

SEVERINO PONCE, PETITIONER, VS. CO KING LIAN, RESPONDENT.

G.R. No. 13922. February 29, 1960

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

On April 16, 1956, Severino Ponce (appellee herein) filed a claim with the Wage Administration Service, Manila, for the recovery from Co King Lian (herein appellant) unpaid wages, overtime pay, and separation pay, (Case No. C—6074). After hearing before investigator Felipe N. Aurea, wherein both parties were present, said investigator, on June 25, 1956, rendered his "Findings and Recommendations", the last paragraph of which reads:

"WHEREFORE, the respondent is requested to deposit the aforementioned amount of P19,366.38 with this Office within five days from receipt hereof, which in turn will be given to the complainant."

As no deposit was made by Co King Lian in accordance with the above request, the officer-in-charge of the prosecution section, of Department of Labor Regional Office No. 1 sent him a letter giving him five days within which to make the necessary deposit or said office would take the necessary steps to enforce the judgment in the case. Still no deposit was made by Co King Lian; whereupon, claimant Ponce, on November 12, 1956, filed a petition with the Court of First Instance of Rizal, alleging that the decision of the Wage Administration Service in his favor in its Case No. C-6074 against Co King Lian had become *res judicata*, and asking that the court render judgment in accordance therewith. Co King Lian moved to dismiss the petition on the ground that it did not state any cause of action. On March 16, 1957, the court denied the motion to dismiss, and on the 21st of the same month, without waiting for Co King Lian's answer and without any hearing, issued an order stating, after a narration of the facts that took place in the Wage Administration Service, that the decision of that office in Case No. C-6074 "has already become final and executory", and ordering the issuance of the corresponding writ of execution for the satisfaction of said decision. From this order, Co King Lian appealed to the Court of Appeals, which certified the case to us because it raises purely questions of law.

The main question raised by the appeal is whether or not the lower court may order the execution of the findings and recommendation of the investigator of the Wage Administration Service in C-6074 without any hearing and trial.

This question has already been settled by this Court in a number of decisions of recent date.

The first of these decisions is *Winch vs. P. J. Kiener Co., Ltd.*, 104 Phil., 735; 55 Off. Gaz. (35) 7337, wherein we pointed out the three steps or ways by which a claimant for uncollected pay or wages may enforce his claim; namely, mediation, arbitration, and court action. Describing each of these remedies, we said:

"The Minimum Wage Law does not specify in precise terms the duties and functions of the Wage Administration Service but because of the vagueness of the law in this regard, it deemed proper to confer on said Secretary broad powers to make and issue such rules and regulations as may be necessary to carry out the provisions of the Act (Section 11). This was done when the Secretary of Labor approved a Code of Rules and Regulations' wherein he outlined the steps, procedure and manner in which the claim of an employee against

an employer may be filed and enforced. Thus, in Chapter III, Article 7 of said Code, we find provisions relative to how a claim should be filed and the different methods an employee may pursue to enforce the same. They postulate that, 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. But the rule requires that the agreement shall be made in writing and signed by both parties before an investigator could arbitrate, otherwise no arbitration can take place.

Finally, the rule provides that 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 within one week after receiving the case.

There are therefore three steps that a claimant may pursue in the enforcement of his claim; mediation arbitration, and court action. As may be noted, the first step is purely administrative in character, the second is a quasi-judicial function, while the third is an auxiliary remedy extended to an employee who may not be financially able to get legal assistance in court."

We held in *Potente vs. Saulog Transit, Inc.*, 105 Phil., 525, that only through these modes—mediation, arbitration, or court action—may the Wage Administration Service cause the employer to satisfy the employee's claim for unpaid wages, and that the Wage Administration Service "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. But, then, no writ of execution shall issue, except when the judgment rendered said court—after due notice and hearing, as demanded by the tenets of due process and provided in the Rules of Court—shall have become final and executory." And still later, in *Ortega vs. Saulog Transit, Inc.*, 105 Phil., 907; 57 Off. Gaz. (46) 8299, we ruled that "it is only when an arbitration agreement or compromise is entered into between the parties that a judgment can be rendered by the Wage Administration Service and enforced by the courts". Finally, following the above rulings, we held in *Garcia vs. Garcia*, 106 Phil., 413; 57 Off. Gaz. [3] 460, that where the parties did not enter into a written agreement to submit their dispute to the Wage Administration Service for arbitration, "whatever 'decision' or 'judgment' the Wage Administration Service 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."

In the instant case, although the claim of appellee against appellant was heard in the presence of both parties and decided by an investigator of the Wage Administration Service, it does not appear that the parties had submitted the case to arbitration in an agreement in writing signed before the investigator. Consequently, the findings and recommendations of the investigator in the case in favor of the claim are not binding and conclusive on appellant, and cannot be executed by mere petition for execution presented by appellee in the court below without trial and decision on the merits.

Appellee relies upon our decision in the case of *Brillantes vs. Castro*, 99 Phil., 497; 56 Off. Gaz. (29) 4621, to the effect that a ruling of the Wage Administration Service not appealed from becomes final, conclusive, and executory. But there was in that case an express arbitration agreement signed by the parties submitting their cases to the investigation and decision of the Wage Administration Service. As we later ruled in *Winch vs. P. J. Kiener*

Co., supra; Santos vs. Perez Vda. de Caparas, 105 Phil., 992; and Figueroa vs. Eliseo Saulog, 105 Phil., 1012; 57 Off. Gaz., (8) 1395, the holding in the Brillantes vs. Castro case cannot be invoked where the parties did not submit to an arbitration agreement in the Wage Administration Service, as in this case.

The appellee also invokes the provisions of Section 20 of Reorganization Plan 20-A. We need not delve into these provisions, because the award in the case at bar was made long before the Reorganization Plan went into effect in January of 1957.

Consequently, the order of the court below sustaining the petition for a writ of execution to enforce the findings of the Wage Administration Service in C-6074, without giving the appellant the benefit of an answer and a hearing, finds no support in law. And with this conclusion, it is needless to inquire further into appellant's second claim that the findings and recommendations of a mere investigator of the Wage Administration Service do not amount to a "decision" or "order" of that office in legal contemplation.

The order appealed from is set aside, and the petition dismissed, without prejudice to appellee's filing an appropriate action against appellant to enforce his claim. Costs against appellee Severino Ponce.

Paras, C. J., Bengzon, Montemayor, Bautista Angelo, Labrador, Concepcion, Endencia, Barrera, and Gutierrez David, JJ., concur.

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