

REPUBLIC OF THE PHILIPPINES (PHILIPPINE AIR FORCE), PETITIONER, VS. THE WORKMEN'S COMPENSATION COMMISSION, AND NAZARIO BAUTISTA, RESPONDENTS.

G.R. No. 22650. April 28, 1967

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

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

Appeal from a decision of the Workmen's Compensation Commission.

On 15 January 1959, the Philippine Air Force, represented by its Base Installation Engineer, Major Francisco C. Millena, contracted with Carlos Pineda for the sum of P2,000.00, for the latter to "furnish labor and equipment and construct complete (except electrical)" the former's "Men's and Ladies Toilet, Base Theatre, PAF, Nichols Air Base, Pasay City" per scope of works specified in the agreement, Exhibit "I". The agreement also provided that the work should be completed within sixty days, exclusive of Sundays and holidays; extension of delays on account of inclement weather or unforeseen circumstances; liquidated damages in the sum of P10 for each day of delay; the manner of payment and a 10% retention thereof until after the lapse of 60 days from completion of the work.

Carlos Pineda recruited the respondent, Nazario Bautista, as one of his laborers. Bautista had been working as a mason at an average weekly wage of P36.00 since 1958 in several Air Force projects.

On 24 February 1959, immediately after alighting from a jeepney, at the corner of Sales and Gozar Streets, inside the base, Nazario Bautista was bumped from behind by a baby tractor owned by the Philippine Air Force and driven by one of its prisoners, causing Bautista fractures in his lower extremities. He was given first-aid treatment at the military dispensary, then brought to the National Orthopedic Hospital. His injuries were evaluated by the attending physician at 63% permanent partial disability of the left leg and 26% of the right leg.

The Philippine Air Force conducted two benefit shows and turned over the proceeds, in the sum of P900 through a certain Captain Valdemor, to the injured worker, as a gesture of sympathy, but, for which, Bautista signed, on 5 March 1959, a notarized deed releasing the Philippine Air Force and all persons and entities from all claims and demands resulting from the accident. (Exhibit "A").

Notwithstanding the sum received and the quitclaim by him Nazario Bautista filed a claim for compensation with the Department of Labor. After hearing, the regional office hearing officer, Regino Veridiano II, rendered a decision for the claimant. Said decision was affirmed with some modification by the Workmen's Compensation Commission, through Commissioner Cesario Perez and, on a motion for reconsideration, said commissioner's decision was affirmed in banc.

Still dissatisfied, the petitioner filed the present petition for review, arguing, in the main, that it had no employer-employee relationship with Bautista, and pointing to independent contractor Carlos Pineda as the claimant's employer.

We agree with the Commission that the petitioner is the employer of Bautista, pursuant to Section 39(a) of the Workmen's Compensation Act, which provides:

"'Employer' includes every person or association of persons, incorporated or not, public or private, and the legal representative of the deceased employer. It includes the owner or lessee of a factory or establishment or place of work or any other person who is virtually the owner or manager of the business carried on in the establishment or place of work but who, for the reason that there is an independent contractor in the same, or for any other reason, is not the direct employer of laborers employed there."

The Philippine Air Force was organized, trained and equipped primarily for prompt and sustained combat operations in the air. (Sec. 12[a], Executive Order No. 389, 23 Dec. 1950, 46 O.G. 5905). To effectively carry out this function, it has to provide the facilities, like baths, toilets, etc. to keep its personnel under proper and healthful conditions. While the construction of these facilities is not its function or "business", the existence of these structures is necessarily tied up with the exercise of its broad primary function. Not only this: the conduct of claimant Bautista and contractor Pineda, along with everybody else, while on-base, was subject to military restrictions or control because the whole base is under the charge of the petitioner's base commander, Col. Juan V. Guevarra. (T.S.N., 28 Sept. 1962, p. 6). Therefore, even if it is not the direct employer of claimant Bautista, the petitioner, as virtual owner or manager of the construction job where he was working at the time of the accident, is still his statutory employer, and liable for the compensation.

The next issue tendered is which party has the right to controvert the laborer's claim, the Philippine Air Force or the Solicitor General. This is a question between said parties inter se and its resolution does not affect the rights of the claimant. At any rate, the question is irrelevant in the present case, even in an incidental manner, because neither of the said parties complied with the requirements for a valid controversion - the Philippine Air Force, which knew of the accident on the day of its occurrence on 24 February 1959, controverted the claim only on 11 August 1959, much beyond the period prescribed in Section 24 of the Workmen's Compensation Act, while the Solicitor General failed to file an employer's report, as required by Section 45 of the Act. It may well be pointed out also that any report by the latter would be essentially hearsay, without actual knowledge of the facts.

In the decision under review, the Commission did not deduct the P900 voluntarily given to Bautista from the amount of P4,000 awarded to him. The petitioner argues that the P900 should be deemed as a voluntary payment under Section 20 of the Act and, as such, is deductible from the sum to be paid as compensation.

The Philippine Air Force never agreed to its liability for the injury of Bautista, because it had believed bona fide that it was not his employer; nevertheless, for humanitarian reasons, and without the solicitation by Bautista, it raised funds, through benefit shows, to help him. In tendering the money (P900), however, the Philippine Air Force had its reservations, which were embodied in the deed of release. Bautista accepted the money and signed the deed. As it developed, the Air Force has been found legally, even though not actually, the claimant's employer. Now, the claimant, backtracking from the quitclaim deed that he signed, still wants to keep the money also, aside from the compensation award.

We find no reason for his doing so. Since he relies on his strictly legal rights, he is only entitled to the corresponding legal compensation and no more. It is morally certain that the petitioner would not have paid the P900 independently of the legal compensation, had it realized that it would be liable therefore; hence, it would be unjust if the hand of equity should not reach out to relieve the Philippine Air Force from abuse of its generosity. We hold, therefore, that the sum of P900 should be deducted from the award.

For the foregoing reasons, the decision under review is hereby affirmed, with the modification that the P900 previously paid should be deducted from the compensation award. No costs.

SO ORDERED.

Concepcion, C.J., Dizon, Makalintal, Regala, Bengzon, J.P., Zaldivar, and Sanchez, JJ., concur.
Castro, J., took no part.

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