SUPREME COURT
SECOND DIVISION

ESALYN CHAVEZ,
***Petitioner*,**

-versus-

G.R. No. 109808
March 1, 1995

HON. EDNA BONTO-PEREZ, HON. ROGELIO T. RAYALA, HON. DOMINGO H. ZAPANTA, HON. JOSE N. SARMIENTO, CENTRUM PROMOTIONS & PLACEMENT CORPORATION, JOSE A. AZUCENA, JR., and TIMES SURETY & INSURANCE COMPANY, INC.,
***Respondents*.**
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D E C I S I O N

PUNO, *J.*:

One of the anguished cries in our society today is that while our laws appear to protect the poor, their interpretation is sometimes anti-poor, uncounselled entertainment dancer signed a contract with her Japanese employer calling for a monthly salary of One Thousand Five Hundred U.S. Dollars (US$1,500) but later had to sign an immoral side agreement reducing her salary below the minimum standard set

by the POEA. Petitioner invoked the law to collect her salary differentials, but incredibly found public respondents straining the seams of our law to disfavor her. There is no greater disappointment to the poor like petitioner than to discover the ugly reality behind the beautiful rhetoric of laws. We will not allow this traversty.

This is a Petition for *Certiorari* to Review the Decision of the National Labor Relations Commission (NLRC),[1] dated December 29, 1992, which affirmed the Decision of public respondent Philippine Employment Agency (POEA) Administrator Jose N. Sarmiento, dated February 17, 1992, dismissing petitioner's complaint for unpaid salaries amounting to six Thousand U.S. Dollars (US$6,000.00).

The facts are undisputed.

On December 1, 1988, petitioner, an entertainment dancer, entered into a standard employment contract for overseas Filipino artists and entertainers with Planning Japan Co., LTD., 2 through its Philippine representative, private respondent Centrum Placement & Promotions Corporation. The contract had a duration of two (2) to six (6) months, and petitioner was to be paid a monthly compensation of One Thousand Five Hundred U.S. Dollars (US$1,500.00). On December 5, 1988, the POEA approved the contract. Subsequently, petitioner executed the following side agreement with her Japanese employer through her local manager, Jaz Talents Promotion:

> "Date: Dec. 10, 1988
>
> "SUBJECT: Salary Deduction
>
> MANAGERIAL COMMISSION
> "DATE OF DEPARTURE: _____
> "ATTENTION: MR. IWATA
>
> I, ESALYN CHAVEZ, DANCER, do hereby with my own free will and voluntarily have the honor to authorize your good office to please deduct the amount of TWO HUNDRED FIFTY DOLLARS ($250) from my contracted monthly salary of SEVEN HUNDRED FIFTY DOLLARS ($750) as monthly commission for my Manager, Mr. Jose A. Azucena, Jr.

> "That my monthly salary (net) is FIVE HUNDRED DOLLARS ($500).
>
> (Sgd. by petitioner)"[3]

On December 16, 1988, petitioner left for Osaka, Japan, where she worked for six (6) months, until June 10, 1989. She came back to the Philippines on June 14, 1989.

Petitioner instituted the case at bench for underpayment of wages with the POEA on February 21, 1991. She prayed for the payment of Six Thousand U.S. Dollars (US$6,000.00), representing the unpaid portion of her basic salary for six months. Charged in the case were private respondent Centrum Promotions and Placement Corporation, the Philippine representative of Planning Japan, Co., its insurer, Times Surety and Insurance Co., Inc., and Jaz Talents Promotion.

The complaint was dismissed by public respondent POEA Administrator on February 17, 1992. He ratiocinated, inter alia:

> "Apparently and form all indications, complainant (referring to petitioner herein) was satisfied and did not have any complaint (about) anything regarding her employment in Japan until after almost two (2) years (when) she filed the instant complaint on February 21, 1991. The records show that after signing the Standard Employment Contract on December 1, 1988, she entered into a side agreement with the Japanese employer into a side agreement with the Japanese employer thru her local manager, Jaz Talents Promotion consenting to a monthly salary of US$750.00 which she affirmed during the conference of May 21, 1991. Respondent agency had no knowledge nor participation in the said agreement such that it could not be faulted for violation of the Standard Employment Contract regarding the stipulated salary. We cannot take cognizance of such violation when one of the principal party (sic) thereto opted to receive a salary different from what has been stipulated in their contract, especially so if the other contracting party did not consent/participate in such arrangement. Complainant (petitioner) cannot now demand from respondent agency to pay

her the salary based (on) the processed Employment contract for she is now considered in bad faith and hence, estopped from claiming thereto thru her own act of consenting and agreeing to receive a salary not in accordance with her contract of employment. Moreover, her self-imposed silence for a long period of time worked to her own disadvantage as she allowed laches to prevail which barred respondent from doing something at the outset. Normally, if a person's right (is) violated, she/he would immediately react to protect her/his rights which is not true in the case at bar.

"The term laches has been defined as one's negligence or failure to assert his right in due time or within reasonable time from the accrual of his cause of action, thus, leading another party to believe that there is nothing wrong with his own claim. This resulted in placing the negligent party in estoppel to assert or enforce his right. Likewise, the Supreme Court in one case held that only is inaction within reasonable time to enforce a right the basic premise that underlies a valid defense of laches but such inaction evinces implied consent or acquiescene to the violation of the right.

"Under the prevailing circumstances of this case, it is outside the regulatory powers of the Administration to rule on the liability of respondent Jaz Talents Promotions, if any, (it) not being a licensed private agency but a promotion which trains entertainers for abroad.

"x x x

On appeal, the NLRC upheld the Decision, thus:

"We will to see any conspiracy that the complainant (petitioner herein) imputes to the respondents. She has, to put it bluntly, not established and/or laid the basis for US to arrive at a conclusion that the respondents have been and should be held liable for her claims.

> "The way We see it, the records do not at all indicate any connection between respondents Centrum Promotion & Placement Corporation and Jaz Talents Promotion.
>
> "There is, therefore, no merit in the appeal. Hence, We affirmed.[4]

Dissatisfied with the NLRC's Decision, petitioner instituted the present petition, alleging that public respondents committed grave abuse of discretion in finding: that she is guilty of laches; that she entered into a side contract on December 10, 1988 for the reduction of her basic salary to Seven Hundred Fifty U.S. Dollars (US$750.00) which superseded, nullified and invalidated the standard employment contract she entered into on December 1, 1988; and that Planning Japan Co., Ltd. and private respondents are not solidarily liable to her for Six Thousand US Dollars (US$6,000.00) in unpaid wages.[5]

The petition is meritorious.

Firstly, we hold that the managerial commission agreement executed by petitioner to authorize her Japanese employer to deduct Two Hundred Fifty U.S. Dollars (US$250.00) from her monthly basic salary is void because it is against our existing laws, morals and public policy. It cannot supersede the standard employment contract of December 1, 1988 approved by the POEA with the following stipulation appended thereto:

> "It is understood that the terms and conditions stated in this Employment Contract are in conformance with the Standard Employment contract for Entertainers prescribed by the POEA under Memorandum Circular No. 2, Series of 1986. Any alterations or changes made in any part of this contract without prior approval by the POEA shall be null and void;"[6] (Emphasis supplied.)

The stipulation is in line with the provisions of Rule II, Book V and Section 2(f), Rule I, Book VI of the 1991 Rules and Regulations Governing Overseas Employment, thus:

"Book V, Rule II

"Section 1. Employment Standards. The Administration shall determine, formulate and review employment standards in accordance with the market development and welfare objectives of the overseas employment program and the prevailing market conditions.

"Section 2. Minimum Provisions for Contract. The following shall be considered the minimum requirements for contracts of employment:

"x x x

"Section 3. Standard Employment Contract. The Administration shall undertake development and/or periodic review of region, country and skills specific employment contracts for landbased workers and conduct regular review of standard employment contracts (SEC) for seafarers. These contracts shall provide for minimum employment standards herein enumerated under Section 2, of this Rule and shall recognize the prevailing labor and social legislations at the site of employment and international conventions. The SEC shall set the minimum terms and conditions of employment. All employers and principals shall adopt the SEC in connection with their adoption of other terms and conditions of employment over and above the minimum standards of the Administration." (Emphasis supplied.)

and

"BOOK VI, RULE I

"Section 2. Grounds for suspension/cancellation of license.

"x x x

"f. Substituting or altering employment contracts and other documents approved and verified by the Administration from the time of actual signing thereof by the parties up to and

including the period of expiration of the same without the Administration's approval.

"x x x" (Emphasis supplied)

Clearly, the basic salary of One Thousand five Hundred U.S. Dollars (US$1,500.00) guaranteed to petitioner under the parties standard employment contract is in accordance with the minimum employment standards with respect to wages set by the POEA. Thus, the side agreement which reduced petitioner's basic wage to Seven Hundred Fifty U.S. Dollars (US$750.00) is null and void for violating the POEA's minimum employment standards, and for not having been approved by the POEA. Indeed, this side agreement is a scheme all too frequently resorted to by unscrupulous employers against our helpless oversees workers who are compelled to agree to satisfy their basic economic needs.

Secondly. The doctrine of laches or "stale demands" cannot be applied to petitioner. Laches has been defined as the failure 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,[7] thus giving rise to a presumption that the party entitled to assert it either has abandoned or declined to assert it.[8] It is not concerned with mere lapse of time; the fact of delay, standing alone, is insufficient to constitute laches.[9]

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.[10] 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.[11]

In the case at bench, petitioner filed her claim well within the three-year prescriptive period for the filling of money claims set forth in Article 291 of the Labor Code.[12] For this reason, we hold the doctrine

of laches inapplicable to petitioner. As we ruled in Imperial Victory Shipping Agency vs. NLRC, 200 SCRA 178 (1991):

> "Laches is a doctrine in equity while prescription is based on law. Our courts are basically courts of law not courts of equity. Thus laches cannot be invoked to resist the enforcement of an existing legal right. We have ruled in Arsenal vs. Intermediate Appellate Court that it is a long standing principle that equity follows the law. Courts exercising equity jurisdiction are bound by rules of law and have no arbitrary discretion to disregard them. In Zabat, Jr. vs. Court of Appeals, this Court was more emphatic in upholding the rules of procedure. We said therein:
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> > "As for equity, which has been aptly described as a 'justice outside legality,' this is applied only in the absence of, and never against, statutory law or, as in this case, judicial rules of procedure. Aequetas nunguam contravenit legis. The pertinent positive rules being present here, they should pre-empt and prevail over all abstract arguments based only on equity.'
>
> "Thus, where the claim was filed within the three-year statutory period, recovery therefore cannot be barred by laches. courts should never apply the doctrine of laches earlier than the expiration of time limited for the commencement of actions at law.
>
> "x x x"
> (Emphasis supplied. Citations omitted.)

Thirdly, private respondents Centrum and Times as well as Planning Japan Co., Ltd. — the agency's foreign principal — are solidarily liable to petitioner for her unpaid wages. This is in accordance with stipulation 13.7 of the parties' standard employment contract which provides:

> "13.7. The employer (in this case, Planning Japan Co., Ltd.) and its locally (sic) agent/promoter/representative (private respondent Centrum Promotions & Placement Corporation) shall be jointly and severally responsible for the proper

implementation of the terms and conditions in this Contract."[13] (Emphasis supplied.)

This solidary liability also arises from the provisions of Section 10(a)(2), rule V, Book I of the Omnibus Rules Implementing the Labor Code, as amended, thus:

> "Section 10. Requirement before recruitment. — Before recruiting any worker, the private employment agency shall submit to the Bureau the following documents:
>
> a) A formal appointment or agency contract executed by a foreign-based employer in favor of the license holder to recruit and hire personnel for the former. Such formal appointment or recruitment agreement shall contain the following provisions, among other:
>
> x x x
>
> "2. Power of the agency to sue and be sued jointly and solidarily with the principal or foreign based employer for any of the violations of the recruitment agreement and the contracts of employment."
>
> "x x x" (Emphasis supplied)

Our overseas workers constitute an exploited class. Most of them come from the poorest sector of our society. They are thoroughly disadvantaged. Their profile shows they live in suffocating slums, trapped in an environment of crime. hardly literate and in ill health, their only hope lies in jobs they can hardly find in our country. Their unfortunate circumstance makes them easy prey to avaricious employers. They will climb mountains, cross the seas, endure slave treatment in foreign lands just to survive. Out of despondence, they will work under sub-human conditions and accept salaries below the minimum. The least we can do is to protect them with our laws in our land. Regretfully, respondent public officials who should symphatize with the working class appear to have a different orientation.

IN VIEW WHEREOF, the Petition is **GRANTED**. The Decisions of respondent POEA Administrator and NLRC commissioners in POEA Case No. Adj. 91-02-199 (ER), respectively dated February 17 and December 29, 1992, and the Resolution of the NLRC, dated March 23, 1993, are **REVERSED** and **SET ASIDE**. private respondents are held jointly and severally liable to petitioner for the payment for the payment of SIX THOUSAND US DOLLARS (US$6,000.00) in unpaid wages. Costs against private respondents.

SO ORDERED.

Narvasa, *C.J.*, Bidin, Regalado, Puno and Mendoza, *JJ.*, concur.

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[1] Through its Second Division, composed of public respondents presiding Commissioner Edna Bonto-Perez, Commissioner Rogelio I. Rayala (ponente), and Commissioner Domingo H. Zapanta.
[2] Owned and operated by Iwata International Management Co., Ltd.
[3] Exh. "C" of Petition; Rollo, p. 17.
[4] The Second division also denied petitioner's Motion for Reconsideration in a minute resolution, dated March 23, 1993.
[5] See Petition, pp. 5-6; Rollo, pp. 6-7.
[6] Exh. "a" of Petition, p. 1; Rollo, p. 10.
[7] La Campana Food Products, Inc. vs. Court of Appeals, 223 SCRA 151 (1993); Radio Communications of the Philippines, Inc. vs. National Labor Relations Commission, 223 SCRA 656 (1993); Marcelino vs. Court of Appeals, 210 SCRA 444 (1992).
[8] Bergado vs. Court of Appeals, 173 SCRA 497 (1989).
[9] See Donato vs. Court of Appeals, 217 SCRA 196 (1993).
[10] Bergado vs. Court of Appeals, op. cit.
[11] Jimenez vs. Fernandez, 184 SCRA 190 (1990).
[12] "Art. 291. 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.
[13] Exh. "A" of Petition, p. 4; Rollo, p. 13.
