

VICTORIAS MILLING CO., INC., PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION AND NATIONAL FEDERATION OF SUGAR WORKERS-FOOD AND GENERAL TRADES (NFSW-FGT), RESPONDENTS.

G.R. No. 116236. October 02, 1996

Ponente: PUNO, J.

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PUNO, J.:

This petition for certiorari seeks to annul and set aside the Decision and Resolution of the National Labor Relations Commission in NLRC Case No. AC-No. V-0027-90 affirming the orders of the labor arbiter in RAB VI Case No. 06-06-10249-89 denying petitioner's motion to dismiss.

In September 1989, private respondent National Federation of Sugar Workers-Food and General Trades (NFSW-FGT), on behalf of "all workers of farm owners,"[1] instituted a suit against petitioner Victorias Milling Co., Inc., a sugar central in Victorias, Negros Oriental, planter Hacienda Estrella II/Ferraris and all other haciendas within petitioner's milling district before Regional Arbitration Branch No. VI, National Labor Relations Commission (NLRC), Department of Labor and Employment.[2] Pursuant to Republic Act No. 809,[3] private respondent sought to recover the share of the workers in the increased deliveries enjoyed by the planter of unrefined sugar and by-products produced in petitioner's refinery from 1952 to crop year 1983-1984.[4]

Petitioner moved to dismiss the complaint for lack of jurisdiction on the ground that there was no employer-employee relationship between it and private respondent. The labor arbiter denied the motion on January 2, 1990 and January 31, 1990.[5]

Respondent Commission, on July 6, 1993 and May 26, 1994, affirmed the orders of the labor arbiter. Hence this petition.

Petitioner solely contends that:

"THE PUBLIC RESPONDENT SERIOUSLY ERRED IN REFUSING TO DISMISS THE ACTION IN NLRC CASE NO. V-0027-90 BEFORE IT (AND/OR RAB VI CASE NO. 06-06-10249-89 BEFORE ITS ARBITRATION BRANCH NO. VI) AND THEREBY CONSEQUENTLY DIRECT/ORDER DESISTANCE FROM FURTHER PROCEEDINGS THEREON NOTWITHSTANDING THE FACT THAT NEITHER THE SAID RESPONDENT NOR THE LABOR ARBITER OF ITS ARBITRATION BRANCH POSSESSES JURISDICTION OVER THE SUBJECT MATTER OF THE SAID SUIT IN LIGHT OF THE ADMITTED ABSENCE OF ANY EMPLOYER-EMPLOYEE RELATIONSHIP AS BETWEEN PETITIONER AND PRIVATE RESPONDENT AND/OR THE "FARMWORKERS" IT SEEKS TO REPRESENT."[6]

The jurisdiction of labor arbiters and respondent Commission is defined in Article 217 of the labor Code which reads:

"Art. 217. Jurisdiction of Labor Arbiters and the Commission. -- Except as otherwise provided under this Code

the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide within thirty (30) calendar days after submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

1. Unfair labor practice cases;
2. Termination disputes;
3. If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;
4. Claims for actual, moral, exemplary and other forms of damages arising from employer-employee relations;
5. Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts; and
6. Except claims for employees compensation, Social Security, Medicare and maternity benefits, all other claims, arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00), regardless of whether accompanied with a claim for reinstatement."^[7]

The labor arbiter and National Labor Relations Commission have original and exclusive jurisdiction over all disputes involving workers, whether agricultural or non-agricultural, if the dispute falls under paragraphs 1 to 6 of Article 217. Not all claims for money and benefits are included in this jurisdiction. Article 217 assumes that the cases or disputes arise out of or in connection with an employer-employee relationship between the parties.^[8]

The question now is whether an employer-employee relationship exist between petitioner sugar central and private respondent farm workers.

The answer is in the negative.

As early as 1981 in the case of *Federation of Free Farmers v. Court of Appeals*,^[9] this Court had ruled that a sugar central does not have any privity of any kind with the sugar farm workers, to wit:

"x x x From the very beginning of the sugar industry, the centrals have never had any privity of any kind with the plantation laborers, since they had their own laborers to take care of. In other words, both the centrals and the planters have always been the one dealing with their respective laborers regarding the terms and conditions of their employment, particularly as to wages. x x x."^[10]

Sugar farm workers/laborers were the direct responsibility of their respective planters and the central did not deal with the planter's workers but only with the planter.

R.A. 809 did not create any employer-employee relationship between the planters' workers and the sugar centrals. In fact, the law affirmed the old practice of the central dealing only with the planter by directly issuing to it the planter's share of the unrefined sugar per their milling contracts.^[11] Section 1 of R.A. 809 apportions the proceeds of the sugar between the sugar central and the planters as follows:

"SECTION 1. In the absence of written milling agreements between the majority of 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 maximum 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 preceding."

The planter's share included the workers' share such that if any increase was made on the planter's participation in the proceeds, it became the planter's obligation to pay his workers their 60% share of such increase. To ensure that the workers received their share, the law tasked the Department of Labor with the distribution thereof, thus:

"SECTION 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 laborer in the plantation in the following proportion:

Sixty per centum of the increased participation for the laborers and forty per centum for the planters. The 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 the other system of "pakyaw," the Secretary of Labor being hereby authorized to issue the necessary orders for the enforcement of this provision."

Clearly, there is no privity between the sugar centrals and the sugar farm workers. The workers are not employees of the sugar central but of the planter.[12] And R.A. 809 expressly recognizes the planter, not the central, as the employer of the farm workers by imposing on it the duty of paying its respective workers their share of the proceeds from the milled sugar. As held by this Court:

"x x x. Accordingly, the only obligation of the centrals, like VICTORIAS, is to give to the respective planters, like the PLANTERS herein, the planters' share of the proceeds of the milled sugar in the proportion stipulated in the milling contract which would necessarily include the portion of 60% pertaining to the laborers. Once this has been done, the central is already out of the picture, and thereafter, the matter of paying the plantation laborers of the respective planters becomes exclusively the concern of the planters, the laborers and the Department of Labor. Under no principle of law or equity can We impose on the central -- here VICTORIAS -- any liability to the plantation laborers, should any of their respective planters-employers fail to pay their legal share." [13]

Private respondent admits that the sugar central may not be held solidarily liable with the planter for the worker's share. It argues, however, that the central's non-liability does not preclude it from being impleaded as an indispensable party without whose presence the court cannot proceed and render judgment.[14] It claims that petitioner sugar central and the planters "have conspired, confederated and confabulated" to deprive the workers

of their rightful share under the law. It opines that once impleaded, petitioner may be compelled to reveal the names of the planters who milled therewith and submit the milling contracts and other records necessary for the successful prosecution of private respondent's case.[15]

An indispensable party is a "party in interest without whom no final determination can be had of an action." [16] To be indispensable, a person must first be a real party in interest, i.e., one who stands to be benefited or injured by the judgment of the suit, or the party entitled to the avails of the suit.[17] Petitioner does not stand to be benefited or injured by the judgment in the suit. It has no privity with, much less any legal obligation to private respondent.[18]

Private respondent need not implead petitioner to obtain evidence to prove its claims against the planters. It has sufficient remedies under the law and our rules of procedure. It may obtain a subpoena from the labor arbiter to require the sugar central to produce its records,[19] or it may resort to the various modes of discovery under the Revised Rules of Court.[20] It may also find recourse with the Department of Labor and Employment, the office called upon to supervise the distribution of the workers' share.[21]

IN VIEW WHEREOF, the petition is granted. The decision and Order of respondent National Labor Relations Commission in NLRC Case AC-No. V-0027-90 are reversed and set aside and the labor arbiter is ordered to dismiss RAB VI Case No. 06-06-10249-89 with respect to herein petitioner Victorias Milling Co., Inc. and to proceed with dispatch in resolving the same.

SO ORDERED.

Regalado, (Chairman), Romero, and Torres, Jr., JJ., concur.
Mendoza, J., on official leave.

[1] Amended Complaint, p. 1, Annex "A" to Petition, Rollo, p. 20.

[2] RAB VI Case No. 06-06-10249-89.

[3] The Sugar Act of 1952.

[4] Amended Complaint, Annex "A" to Petition, pp. 1-2, Rollo, pp. 20-21.

[5] Annexes "D" and "F" to Petition, Rollo, pp. 32-33, 34-38.

[6] Petition, pp. 5-6, Rollo, pp. 6-7.

[7] As amended by R.A. 6715.

[8] San Miguel Corporation v. National Labor Relations Commission, 161 SCRA 719, 724-725 [1988].

[9] 107 SCRA 352 [1981].

[10] Federation of Free Farmers v. Court of Appeals, supra, at 412.

[11] Federation of Free Farmers, supra, at 412.

[12] Hawaiian Philippine Co. v. Gulmatico, 238 SCRA 181 [1994].

[13] Federation of Free Farmers, supra, at 412-413.

[14] Comment of Private Respondent, pp. 4, 8, Rollo, pp. 165, 169.

[15] Comment of Private Respondent, p. 5, Rollo, p. 166; Memorandum of Private Respondent, p. 3, Rollo, p.

256.

[16] Rule 3, Section 7, Revised Rules of Court.

[17] *University of the Philippines Board of Regents v. Ligot-Telan*, 227 SCRA 342 [1993]; *Salonga v. Warner Barnes & Co., Ltd.*, 88 Phil. 125 [1951].

[18] *Hawaiian-Philippine Co. v. Gulmatico*, *supra*, at 188.

[19] *Independent Sagay-Escalante Planters, Inc. v. National Labor Relations Commission*, 207 SCRA 218, 223 [1992].

[20] Section 3, Rule 1 of the New Rules of Procedure of the NLRC provides for the suppletory application of the Rules of Court and jurisprudence in the absence of any applicable provision in the NLRC Rules.

[21] *Hawaiian-Philippine Co. v. Gulmatico*, *supra*, at 189; *Federation of Free Farmers v. Court of Appeals*, *supra*, at 413.

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