

**DESTILLERIA LIM TUACO & COMPANY, INC., PETITIONER, VS.
HON. GUSTAVO VICTORIANO, ETC., ET AL., RESPONDENTS.***G.R. No. 13412. May 30, 1960*

Ponente: GUTIERREZ DAVID, J.

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This is a petition for certiorari with preliminary injunction to annul an order of the Court of First Instance of Rizal granting the motion of herein respondent Engracio Verian for a writ of execution to enforce an alleged judgment of the Wage Administration Service. Upon the filing of the corresponding bond, this Court issued the writ of preliminary injunction prayed for.

The record shows that on March 23, 1956, herein respondent Engracio Verian filed a claim with the Wage Administrative Service (called WAS for short) for overtime compensation, vacation and severance pay against herein petitioner, a corporation duly organized and existing under Philippine Laws. The case was investigated by a regional investigator, and on June 28, 1956, said investigator rendered his "findings and recommendations" holding the respondent corporation liable to pay the claimant Engracio Verian in the sum of P5,780.38 for overtime compensation and separation pay, and requesting said corporation to deposit the amount due Verian.

On July 20, 1956, the corporation, thru counsel, filed a "motion to review" the "findings and recommendations", alleging that the claim for overtime compensation has already prescribed and claimant, who was allegedly dismissed in May, 1954, is not entitled to separation pay under Rep. Act 1052 (Termination Pay Law) which took effect only on June 12, 1954.

Acting upon the motion, the regional attorney, on August 6, 1956, issued a resolution dismissing the claim for severance pay, but, concurring "with the result of the findings and recommendation of the investigator", held the corporation liable to claimant for overtime compensation.

On October 25, 1956, the respondent corporation, filed a petition for rehearing alleging that the "findings and recommendations" of the regional investigator are without basis in fact and in law. With the petition for re-hearing still pending resolution, the claimant Engracio Verian, on November 5, 1956, filed with the court of First Instance of Rizal a motion for the execution of the "decision" of the WAS, which, according to him, has already become final. The corporation opposed the motion; nevertheless, the respondent Judge of the court below, on November 27, 1957, issued the order complained of, granting the motion for execution. A writ of execution was accordingly issued on December 12, 1957 to enforce and satisfy the so-called judgment of the WAS. A motion for reconsideration of the order and/or quashal of the writ of execution issued pursuant thereto on the ground of lack of jurisdiction having been denied, the corporation filed the present petition for certiorari with prayer for preliminary injunction.

The issue raised is not new. In the case of *Winch vs. P. J. Keiner Co., Ltd.* (104 Phil., 735; 55 Off. Gaz. [35] 7337), this Court pointed out that a claimant, who, instead of going directly to court, files his claim with the WAS, may pursue three steps or methods by which he may enforce his claim. Thus, once a claim is filed, the

same shall be assigned to an investigator whose function shall be to mediate and endeavor to induce the parties to settle the claim by amicable agreement. This function is called mediation. If an agreement is arrived at then the same becomes binding and must be complied with. Another method refers to arbitration. This is resorted to if no amicable agreement is arrived at between the parties. The investigator shall ask the parties whether they are willing to submit the case to arbitration and if they do then they should subscribe to an agreement in writing which shall be signed by them before the investigator. If they do agree to arbitration as stated, the decision of the arbitrator shall be binding, final and conclusive between them. Finally, in the event mediation fails and the parties are not willing to arbitrate then the claim shall be assigned to a Claims Attorney who, if he finds the claim meritorious and the employee is indigent, shall prepare the corresponding complaint to be submitted to a competent court. (See also *Cabrero vs. Talaman*, 103 Phil., 687; *Ponce vs. Co King Lian*, 107 Phil., 263; 57 Off. Gaz. [26] 4762.) Only through these modes—mediation, arbitration, or court action—may the WAS cause the employer to satisfy the employee's claim for unpaid wages, and the WAS has no authority to render a "decision", in the sense this term is used in legal parlance, on the claim for wages, except insofar as it has to determine whether, in its opinion, the claim is meritorious, as a condition precedent to the institution before any competent court of an ordinary action for the recovery of the sum of money it considers due to the claimant. (*Potente vs. Saulog Transit, Inc.*, 105 Phil., 525.) "It is only when an arbitration agreement or compromise is entered into between the parties that a judgment can be rendered by the WAS and enforced by the Courts." (*Ortega vs. Saulog Transit, Inc.*, 105 Phil., 907; 57 Off. Gaz., [46] 8299). Where the parties did not enter into a written agreement to submit, their dispute to the WAS for arbitration "whatever decision or judgment the WAS may have rendered in the case is not binding upon the parties, and a writ of execution issued by the Court of First Instance to enforce it is unauthorized and illegal." (*Garcia vs. Garcia*, 106 Phil., 413; 57 Off. Gaz. [3], 460.)

In the present case, lit does not appear that the parties had submitted the case to arbitration in an agreement in writing signed before the investigator. The WAS investigator merely conducted an investigation and thereafter-rendered his "findings and recommendations." Such "findings and recommendations" obviously was no judgment at all, that is a judgment that could be enforced through a writ of execution. It is, under the law, nothing more than a finding that the claim is meritorious and justifies the filing of a complaint in court. Consequently it is not binding and conclusive on herein petitioner and cannot be executed by mere petition for execution without trial and decision on the merits.

The case of *Brillantes vs. Castro*, (99 Phil., 497; 56 Off. Gaz. [29] 4621) cited by claimant in his motion for execution and relied upon by the court below in the order complained of is not applicable in the instant case. There was in that case an express arbitration agreement signed by the parties submitting their cases to the investigation and decision of the WAS. (*Cabrero vs. Talaman*, supra; *Ponce vs. Co King Lian*, supra.)

Wherefore, the petition must be, as it is hereby, granted, and the preliminary injunction heretofore issued made permanent. Without costs.

Paras, C. J., Bengzon, Padilla, Montemayor, Bautista Angelo, Labrador, Concepcion and Barrera, JJ., concur.

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