim of the complainants has no basis in law whatsoever." [11]

These two (2) rulings of the Labor Arbiter collided frontally with prior rulings of this Court interpreting the provisions of R.A. No. 809. In *Federation of Free Farmers v. Court of Appeals*, [12] the Court held that the class suit had been properly brought by the laborers or their federation to secure their rights and interests under R.A. No. 809:

"Also, considering the number of laborers involved herein, We hold that it cannot be seriously argued that the trial court erred in holding that the laborers and/or the FEDERATION had properly initiated their action as a class suit, it being a matter of common knowledge that the subject matter of the controversy (herein) is one of common or general interest to persons - (so) numerous that it is impracticable to bring them all before the court, 'and after all, it appears that the 'parties actually before (the trial court were) sufficiently numerous and representative, so that all interests concerned (were) sufficiently protected.'" [13] (Underscoring supplied)

In *Asociacion de Agricultores de Talisay-Silay, Inc. v. Talisay-Silay Milling Company, Inc.*, [14] the Supreme Court expressly rejected the second position taken by the Labor Arbiter in his award. The Court there held that the benefits of Section 9 of R.A. No. 809, allocating sixty percent (60%) of the increased participations granted the planters "under this Act [R.A. No. 809]" covered "any increase [a sugar] central should concede to the planters by contract executed after the passage of [R.A. No. 809]." In that case, the operator of a sugar refinery attempted to impugn the constitutionality of R.A. No. 809 on the ground, among others, that it violated the equal protection clause of the Constitution. In rejecting this contention, the Court emphasized that the overriding social justice purpose of the statute called for an interpretation which would avoid that constitutional objection:

"It is clear to Us that all that Section 1 implies is that the proportions of sharing therein specified would no longer hold in the event a majority of the planters in the district should have written milling contracts with the centrals. In that sense, it cannot be said that the Act impairs the freedom of contract to which the CENTRAL and the planters are entitled. The language of said section does not however appear to Us to necessarily envisage inseparability of its applicability from the enforceability of the rest of the Act. On the contrary, it is implicit in the separability clause contained in Section 10 of the Act itself that to avoid that the unconstitutionality of any provision of the Act which may result from its application in relation to another provision thereof, such provisions should be accordingly applied independently of each other, specially if by so doing, as in this instance, the objective of the statute can be achieved.

More specifically with reference to the contention that Section 9 pegs or predicates the right of labor to partake in the increase of the shares of the planters to the increase resulting from the absence of a majority of contract planters provided for in Section 1, We hold that it is entirely within the purview of the legislative pro-labor-and-social-justice intent of the Act that any increase the central should concede to the planters by contract executed after the passage thereof is an increase 'under the Act', thereby resulting in the application of its Section 9, for there can be no doubt that the centrals would only grant such increase for the ultimate purpose of avoiding the application of Section 1, which is to say that the centrals' act of entering into written contracts would plainly be nothing less than an ineludible consequence of the compulsive effect of the Act intended by

the legislature. That this construction may not give the laborers exactly what the Act contemplates, since the contracts to be entered into might actually provide for proportions less favorable to the planters than that stipulated in Section 1 is no argument to render it untenable. What would happen in such a case is only a lesser evil that the totally anti-social disaster of labor getting absolutely nothing while the planters would be getting an increase which could be as much as that provided for them (planters) in said section. To reiterate, the percentage for labor specified in Section 9 may be safely construed to be demandable whatever be the percentage of increase for the planters that their contracts with their centrals might provide. And inasmuch as this constitutional approach just indicated is the only one consistent with the manifest objective of the Act, We are duly bound to adopt the same in the case at bar. The spirit rather than the latently ambiguous letter of the Act must be enforced." [15] (Under-scoring supplied)

The above rulings of this Court in *Federation of Free Farmers* and in *Asociacion de Agricultores de Talisay-Silay* have not been reversed by this Court and remain good law. The Labor Arbiter's award disregarded applicable case law, and we hold that such disregard, in the circumstances of this case, constituted grave abuse of discretion on the part of the Labor Arbiter correctible on appeal to the NLRC. [16] It is clear to the Court that when the NLRC remanded the case for determination of whether the planters had in fact received increases in their participations in the products of the sugar central under their milling contracts, the NLRC was in effect applying the relevant case law of this Court to the relations of the petitioner and private respondents.

Finally, petitioner contends that the NLRC had no jurisdiction to take cognizance of private respondents' appeal from the Labor Arbiter's award, upon the ground that the money claim of private respondents was not lawfully asserted before the Labor Arbiter in the first place, since such money claim was not based upon an employer-employee relationship. The theory of petitioner here is that since the benefit claimed by private respondents would be due to a laborer only if his planter-employer received an increased participation in the products of the sugar central, the entitlement of the laborer was due, not to the employer-employee relationship which was "incidental," but rather to the simple fact of receipt by the planter of increased participations. Petitioner adds that there is no law vesting the task of implementing R.A. No. 809 upon the NLRC.

The Court, once more, is not persuaded. We consider that the claims asserted by private respondent laborers are inextricably linked to their employment status, that the benefits extended to them by R.A. No. 809 constituted in effect additional compensation intended to improve their economic condition as laborers in sugar cane plantations. It follows that those were properly cognizable by the Labor Arbiter as a claim "arising from employer-employee relations" [17] and, upon appeal, by the NLRC.

Finally, Section 9 of R.A. No. 809 decreed that "the distribution of the share corresponding to the laborers shall be made under the supervision of the Department of Labor." Thus, the law charged the Secretary of Labor and Employment with the duty of ensuring that the planters, after receiving their increased participation from the sugar refinery, actually distribute the proportionate share of their laborers therein. [18] The Court would note that refusal by sugar planters to carry out this distribution would also activate the exercise of the visitorial and enforcement powers of the Secretary under Article 128 (b) of the Labor Code, in a proceeding summary in nature, provided that the individual laborers' individual claims for each crop year did not exceed P5,000.00. [19]

WHEREFORE, the Petition for Certiorari must be **DISMISSED** for lack of merit. The Resolutions of public respondent NLRC dated 8 June 1990 and 13 June 1991 are hereby **AFFIRMED** in toto. Costs against petitioner.

This case began nine (9) years ago and essential facts have still to be ascertained. The Court enjoins the Labor Arbiter to determine the facts and the NLRC to dispense substantial justice, with all deliberate speed. This Decision is immediately executory.

SO ORDERED.

Gutierrez, Jr., (Chairman), Bidin, Davide, Jr., and Romero, JJ., concur.

[1] Rollo, pp. 52 and 54.

[2] Sections 1 and 9 of Republic Act No. 809 (effective 22 June 1952), provide as follows:

"SECTION 1. In the absence of written milling agreements between the majority of the planters and the millers of sugar-cane in any milling district in the Philippines, the unrefined sugar produced in that district from the milling by any sugar central of the sugar-cane of any sugar-cane planter or plantation owner, as well as all by-products and derivatives thereof, shall be divided between them as follows:

Sixty per centum for the planter, and forty per centum for the central in any milling district the maximum actual production of which is not more than four hundred thousand piculs; Provided, That the provisions of this section shall not apply to sugar centrals with an actual production of less than one hundred fifty thousand piculs.

Sixty-two and one-half per centum for the planter, and thirty-seven and one-half per centum for the central in any milling district the actual production of which exceeds four hundred thousand piculs but does not exceed six hundred thousand piculs;

Sixty-five per centum for the planter, and thirty-five per centum for the central in any milling district the maximum actual production of which exceeds six hundred thousand piculs but does not exceed nine hundred thousand piculs;

Sixty-seven and one-half per centum for the planter, and thirty-two and one-half per centum for the central in any milling district the maximum actual production of which exceeds nine hundred thousand piculs but does not exceed one million two hundred thousand piculs;

Seventy per centum for the planter, and thirty per centum for the central in any milling district the maximum actual production of which exceeds one million two hundred thousand piculs.

By actual production is meant the total production of the mill for the crop year immediately preceeding.

x x x x x x x x

SEC. 9. In addition to the benefits granted by the Minimum Wage Law, the proceeds of any increase in the participation granted the planters under this Act and above their present share shall be divided between the planter and his laborers in the plantation in the following proportion:

Sixty per centum of the increased participation for the laborers and forty per centum for the planters. This distribution of the share corresponding to the laborers shall be made under the supervision of the Department of Labor.

The benefits granted to laborers in sugar plantations under this Act and in the Minimum Wage Law shall not in any way be diminished by such labor contracts known as 'by the piece,' 'by the volume,' 'by the area,' or by any other system of 'pakyaw,' the Secretary of Labor being hereby authorized to issue the necessary orders for the enforcement of this provision." (Underscoring supplied)

[3] Rollo, pp. 53-54 and 93.

[4] Id., pp. 7-8.

[5] Rollo, pp. 97 and 99.

[6] Id., pp. 100 and 133.

[7] Id., pp. 21-23.

[8] "Art. 218. Powers of the Commission. -- The Commission shall have the power and authority:

x x x x x x x x

(c) To conduct investigation for the determination of a question matter or controversy within its jurisdiction, proceed to hear and determine the disputes in the absence of any party thereto who has been summoned or served with notice to appear, conduct its proceedings or any part thereof in public or in private, adjourn its hearings to any time and place, refer technical matters or accounts to an expert and to accept his report as evidence after hearing of the parties upon due notice, direct parties to be joined in or excluded from the proceedings, correct, amend, or waive any error defect or irregularity whether in substance or in form, give all such directions as it may deem necessary or expedient in the determination of the dispute before it, and dismiss any matter or refrain from further hearing or from determining the dispute or part thereof, where it is trivial or where further proceedings by the Commission are not necessary or desirable; x x x." (Underscoring supplied)

[9] Rollo, p. 97.

[10] Id., pp. 97 and 99.

[11] Id., p. 99.

[12] 107 SCRA 352 (1981).

[13] 107 SCRA at 391. The Court here merely reiterated its earlier ruling in *Acar v. Rosal* (19 SCRA 625 [1967]), where it recognized the propriety of the laborers instituting a class suit for the purpose of recovering the benefits accorded to them under Section 9 of R.A. No. 809.

[14] 88 SCRA 294 (1979).

[15] 88 SCRA at 358-359.

[16] See Article 223, Labor Code.

[17] Article 217 (a)(6) and (b), Labor Code.

[18] *Ernesto v. Court of Appeals*, 116 SCRA 755, 766 (1982); reiterated in *Central Azucarera de Bais v. Court of Appeals*, 188 SCRA 328, 338 (1990).

[19] *Servando's Inc. v. Secretary of Labor and Employment*, 198 SCRA 156, 161 (1991).

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