

PAN-FIL CO., INC., PETITIONER, VS. GABRIEL I. AGUJAR, NATIONAL LABOR RELATIONS COMMISSION AND PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION, RESPONDENTS.

G.R. No. 81948. November 09, 1988

Ponente: SARMIENTO, J.

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SARMIENTO, J.:

The petitioner, a licensed shipping agency,[1] would have us reverse a decision of the National Labor Relations Commission, affirming on appeal that of the Philippine Overseas Employment Administration. The facts are beyond dispute:

This is a complaint for payment of salaries for the unexpired portion in two employment contract and separation pay corresponding to complainant's ten (10) years of service with respondent. Complainant, Gabriel Aguja was hired as Able Seaman by respondent, Pan-Fil Company, Inc., a licensed shipping agency from August 14, 1973 to June 21, 1983.

Complainant claims that he has worked as Able Seaman for ten years on board the vessels of Sanko Kisen (Cayman Ltd.) through its local manning agency Pan-Fil Co., Inc. Because he has worked for said period of (ten years) he wants to be paid separation pay as the possibility of his being able to re-board any vessel of Sanko Kisen through Pan-Fil Co., Inc. is already remote. Further, complainant is demanding that he be paid for the unexpired portion of his contract entered into in November 1981 because he was not able to finish it as he was made to disembark on April 17, 1982. Furthermore, he wants to be paid for the remainder of his contract entered into on November 21, 1982, as he was again made to disembark on June 23, 1983 allegedly due to the change from Panamanian to Japanese registry, leaving an unexpired portion of two months after (sic) this contract.

Respondent, on the other hand, put up the defense of prescription insofar as the cause of action under the contract where (sic) he boarded MT "VIRGINIA LILY" is concerned, because inasmuch as he was allegedly made to disembark on April 27, 1982 more than three years had already elapsed since the alleged cause of action occurred.

As to the claim that while he was serving on board M/T "MOORFIELD MONARK" (sic), said vessel was sold and operated by a new management, respondent maintains that complainant, nevertheless, was paid a completion contract bonus of \$248.31, which is all that the complainant is entitled to.

As to the claim of separation pay for the complainant's ten (10) years of service respondent denies that complainant is entitled to his claim, alleging that complainant's contracts were for definite periods which expired at every end thereof, and consequently, his services cannot be considered continuous or cumulative for purposes of applying separation pay benefits.[2]

The holding subject of this challenge is as follows:

WHEREFORE, premises considered, the decision appealed from is hereby modified as follows:

- Directing respondent to pay complainant the unexpired portion of his contract of employment while on board M/T "Virginia Lily", and

- Directing respondent to pay complainant the unexpired portion of his contract of employment while on board "M/T "Moorfield Monarch" equivalent to the sum of US Dollar of NINE HUNDRED NINETY FOUR (US\$994.00) plus ten percent (10%) thereof in the amount of US Dollar Ninety Nine and 40/100 (US\$99.40) by way of attorney's fees.

The Decision is hereby affirmed in all other aspects.

SO ORDERED.[3]

The petitioner assigns the following errors in support of its petition.

- RESPONDENT NLRC ERRED IN APPLY-ING ARTICLE 1144 OF THE CIVIL CODE;

- BOTH PUBLIC RESPONDENTS ERRED IN HOLDING PETITIONER LIABLE FOR THE UNEXPIRED PORTION OF THE CONTRACT WHILE ON BOARD THE VESSEL M/T "MOORFIELD MONARCH" AND AWARDING US\$994.00.[4]

The preliminary challenge involves the provisions of the Labor Code and those of the Civil Code on the prescription of actions. The petitioner submits that based on Article 292[5] of the Labor Code, which states as follows:

ART. 292. Money claims. -- All money claims arising from employer?employee relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise they shall be forever barred.

All money claims accruing prior to the effectivity of this Code shall be filed with the appropriate entities established under this Code within one (1) year from the date of effectivity, and shall be processed or determined in accordance with implementing rules and regulations of the Code; otherwise, they shall be forever barred.

Workmen's compensation claims accruing prior to the effectivity of this Code and during the period from November 1, 1974, up to December 31, 1974, shall be filed with the appropriate regional offices of the Department of Labor not later than March 31, 1975; otherwise, they shall be forever barred. The claims shall be processed and adjudicated in accordance with the law and rules at the time their causes of action accrued.

the money claims demanded have prescribed having been filed on August 5, 1985 or more than three years from April 27, 1982, the date the private respondent's employment was terminated. The Solicitor General, on the other hand, holds that Article 1146 of the Civil Code, as follows:

Art. 1146. The following actions must be instituted within four years:

(1) Upon an injury to the rights of the plaintiff;

(2) Upon a quasi-delict.

applies, and based on its first paragraph, the aggrieved party has four years within which to bring suit.

The Court agrees with the Solicitor General. In *Callanta vs. Carnation Philippines, Inc.*, [6] the Court ruled that actions based on injury to rights prescribe in four years under the aforequoted provision of the Civil Code rather than three years as prescribed by the Labor Code. We quote:

The case of *Valencia vs. Cebu Portland Cement, et al.*, 106 Phil. 732, a 1959 case cited by petitioner, is applicable in the instant case insofar as it concerns the issue of prescription of actions. In said case, this Court

had occasion to hold that an action for damages involving a plaintiff separated from his employment for alleged unjustifiable causes is one for "injury to the rights of the plaintiff, and must be brought within four [4] years."

In *Santos vs. Court of Appeals*, 96 SCRA 448 [1980], this Court, thru then Chief Justice Enrique M. Fernando, sustained the stand of the Solicitor General that the period of prescription mentioned under Article 281, now Article 292, of the Labor Code, refers to and "is limited to money claims, all other cases of injury to rights of a working-man being governed by the Civil Code." Accordingly, this Court ruled that petitioner Marciana Santos, who sought reinstatement, had four [4] years within which to file her complaint for the injury to her rights as provided under Article 1146 of the Civil Code.[7]

In the instant case, the claim was pursued on August 5, 1985, or less than four years from April 27, 1982 when the private respondent was off-loaded. Hence, it was filed on time.

We find no merit in the contention that the Labor Code, under its repealing clause (Article 303), has superseded the Civil Code insofar as prescription of actions are concerned. Article 303 of the workingman's statute states:

Art. 303. Repealing clause. -? All labor laws not adopted as part of this Code either directly or by reference are hereby repealed. All provisions of existing laws, orders, decrees, rules and regulations inconsistent herewith are likewise repealed.[8]

We find no inconsistency in the two provisions as far as the case at bar is concerned. The private respondent had gone to the labor arbiter on a charge, fundamentally, of illegal dismissal, of which his money claims form but an incidental part. Essentially, his complaint is one for "injury to rights" arising from his forced disembarkation on April 17, 1982. In that event, Article 1146 is the applicable provision.

As we said in *Carnation*, Article 292 of the Labor Code applies to purely money claims as a consequence of employer-employee controversies. Where the dispute involves, however, questions arising primarily from injury to one's rights (under contract or substantive provisions of the Labor Code) other than sheer monetary demands, and in which such monetary claims are only coincidental to the main complaint, the pertinent provisions of the Civil Code, rather than the Labor Code, prevail.

The next query refers to the amount due to the private respondent by way of indemnity for unemployment as a consequence of the sale of the vessel. It should be noted that the respondent Commission had awarded the private respondent the sum of \$994.00 (its equivalent in pesos) corresponding to the unexpired portion of two months under the parties' contract. The petitioner submits that this is a legal error since under the POEA rules:

Section P. Seamen's Unemployment Indemnity:

1. Where a ship has been wrecked, sold or laid up or the voyage has otherwise been discontinued necessitating the termination of the agreement before the date contemplated in the agreement, a seaman shall be entitled to such compensation x x x at a rate which assures the seaman his wages, for every day up to a maximum of one month.[9]

in which case, the amount only of \$340.00, the private respondent's monthly salary per the contract should have been granted to the said private respondent.

The question on how much the private respondent actually receives as and for monthly salary is a matter that necessarily requires a factual inquiry, a task that does not as a rule devolve upon the Supreme Court. We therefore defer to the findings of the respondent Commission insofar as the facts -- and as to the amount due to the private respondent -- are concerned.

The POEA standards, it is to be noted, refer to indemnity to repatriated seamen as the petitioner itself would

acknowledge. They do not pertain to backpay, which the private respondent was asking for and the National Labor Relations Commission had granted. Moreover, to say that such rules set forth the maximum compensation payable to terminated seamen is, by necessity, to say that they prevail over the contract between the parties, a supposition that would render null and void the said rules for impairment of contract. As far therefore as the respondent Commission had awarded the private respondent backpay equal to two months, we render an affirmance.

In the light of all the foregoing, it is clear that the public respondent National Labor Relations Commission has not committed any grave abuse of discretion in rendering the assailed decision which is supported by substantial evidence and in accord with the applicable law and jurisprudence.

WHEREFORE, the petition is DISMISSED with no pronouncement as to costs.

SO ORDERED.

Fernan, C.J., Paras, Padilla, Bidin, Cortes, Griño-Aquino, and Medialdea JJ., concur.

Gutierrez, Jr., and Feliciano, JJ., concur in the result.

Narvasa and Cruz, JJ., dissent.

Gancayco, J., dissents and joins JJ. Narvasa, Herrera and Cruz that this is a money claim.

Regalado, J., no part; did not participate in deliberation.

[1] Rollo, 17.

[2] Id., 17-18.

[3] Id., 25.

[4] Id., 5.

[5] Now, Article 291.

[6] No. L-70615, October 28, 1986, 145 SCRA 268.

[7] Supra, 277-278.

[8] Now, Article 302.

[9] Rollo, id., 7.

DISSENTING

NARVASA, J.:

I beg to dissent. The majority opinion declares it to be "beyond dispute" that what is involved in this case is "a complaint for payment of salaries for the unexpired portion ** (of) two employment contract(s) and separation pay," filed about three and a half (3-1/2) years after the wrongful termination of the claimant's employment with petitioner.[1]

It is evident that, as Mr. Justice Cruz points out in his own dissent, the case deals with "money claims arising from employer-employee relations." The claims are for unpaid salaries and separation pay. They are essentially labor claims, asserted by an employee who contends that his employment has been illegally terminated. The claims can

have no basis except that employment relationship alleged to have been unlawfully terminated. They can be founded only on the violation of the private respondent's rights, as employee, to be paid his stipulated salaries, and to be secure in his employment, i.e., not to be separated therefrom except for just cause and in accordance with due process. Thus, as a legal proposition, the claims cannot possibly be founded upon any right granted by the Civil Code or laws other than the Labor Code.

Since the claims are essentially labor claims, therefore, arising from employment relations governed by the Labor Code, it should also be evident that the matter of the prescription of these claims must be resolved in accordance with the Labor Code. Yet the majority would apply the Civil Code provisions on prescription rather than those of the Labor Code. This, upon the theory that the Labor Code contemplates only "sheer monetary demands," or "purely money claims as a consequence of employer-employee controversies," the Code having no relevance however when the "questions ** (arise) primarily from injury to one's rights (under contract or substantive provisions of the Labor Code) ** and in which such monetary claims are only coincidental to the main complaint." I must confess inability to grasp the distinction. I am unable to visualize claims for unpaid salaries and/or separation pay, considered as "sheer monetary demands", not resulting from injury to, or independent of, the rights of the claimant-employee under his employment contract in relation to applicable labor laws.

Callanta v. Carnation Philippines, Inc.,[2] cited by the majority, in turn invoked Valencia v. Cebu Portland Cement, et al.,[3] and Santos v. Court of Appeals.[4] Valencia was decided in 1959, when prescription was governed exclusively by the Civil Code,[5] long before the Labor Code became law. Santos makes the same distinction between "money claims," on the one hand, and "all other cases of injury to rights of a working-man," on the other, a distinction which, with due respect, I believe to be untenable.

[1] SEE pp. 2 and 6, Decision; emphasis supplied

[2] 145 SCRA 268, per Chief (then Associate) Justice Fernan

[3] 106 Phil. 732, a 1959 case

[4] 96 SCRA 448, a 1980 case, per then Chief Justice Fernando

[5] And provisions of the Code of Civil Procedure (Act No. 190) and other statutes not inconsistent with said Civil Code

DISSENTING

MELENCIO-HERRERA, J.,

I dissent Basically, the cause of action is for a money claim and, therefore, within the coverage of the Labor Code.

DISSENTING

CRUZ, J.:

I find rather strained the majority's interpretation of Article 1146 of the Civil Code, to justify its application in the case at bar. It seems to me that the ponencia has complicated what to me is an obviously simple problem calling for an obviously simple solution. To say that the money claim is merely "incidental" to the complaint of illegal dismissal sounds to me like so much verbal sleight-of-hand. The majority's distinction between "injury to rights" and what it calls "sheer monetary demands" is in my view plain quibbling. Is not a money claim always based on

an alleged violation of a right? Undoubtedly, the private respondent's principal claim is for money. He is not asking for reinstatement or any other relief. What he prays for is separation pay and payment of salaries corresponding to the unexpired portion of his aborted contract. This is a money claim. As such, it is covered by Article 292 of the Labor Code and must be filed within three years from the accrual of the cause of action.

Dissenting in *Peralta v. Republic of the Philippines*, 150 SCRA 37, also involving a conflict between the Civil Code and the Labor Code, I submitted that the latter law should prevail as the later expression of the legislative will. I repeat that argument here and add that the Labor Code, as the special enactment, should be preferred to the general provisions of the Civil Code, conformably to another canon of statutory construction. These canons are not mechanical rules. They are time-tested principles aimed at discovering and faithfully reflecting the legislative will. The logical conclusions are quite manifest and I am surprised that the majority cannot see them at all. While there is no quarrel that every doubt must be resolved in favor of labor, we nevertheless are not justified in disregarding the intendment of the law when it is plain and unmistakable as in the present case. I regret I must dissent.

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