

CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA, PLAINTIFF AND APPELLEE, VS. DIONISIO CONSTANTINO AND 111 OTHERS, DEFENDANTS AND APPELLANTS.

G.R. No. 35504. March 31, 1932

Ponente: MALCOLM, J.

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MALCOLM, J.:

On November 26, 1929, the Pananbutan Lumber & Plantation Company sold and delivered to the Chartered Bank of India, Australia & China a considerable quantity of lumber. However, on December 11, 1929, when the bank attempted to export approximately 250,000 board feet of the lumber purchased by it from the Pananbutan Lumber & Plantation Company, the bank was prevented from doing so by the employees of the lumber company. The bank was then compelled to commence an action in the Court of First Instance of Zamboanga, asking for the issuance of a writ of injunction to enjoin the employees of the lumber company from interfering with or impeding the bank in the exportation of the said lumber. Upon the filing of a bond, the preliminary injunction was issued. Defendants' answer to the complaint in that action prayed that the injunction be dissolved; that plaintiff's complaint be dismissed, with costs; and that the plaintiff be ordered to pay the defendants the sum of P30,495.91, representing unpaid salaries and wages for October, November, and a part of December, 1929, with legal interest. From a judgment sustaining the legality of the issuance of the injunction and absolving the plaintiff from defendants' counterclaim, the latter, 112 individuals in all, have taken this appeal.

It should further be explained that during the same period of time, the employees of the Pananbutan Lumber & Plantation Company instituted an action in the Court of First Instance of Zamboanga against their employer, the Pananbutan Lumber & Plantation Company, to recover from it their unpaid salaries and wages aggregating thirty odd thousand pesos. The Pananbutan Lumber & Plantation Company was later declared in default and judgment was rendered against it for the amount claimed by the said employees. The deplorable situation of these employees will thus be understood, for they hold a judgment against their employer undoubtedly of no monetary value, while the lumber formerly owned by their employer has been transferred to the Chartered Bank of India, Australia & China.

Counsel for the defendants submits two propositions, based respectively on articles 1600 and 1922, paragraph 1, of the Civil Code. The first cited codal article provides that: "Any person who has done work on personal property is entitled to retain the same as a pledge until he is paid." Here it is conceded that the employees of the Pananbutan Lumber & Plantation Company have done work on lumber, and that they have not been paid for their work. On the other hand, it is equally certain that the defendants were salaried employees and not artisans paid for specific work done on personal property. The defendants were paid for actual services rendered independent of the quality or quantity of the finished product of their labor. Accordingly, article 1600 of the Civil Code is not applicable, for the reason that salaried employees do not come within its purview. Counsel for the appellants in his latest memorandum appears in a way to concede the correctness of this view, but attempts to draw a distinction between the right of a servant to retain the property of his master no matter of what class, and the right

of the servant to retain the property of his master on which the servant has directly labored. But the distinction is more fancied than real, and the basic principle of the civil law must be enforced.

On this point, the distinguished commentator Manresa in referring to article 1588 of the Civil Code has the following to say:

"The second class of lease of work and services according to the code is the subject of the present section. The purpose of this lease is the performance of work by contract or for a fixed price.

"The code does not begin by giving a general idea of the subject matter, but by fixing its two distinguishing characteristics.

"But such an idea was not absolutely necessary, because the difference between the lease of work by contract or for a fixed price and the lease of services of hired servants or laborers is sufficiently clear. In the latter, the direct object of the contract is the lessor's labor; the acts in which such labor consists, performed for the benefit of the lessee, are taken into account immediately. In work done by contract or for a fixed price, the lessor's labor is indeed an important, a most important factor; but it is not the direct object of the contract, nor is it immediately taken into account. The object which the parties consider, which they bear in mind in order to determine the cause of the contract, and upon which they really give their consent, is not the labor but its result, the complete and finished work, the aggregate of the lessor's acts embodied in something material, which is the useful object of the contract.

"Hence, Laurent aptly notes this difference: in treating of the lease of services of hired laborers, the law does not speak of risks, for the workman never assumes them; the workman is paid for the labor he performs, whatever the result of the work assigned to him, and even should it be destroyed by accident. But in the lease in question, the price is stipulated taking into consideration not the labor, but the finished work; the price is not payable until the work is completed and accepted, and the same cannot lawfully be demanded if the work is destroyed before it is finished and accepted.

"We do not think it necessary to distinguish further between the lease of work by contract or for a fixed price and that other lease dealt with in the preceding section." (Manresa, *Comentarios al Código Civil*, vol. X, 3d ed., pp. 774, 775.)

It is, therefore, plain that the defendants cannot successfully invoke the provisions of article 1600 of the Civil Code. Neither do we think that article 1922, paragraph 1, can prove of any avail to them. This paragraph provides :

"ART. 1922. With respect to determinate personal property of the debtor, the following are preferred:

"1. Credits for the construction, repair, preservation, or purchase price of personal property in the possession of the debtor, to the extent of the value of the same." But in the case before us the fact is that the credits of the employees do not fall within any of the clauses of the article. The bank is a bona fide purchaser which takes the property free from any lien. (*Pena vs. Mitchell* [1908], 9 Phil., 587; *Meyers vs. Thein* [1910], 15 Phil., 303.)

Before closing, it must be emphasized in a more direct manner that the defendants have attempted to hinder the culmination of a commercial transaction by taking the law into their own hands. Instead, in due season, they should have resorted to a legal remedy. For instance, no judicial proceedings to determine the priority of one creditor of the Pananbutan Lumber & Plantation Company against another have been initiated. But the record discloses that the manager of the Zamboanga branch of the bank offered to pay the wages of the employees of the Pananbutan Lumber & Plantation Company for the month of October, 1929, and it may be that, notwithstanding the trouble caused by the employees, the bank would again make good on this offer. However, this would be simply an act of grace, for legally speaking it has been conclusively demonstrated that the bank had a right to

obtain an injunction.

The judgment appealed from will be affirmed, without special pronouncement as to costs in this instance.

Avanceña, C. J., Street, Villamor, Romualdez, Villa-Real, and Imperial, JJ., concur.

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