

**STATES MARINE CORPORATION AND ROYAL LINE, INC.,
PETITIONERS, VS. CEBU SEAMEN'S ASSOCIATION, INC.,
RESPONDENT.***G. R. No. 12444. February 28, 1963*

Ponente: PAREDES, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-12444/>**PAREDES, J.:**

Petitioners States Marine Corporation and Royal Line, Inc. were engaged in the business of marine coastwise transportation, employing therein several steamships of Philippine registry. They had a collective bargaining contract with the respondent Cebu Seamen's Association, Inc. On September 12, 1952, the respondent union filed with the Court of Industrial Relations (C.I.R.), a petition (Case No. 740-V) against the States Marine Corporation, later amended on May 4, 1953, by including as party respondent, the petitioner Royal Line, Inc. The Union alleged that the officers and men working on board the petitioners' vessels have not been paid their sick leave, vacation leave and overtime pay; that the petitioners threatened or coerced them to accept a reduction of salaries, observed by other shipowners; that after the Minimum Wage Law had taken effect, the petitioners required their employees on board their vessels, to pay the sum of P.40 for every meal, while the masters and officers were not required to pay their meals and that because Captain Carlos Asensi had refused to yield to the general reduction of salaries, the petitioners dismissed said captain who now claims for reinstatement and the payment of back wages from December 25, 1952, at the rate of P540.00, monthly.

The petitioners' shipping companies, answering, averred that very much below 30 of the men and officers in their employ were members of the respondent union; that the work on board a vessel is one of comparative case; that petitioners have suffered financial losses in the operation of their vessels and that there is no law which provides for the payment of sick leave or vacation leave to employees or workers of private firms; that as regards the claim for overtime pay, the petitioners have always observed the provisions of Comm. Act No. 444, (Eight Hour Labor Law), notwithstanding the fact that it does not apply to those who provide means of transportation; that the shipowners and operators in Cebu were paying the salaries of their officers and men, depending upon the margin of profits they could realize and other factors or circumstances of the business; that in enacting Rep. Act No. 602 (Minimum Wage Law), the Congress had in mind that the amount of P.40 per meal, furnished the employees should be deducted from the daily wages; that Captain Asensi was not dismissed for alleged union activities, but with the expiration of the term of the contract between said officer and the petitioners, his services were terminated.

A decision was rendered on February 21, 1957 in favor of the respondent union. The motion for reconsideration thereof, having been denied, the companies filed the present writ of certiorari, to resolve legal questions involved. Always bearing mind the deep-rooted principle that the factual findings of the Court of Industrial Relations should not be disturbed, if supported by substantial evidence, the different issues are taken up, in the order they are raised in the brief for the petitioners.

1. First assignment of error.—The respondent court erred in holding that it had jurisdiction over case No. 740-V, notwithstanding the fact that those who had dispute with the petitioners, were less than thirty (30) in number.

The CIR made a finding that at the time of the filing of the petition in case No. 740-V, respondent Union had more than thirty members actually working with the companies, and the court declared itself with jurisdiction to take cognizance of the case. Against this order, the herein petitioner did not file a motion for reconsideration or a petition for certiorari. The finding of fact made by the CIR became final and conclusive, which we are not now authorized to alter or modify. It is axiomatic that once the CIR had acquired jurisdiction over a case, it continues to have that jurisdiction, until the case is terminated (*Manila Hotel Emp. Association vs. Manila Hotel Company*) et al., 40 Off. Gaz. No. 6, p. 3027). It was abundantly shown that there were 56 members who signed Exhibits A, A-1 to A-8, and that 103 members of the Union are listed in Exhibits B, B-1 to B-35, F, F-1 and K-12 to K-3. So that at the time of the filing of the petition, the respondent union had a total membership of 159, working with the herein petitioners, who were presumed interested in or would be benefited by the outcome of the case (*NAMARCO vs. CIR*, L-17804, Jan. 1963). Annex D, (Order of the CIR, dated March 8, 1954), likewise belies the contention of herein, petitioner in this regard. The fact that only 7 claimed for overtime pay and only 7 witnesses testified, does not warrant the conclusion that the employees who had some dispute with the present petitioners were less than 30. The ruling of the CIR, with respect to the question of jurisdiction is, therefore, correct.

2. Second assignment of error.—The CIR erred in holding, that inasmuch as in the shipping articles, the herein petitioners have bound themselves to supply the crew with provisions and with such "daily subsistence as shall be mutually agreed upon" between the master and the crew, no deductions for meals could be made by the aforesaid petitioners from their wages or salaries.

3. Third assignment of error.—The CIR erred in holding that inasmuch as with regards to meals furnished to crew members of a vessel, section 3 (f) of Act No. 602 is the general rule, while section 19 thereof is the exception, the cost of said meals may not be legally deducted from the wages or salaries of the aforesaid crew members by the herein petitioners.

4. Fourth assignment of error.—The CIR erred in declaring that the deduction for costs of meals from the wages or salaries after August 4, 1951, is illegal and same should be reimbursed to the employee concerned, in spite of said section 3, par. (f) of Act No. 602.

It was shown, by substantial evidence, that since the beginning of the operation of the petitioner's business, all the crew of their vessels have been signing "shipping articles" in which are stated opposite their names, the salaries or wages they would receive. All seamen, whether members of the crew or deck officers or engineers, have been furnished free meals by the ship owners or operators. All the shipping articles signed by the master and the crew members, contained, among others, a stipulation, that "in consideration of which services to be duly performed, the said master hereby agrees to pay to the said crew, as wages, the sums against their names respectively expressed in the contract; and to supply them with provisions as provided here in * * *" (Sec. 8, par. [b], shipping articles), and during the duration of the contract" the master of the vessel will provide each member of the crew such daily subsistence as shall be mutually agreed, upon between said master and crew; or, in lieu of such subsistence the crew may reserve the right to demand at the time of execution of these articles that adequate daily rations be furnished each member of the crew." (Sec. 8, par. [e], shipping articles). It is, therefore, apparent that, aside from the payment of the respective salaries or wages, set opposite the names of the crew members, the petitioners bound themselves to supply the crew with ship's provisions, daily subsistence or daily rations, which include food.

This was the situation before August 4, 1951, when the Minimum Wage Law, became effective. After this date, however, the companies began deducting the cost of meals from the wages or salaries of crew members; but no such deductions were made from the salaries of the deck officers and engineers in all the boats of the petitioners. Under the existing laws, therefore, the query converges on the legality of such deductions. While the petitioners herein contend that the deduction are legal and should not be reimbursed to the respondent union, the latter, however, claims that same are illegal, and reimbursement should be made.

We hold that such deductions are not authorized. In the coastwise business of transportation of passengers and freight, the men who compose the complement of a vessel are provided with free meals by the shipowners, operators or agents, because they hold on to their work and duties, regardless of "the stress and strain concomitant of a bad weather, unmindful of the dangers that lurk ahead in the midst of the high seas."

Section 3, par., f, of the Minimum Wage Law, (R.A. No. 602), provides as follows—

" '(f) Until and unless investigations by the Secretary of Labor on his initiative or on petition of any interested party result in a different determination of the fair and reasonable value, the furnishing of meals shall be valued at not more than thirty centavos per meal for agricultural employees and not more than forty centavos for any, other employees covered by this Act, and the furnishing of housing shall be valued at not more than twenty centavos daily for agricultural workers and not more than forty centavos daily for other employees covered by this Act.' "

Petitioners maintain, in view of the above provisions, that in fixing the minimum wage of employees, Congress took into account the meals furnished by employers and that in fixing the rate of forty centavos per meal, the law-makers had in mind that the latter amount should be deducted from the daily wage, otherwise, no rate for meals should have been provided.

However, section 19, same law, states—

"Sec. 19. Relations to other labor laws and practices.—Nothing in this Act shall deprive an employee of the right to seek fair wages, shorter working hours and better working conditions nor justify an employer in violating any other labor law applicable to his employees, in reducing the wage now paid to any of his employees in excess of the minimum wage established under this Act, or in reducing supplements furnished on the date of enactment."

At first blush, it would appear that there exists a contradiction between the provisions of section 3(f) and section 19, of Rep. Act No. 602; but from a careful examination of the same, it is evident that section 3 (f) constitutes the general rule, while section 19, is the exception. In other words, if there are no supplements given, within the meaning and contemplation of section 19, but merely facilities, section 3(f) governs. There is no conflict; the two provisions could, as they should be harmonized. And even if there is such a conflict, the respondent CIR, should resolve the same, in favor of the safety and decent living of laborers (Art. 1702, new Civil Code).

It is argued that the food or meals given to the deck officers, marine engineers and unlicensed crew members in question, were mere "facilities" which should be deducted from wages, and not "supplements" which, according to said section 19, should not be deducted from such wages, because it is provided therein: "Nothing in this Act shall deprive an employee of the right to such fair wage * * * or in reducing supplements furnished on the date of enactment." In the case of *Atok-Big Wedge Assn. vs. Atok-Big Wedge Co.*, 97 Phil., 294; 51 Off. Gaz. 3432, the two terms are defined as follows—

" 'Supplements', therefore, constitute extra remuneration or special privileges or benefits given to or received by the laborers over and above their ordinary earnings or wages, 'Facilities', on the other hand, are items of expense necessary for the laborer's and his family's existence and subsistence, so that by express provision of

law (Sec. 2 [g], they form part of the wage and when furnished by the employer are deductible therefrom, since if they are not so furnished, the laborer would spend and pay for them just the same."

In short, the benefit or privilege given to the employee which constitutes an extra remuneration above and over his basic or ordinary earning or wage, is supplement; and when said benefit or privilege is part of the laborers' basic wages, it is a facility. The criterion is not so much with the kind of the benefit or item (food, lodging, bonus or sick leave, given, but its purpose. Considering, therefore, as definitely found by the respondent court that the meals were freely given to crew members prior to August 4, 1951, while they were on the high seas "not as part of their wages but as a necessary matter in the maintenance of the health and efficiency of the crew personnel during the voyage", the deductions therein made for the meals given after August 4, 1951, should be returned to them, and the operator of the coastwise vessels affected, should continue giving the same benefit.

In the case of Cebu Autobus Company vs. United Cebu Autobus Employees Assn., L-9742, Oct. 27, 1955, the company used to pay to its drivers and conductors, who were assigned outside of the City limits, aside from their regular salary, a certain percentage of their daily wage, as allowance for food. Upon the effectivity of the Minimum Wage Law, however, that privilege was Stopped by the company. The order of the CIR to the company to continue granting this privilege, was upheld by this Court.

The shipping companies argue that the furnishing of meals to the crew before the effectivity of Rep. Act No. 602, is of no moment, because such circumstance was already taken into Consideration by Congress, when it stated that "wage" includes the fair and reasonable value of boards customarily furnished by the employer, to the employees. If we are to follow the theory of the herein petitioners, then a crew member, who used to receive a monthly wage of P100.00, before August 4, 1951, with no deduction for meals, after said date, would receive only P86.00 monthly (after deducting the cost of his meals at P.40 per meal), which would be very much less than the P122.00 monthly minimum wage, fixed in accordance with the Minimum Wage Law. Instead of benefitting him, the law will adversely affect said crew member. Such interpretation does not conform with the avowed intention of Congress in enacting the said law.

One should not overlook a fact fully established, that only unlicensed crew members were made to pay for their meals or food, while the deck officers and marine engineers receiving higher pay and provided with better victuals, were not. This pictures in no uncertain terms, a great and unjust discrimination obtaining in the present case (Pambujan Sur United Mine Workers vs. CIR, et al., 51 Off. Gaz. [6] 2894).

Fifth, Sixth and Seventh Assignments or Errors.—The CIR erred in holding that Severino Pepito, a boatsman, had rendered overtime work, notwithstanding the provisions of section 1 of C.A. No. 444; in basing its finding of the alleged overtime, on the uncorroborated testimony of said Severino Pepito; and in ordering the herein petitioners to pay him.

Severino Pepito was found by the CIR to have worked overtime and had not been paid for such services. Severino Pepito categorically stated that he worked during the late hours of the evening and during the early hours of the day when the boat docks and unloads. Aside from the above, he did other jobs such as removing rusts and cleaning the vessel, which overtime work totalled to 6 hours a day, and of which he had not been paid as yet. This statement was not rebutted by the petitioners. Nobody working with him on the same boat "M/V Adriana" testified contrariwise. The testimonies of boatswains, of other vessels (M/V Iruna and M/V Princesa), are incompetent and "unreliable. And considering the established fact that the work of Severino Pepito was continuous, and during the time he was not working, he could not leave and could not completely rest, because of the place and nature of his work, the provisions of sec. 1, of Comm. Act No. 444, which states "When the work is not continuous, the time during which the laborer is not working and can leave his working place and can rest completely shall not be counted", find no application in his case.

8. Eight assignment of error.—The CIR erred in ordering petitioners to reinstate Capt. Carlos Asensi to his former position, considering the fact that said officer had been employed since January 9, 1953, as captain of a vessel belonging to another shipping firm in the City Of Cebu. The CIR held—

"Finding that the claims of Captain Carlos Asensi for back salaries from that time of his alleged layoff on March 20, 1952, is not supported by the evidence on record, the same is hereby dismissed. Considering, however, that Captain Asensi had been laid-off for a long time and that his failure to report for work is not sufficient cause for his absolute dismissal, respondents are hereby ordered to reinstate him to his former job without back salary but under the same terms and conditions of employment existing prior to his lay-off, without loss of seniority and other benefits already acquired by him prior to March 20, 1952, This Court is empowered to reduce the punishment meted out to an erring employee (Standard Vacuum Oil Co., Inc. vs. Katipunan Labor Union, G.R. No. L-9666, Jan. 30, 1967). This step taken is in consonance with section 12 of Comm. Act 103, as amended." (p. 16, Decision, Annex 'G')."

Ninth and Tenth assignments of error.—The CIR erred in denying a duly verified motion for new trial, and in overruling petitioner's motion for reconsideration.

The motion for new trial, supported by an affidavit, states that the movants have a good and valid defense and the same is based on three orders of the WAS (Wage Administration Service), dated November 6, 1966. It is alleged that they would inevitably affect the defense of the petitioners. The motion for new trial is without merit. Having the said wage Orders in their possession, while the case was pending decision, it was not explained why the proper move was not taken to introduce them before the decision was promulgated. The said wage orders, dealing as they do, with the evaluation of meals and facilities, are irrelevant to the present issue, it having been found and held that the meals or food in question are not facilities but supplements. The original petition in the CIR having been filed on Sept. 12, 1952, the WAS could have intervened in the manner provided by law to express its views on the matter. At any rate the admission of the three wage orders could not have altered the decision reached in this case.

In view hereof, the petition is dismissed, with costs against the petitioners.

Bengzon, C. J., Padilla, Bautista Angelo, Labrador, Concepcion, Reyes, J.B.L., Barrera, Dizon, Regala and Makalintal, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.