PLACEWELL INTERNATIONAL SERVICES CORPORATION, PETITIONER, VS. IRENEO B. CAMOTE, RESPONDENT.

G.R. NO. 169973. June 26, 2006

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

This Petition for Review on Certiorari under Rule 45 of the Rules of Court assails the September 27, 2005 Decision[1] of the Court of Appeals in CA-G.R. SP No. 77145, which set aside the November 20, 2002 Resolution[2] of the National Labor Relations Commission (NLRC) and reinstated with modifications the May 31, 2002 Decision[3] of Labor Arbiter Arturo L. Gamolo.

The records show that on August 15, 1999, petitioner Placewell International Services Corporation (PISC) deployed respondent Ireneo B. Camote to work as building carpenter for SAAD Trading and Contracting Co. (SAAD) at the Kingdom of Saudi Arabia (KSA) for a contract duration of two years, with a corresponding salary of US$370.00 per month.

At the job site, respondent was allegedly found incompetent by his foreign employer; thus the latter decided to terminate his services. However, respondent pleaded for his retention and consented to accept a lower salary of SR 800.00 per month. Thus, SAAD retained respondent until his return to the Philippines two years after.

On November 27, 2001, respondent filed a sworn Complaint[4] for monetary claims against petitioner alleging that when he arrived at the job site, he and his fellow Filipino workers were required to sign another employment contract written in Arabic under the constraints of losing their jobs if they refused; that for the entire duration of the new contract, he received only SR 590.00 per month; that he was not given his overtime pay despite rendering nine hours of work everyday; that he and his co-workers sought assistance from the Philippine Embassy but they did not succeed in pursuing their cause of action because of difficulties in communication.

On May 31, 2002, the labor arbiter rendered a decision holding that the modification of respondent's employment contract is not allowed under Section 10 of Republic Act No. 8042 (R.A. No. 8042);[5] thus, he should have received the original contracted salary of US$370.00 per month instead of the new rate given by SAAD. It was also noted that respondent did not refute petitioner's allegation regarding the non-payment of placement and other processing fees prior to deployment. The labor arbiter also found that there is no differential as far as respondent's overtime pay is concerned considering that he was given overtime pay based on the new rate of SR 800.00. Since respondent rendered one hour of overtime work per day for only 18 months, and not the entire 24 months as claimed, the total overtime pay he received is more or less equivalent to the amount he ought to have received if the original contracted rate of US$370.00 was used. Finally, the labor arbiter awarded respondent attorney's fees equivalent to 10% of the total judgment award for being compelled to hire a counsel to protect his rights and interests. The dispositive portion of the Decision reads:

> WHEREFORE, premises considered, judgment is hereby rendered ORDERING respondent PLACEWELL INTERNATIONAL SERVICES CORPORATION to pay complainant IRENEO B. CAMOTE the amount of

> PESOS: TWO HUNDRED FIFTEEN THOUSAND FOUR HUNDRED TWENTY FOUR ONLY (P215,424.00) representing underpayment of wages and attorney's fees.
>
> SO ORDERED.[6]

On appeal by the petitioner, the NLRC set aside the Decision of the Labor Arbiter, to wit:

> WHEREFORE, premises considered, the appealed decision is Vacated and Set Aside. In lieu thereof, a new judgment is rendered, dismissing the above-entitled case for lack of cause of action.
>
> SO ORDERED.[7]

Aggrieved, respondent filed a Petition for Certiorari under Rule 65 in the Court of Appeals which set aside the Resolution of the NLRC, and reinstated with modifications the Decision of the labor arbiter. The appellate court held that there was a diminution of respondent's salary – from a rate of US$370.00 to SR 800.00 per month in clear violation of Section 10 of R.A. No. 8042.

As to the alleged incompetence of respondent, the appellate court noted that said allegation has not been substantiated hence should not be given any credence. Thus, for failure of petitioner to show just cause for the demotion of respondent, the appellate court granted the petition, set aside resolution dated November 24, 2000 of the NLRC, and reinstated the decision of the Labor Arbiter dated May 31, 2002, the dispositive portion of which follows:

> WHEREFORE, premises considered, the petition is GRANTED. The assailed Resolution dated 24 November 2000 of the NLRC, Fifth Division is SET ASIDE and the Decision of the Labor Arbiter dated 31 May 2002 is REINSTATED and AFFIRMED with modifications. The exchange rate shall be that prevailing at the time of actual payment. Private respondent, PLACEWELL INTERNATIONAL SERVICES CORPORATION is hereby ordered jointly and severally liable to pay petitioner, IRENEO B. CAMOTE the following:
>
> Per POEA approved contract or $370.00 x (rate of exchange at the time of actual payment) x 24 months = Total salary in the original contract
> Less:
> Salary as Modified or SR 800 x P12.00 x 24 months = P230,400.00
> Less:
> Unauthorized Deductions or SR 4,885 x P12 = P171,780.00
> P 58,620.00
>
> Less:
> Unpaid placement fee
> Equals:
> Total unpaid salary
> Add:
> Attorney's fees or 5% of the total unpaid salary
> Equals:
> Total Money Claims.
>
> SO ORDERED.[8]

Hence, this petition.

Petitioner avers that respondent failed to substantiate the allegation that he was forced to enter into the new employment contract with SAAD which proves that the new contract was actually voluntarily entered and agreed upon between said parties; that if respondent was indeed forced to sign the new contract, his claims are now

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barred by laches because respondent never informed petitioner of any problem at the job site until two years after his deployment; that the appellate court's award for unauthorized deductions in the amount of P171,780.00 should be deleted for lack of legal or factual basis; that respondent is not entitled to attorney's fees.

R.A. No. 8042 explicitly prohibits the substitution or alteration to the prejudice of the worker, of employment contracts already approved and verified by the Department of Labor and Employment (DOLE) from the time of actual signing thereof by the parties up to and including the period of the expiration of the same without the approval of the DOLE.[9] Thus, we held in Chavez v. Bonto-Perez[10] that the subsequently executed side agreement of an overseas contract worker with her foreign employer which reduced her salary below the amount approved by the POEA is void because it is against our existing laws, morals and public policy. The said side agreement cannot supersede her standard employment contract approved by the POEA.[11]

Applying the same rule in the case at bar, the unauthorized alteration in the employment contract of respondent, particularly the diminution in his salary from US$370.00 to SR 800.00 per month, is void for violating the POEA-approved contract which set the minimum standards, terms, and conditions of his employment.

Moreover, we find that there was no proper dismissal of respondent by SAAD; the "termination" of respondent was clearly a ploy to pressure him to agree to a lower wage rate for continued employment. Thus, the original POEA-approved employment contract of respondent subsists despite the so-called new agreement with SAAD. Consequently, the solidary liability of petitioner with SAAD for respondent's money claims continues in accordance with Section 10 of R.A. 8042.[12]

Petitioner's contention that respondent is guilty of laches is without basis. Laches has been defined as the failure of or neglect for an unreasonable and unexplained length of time to do that which by exercising due diligence, could or should have been done earlier, or to assert a right within reasonable time, warranting a presumption that the party entitled thereto has either abandoned it or declined to assert it. Thus, the doctrine of laches presumes that the party guilty of negligence had the opportunity to do what should have been done, but failed to do so. Conversely, if the said party did not have the occasion to assert the right, then, he can not be adjudged guilty of laches. Laches is not concerned with the mere lapse of time, rather, the party must have been afforded an opportunity to pursue his claim in order that the delay may sufficiently constitute laches.[13]

The doctrine of laches is based upon grounds of public policy which requires, for the peace of society, the discouragement of stale claims, and is principally a question of the inequity or unfairness of permitting a right or claim to be enforced or asserted. There is no absolute rule as to what constitutes laches; each case is to be determined according to its particular circumstances. The question of laches is addressed to the sound discretion of the court, and since it is an equitable doctrine, its application is controlled by equitable considerations. It cannot be worked to defeat justice or to perpetrate fraud and injustice.[14]

In the instant case, respondent filed his claim within the three-year prescriptive period for the filing of money claims set forth in Article 291 of the Labor Code from the time the cause of action accrued. Thus, we find that the doctrine of laches finds no application in this case.

The labor arbiter and the Court of Appeals did not err in awarding attorney's fees to respondent. It is settled that in actions for recovery of wages or where an employee was forced to litigate and incur expenses to protect his rights and interests, he is entitled to an award of attorney's fees.[15] However, with regard to Unauthorized Deductions amounting to P171,780.00;[16] we note that the appellate court did not state any basis for its award, thus, the same is deleted for lack of factual and legal basis.

WHEREFORE, the instant petition is PARTLY GRANTED. The Decision of the Court of Appeals in CA-G.R.

SP No. 77145 dated September 27, 2005 is AFFIRMED with MODIFICATION that the amount of P171,780 representing Unauthorized Deductions is DELETED for lack of basis.

SO ORDERED.

Panganiban, C.J., (Chairperson), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

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[1] Rollo, pp. 24-35; penned by Associate Justice Teresita Dy-Liacco Flores with Associate Justices Rodrigo F. Lim, Jr. and Myrna Dimaranan-Vidal concurring.

[2] Id. at 46-48.

[3] Id. at 39-44.

[4] Id. at 36-38.

[5] Migrant Workers and Overseas Filipinos Act of 1995.

[6] Rollo, p. 44.

[7] Id. at 48.

[8] Id. at 34-35.

[9] See Sec. 6(i), R.A. No. 8042.

[10] 312 Phil. 88 (1995).

[11] Id. at 94-95.

[12] Republic Act No. 8042 (1995), Sec. 10: Money Claims

x x x x

The liability of the principal/employer and the recruitment/placement agency for any and all claims under this section shall be joint and several. This provision shall be incorporated in the contract for overseas employment and shall be a condition precedent for its approval. The performance bond to be filed by the recruitment/placement agency, as provided by law, shall be answerable for all money claims or damages that may be awarded to the workers. If the recruitment/placement agency is a juridical being, the corporate officers and directors and partners as the case may be, shall themselves be jointly and solidarily liable with the corporation or partnership for the aforesaid claims and damages.

Such liabilities shall continue during the entire period or duration of the employment contract and shall not be affected by any substitution, amendment or modification made locally or in a foreign country of the said contract

x x x x.

[13] Juco v. Heirs of Tomas Siy Chung Fu, G.R. No. 150233, February 16, 2005, 451 SCRA 464, 471-472.

[14] Chavez v. Hon. Bonto-Perez, supra note 10 at 97.

[15] Rasonable v. National Labor Relations Commission, 324 Phil. 191, 195-196 (1996).

[16] Rollo, p. 35.

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