SUPREME COURT
THIRD DIVISION

HAWAIIAN-PHILIPPINE COMPANY,
***Petitioner*,**

-versus-

G.R. No. 106231
November 16, 1994

REYNALDO J. GULMATICO, Labor Arbiter, Regional Arbitration Branch No. VI, AND NATIONAL FEDERATION OF SUGAR WORKERS-FOOD AND GENERAL TRADES representing all the sugar farm workers of the HAWAIIAN PHILIPPINE MILLING DISTRICT,
***Respondents*.**
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D E C I S I O N

BIDIN, *J.*:

This petition for certiorari and prohibition with preliminary injunction seeks to annul the Order dated June 29, 1992 issued by public respondent Labor Arbiter Reynaldo J. Gulmatico denying petitioner's motion for "Claims on R.A. 809" in RAB VI Case No. 06-07-10256-89, the dispositive portion of which reads, in part:

> "WHEREFORE, premises considered, the motion to dismiss dated July 31, 1989 and the supplement thereto dated September 19, 1989 filed by respondent company together with the motion to dismiss filed by respondent Ramon Jison dated August 27, 1990 and Francisco Jison dated September 20, 1990, respectively, are hereby DENIED.
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> x x x
> (Rollo, p. 59)

The antecedent facts are as follows:

On July 4, 1989, respondent union, the National Federation of Sugar Workers-Food and General Trades (NFSW-FGT) filed RAB VI Case No. 06-07-10256-89 against herein petitioner Hawaiian-Philippine Company for claims under Republic Act 809 (The Sugar Act of 1952). Respondent union claimed that the sugar farm workers within petitioner's milling district have never availed of the benefits due them under the law.

Under Section 9 of R.A 809, otherwise known as the Sugar Act of 1952, it is provided, to wit:

> "Sec. 9. In addition to the benefits granted by the Minimum Wage Law, the proceeds of any increase in participation granted to planters under this Act and above their present share shall be divided between the planter and his laborers in the following proportions;
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> "Sixty per centum of the increase participation for the laborers and forty per centum for the planters. The distribution of the share corresponding to the laborers shall be made under the supervision of the Department of Labor.
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> "x x x
> (Emphasis supplied.)

On July 31, 1989, petitioner filed a "Motion to Dismiss," followed by a "Supplemental Motion to Dismiss" on September 19, 1989. Petitioner contended that public respondent Labor Arbiter has no jurisdiction to

entertain and receive the case, and that respondent union has no cause of action against petitioner.

On August 23, 1989, respondent union filed an "Opposition to Motion to Dismiss."

On October 3, 1989, petitioner applied a "Reply to Opposition" followed by a "Citation of Authorities in Support of Motion to Dismiss."

On December 20, 1989, respondent union filed an amended complaint additional impleading as complainants Efren Elaco, Bienvenido Gulmatico, Alberto Amacio, Narciso Vasquez, Mario Casociano and all the other farm workers of the sugar planters milling with petitioner from 1979 up to the present, and as respondents, Jose Maria Regalado, Ramon Jison, Rolly Hernaez, Rodolfo Gamboa, Francisco Jison and all other sugar planters milling their canes with petitioner from 1979 up to the present.

On August 27, 1990, Ramon Jison, one of the respondents impleaded in the amended complaint, filed a "Motion to Dismiss and/or to Include Necessary Parties," praying for the inclusion as co-respondents of the Asociacion de Hecenderos de Silan-Saravia, Inc. and the Associate Planters of Silay-Saravia, Inc.

On June 29, 1992, public respondent promulgated the assailed Order denying petitioner's Motion to Dismiss and Supplemental Motion to Dismiss.

Hence, this petition filed by Hawaiian-Philippine Company.

Petitioner reasserts the two lesson earlier raised in its Motion to Dismiss which public respondent unfavorably resolved in the assailed Order.

These two issues are first, whether public respondent Labor Arbiter has jurisdiction to hear and decide the case against petitioner; and the second, whether respondent union and/or the farm workers represented by it have a cause of action against petitioner.

Petitioner contends that the complaint filed against it cannot be categorized under any of the cases falling within the jurisdiction of the Labor Arbiter as enumerated in Article 217 of the Labor Code, as amended, considering that no employer-employee relationship exists between petitioner milling company and the farm workers represented by respondent union. Article 217 of the Labor Code provides:

> "Art. 217. Jurisdiction of Labor Arbiters and the Commission. — (a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:
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> 1. Unfair labor practice cases;
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> 2. Termination disputes;
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> 3. If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;
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> 4. Claims for actual, moral, exemplary and other forms of damages arising from employer-employee relations;
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> 5. Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts; and
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> 6. Except claims for employees' compensation, social security, medicare from maternity benefits, all other claims arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding Five Thousand Pesos (P 5,000.00), whether or not accompanied with a claim for reinstatement. (Emphasis supplied)

In support of the contention that the Labor Arbiter has no jurisdiction to hear and decide the case against petitioner, the latter cites the ruling in San Miguel Corporation vs. NLRC, 161 SCRA 719 [1988], wherein it was held that a single unifying element runs through the cases and disputes falling under the jurisdiction of the Labor Arbiter and that is that all the enumerated cases and disputes arise out of or are in connection with an employer-employee relationship, or some aspect or incident of such relationship. Likewise, in Federation of Free Farmers vs. Court of Appeals, 107 SCRA 411 [1981], this Court held that:

> "From the beginning of the sugar industry, the centrals have never had any privity with the plantation laborers, since they had their own laborers to take care of. Nowhere in Republic Act 809 (the Sugar Act of 1952) can we find anything that creates any relationship between the laborers of the planters and the centrals."
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> "Under no principle of law or equity can we impose on the central any liability to the plantation laborers." (Emphasis supplied)

On the strength of the aforecited authorities, petitioner contends that it is not a proper party and has no involvement in the case filed by respondent union as it is not the employer of the respondent sugar workers.

Furthermore, to bolster its contention, petitioner cites the Rules and Regulations Implementing RA 809 issued by the then Wage Administration Service pursuant to the Administrative Order of the Labor Secretary dated October 1, 1952. Section 1 thereof states:

> "Sec. 1. The payment of the proceeds derived from the sixty per centum of any increase in the participation due the laborers shall be directly paid to the individual laborer concerned at the end of each milling season by his respective planter under the Supervision of the Secretary of Labor or his duly authorized representative by means of payrolls prepared by said planter." (Emphasis supplied)

In addition, under Letter of Instruction No. 854 dated May 1, 1979, it is provided:

> "1. Payment subject to supervision. The workers' share shall be paid directly by the planter concerned to the workers or claimants entitled thereto subject to the supervision of the Minister of Labor or his duly designated representative.

The responsibility for the payment of the sugar workers' benefits under R.A. 809 was categorically ruled upon in the Federation of Free Farmers case, supra., to wit:

> "the matter of paying the plantation laborers of the respective planters becomes, the laborers and the Department of Labor. Under no principle of law or equity can we impose on the Central — here VICTORIAS any liability to the respective plantation laborers, should any of their respective planters-employers fail to pay their legal share. After all, since under the law it is the Department of Labor which is the office directly called upon to supervise such payment, it is but reasonable to maintain that if any blame is to be fixed for the unfortunate situation of the unpaid laborers, the same should principally be laid on the planters and secondarily on the Department of Labor, but surely never on the central.
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> "Whatever liability there exists between favor of the plantation laborers should be pinned on the PLANTERS, their respective employers." (Emphasis supplied)

On the other hand, public respondent and respondent union maintain the position that privity exists between petitioner and the sugar workers. Actually, public respondent, in resolving petitioner's Motion to Dismiss, skirted the issue of whether as employer-employee relationship indeed exists between petitioner milling company and the sugar workers. He did not categorically rule thereon but instead relied on the observation that when petitioner delivered to its planters the quedans representing its share, petitioner did not first ascertain whether the shares of all workers or claimants were fully paid/covered pursuant to LOI No. 854, and that petitioner did not

have the necessary certification from the Department of Labor attesting to such fact of delivery. In view of these observations, public respondent subscribed to the possibility that petitioner may still have a liability vis-a-vis the workers' share. Consequently, in order that the workers would not have to litigate their claim separately, which would be tantamount to tolerating the splitting of a cause of action, public respondent held that petitioner should still be include in this case as an indispensable party without which a full determination of this case would not be obtained.

We find for petitioner.

The Solicitor General, in its adverse Comment, correctly agreed with petitioner's contention that while the jurisdiction over controversies involving agricultural workers has been transferred from the Court of Agrarian Relations to the Labor Arbiters under the Labor Code as amended, the said transferred jurisdiction is however, not without limitations. The dispute or controversy must still fall under one of the cases enumerated under Article 217 of the Labor Code, which cases, as ruled in San Miguel, supra., arise out of or are in connection with an employer-employee relationship.

In the case at bar, it is clear that there is no employer-employee relationship between petitioner milling company and respondent union and/or its members-workers, a fact which, the Solicitor General noted, public respondent did not dispute or was silent about. Absent the jurisdictional requisite of an employer-employee relationship between petitioner and private respondent, the inevitable conclusion is that public respondent is without jurisdiction to hear and decide the case with respect to petitioner.

Anent the issue of whether respondent union and/or its members-workers have a cause of action against petitioner, the same must be resolved in the negative. To have a cause of action, the claimant must show that he has a legal right and the respondent a correlative duty in respect thereof, which the latter violated by some wrongful act or omission (Marquez vs. Varela, 92 Phil. 373 [1952]). In the instant case, a simple reading of Section 9 of R.A. 809 and Section 1 of LOI 845 as aforequoted, would show that the payment of the workers' share is a liability of the planters-employers, and not of the milling

company/sugar central. We thus reiterate Our ruling on this matter, as enunciated in Federation of Free Farmers, supra., to wit:

> "Nowhere in Republic Act No. 809 can we find anything that creates any relationship between the laborers of the planters and the centrals. Under the terms of said Act, the old practice of the centrals issuing the quedans to the respective PLANTERS for their share of the proceeds of milled sugar per their milling contracts has not been altered or modified. In other words, the language of the Act does not in any manner make the central the insurer on behalf of the plantation laborers that the latter's respective employers-planters would pay them their share."
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> "Accordingly, the only obligation of the centrals (under Section 9 of the Act), like VICTORIAS, is to give to the respective planters, like PLANTERS herein, the planters' share in the proportion stipulated in the milling contract which would necessarily include the portion of 60% pertaining to the laborers. Once this has been done, the central is already out of the picture" (Emphasis supplied)

In the case at bar, it is disputed that petitioner milling company has already distributed to its planters their respective shares. Consequently, petitioner has fulfilled its part and has nothing more to do with the subsequent distribution by the planters of the workers' share.

Public respondent's contention that petitioner is an indispensable party is not supported by the applicable provisions of the Rules of Court. Under Section 7, Rule 3 thereof, indispensable parties are "parties in interest" without whom no final determination of the action can be obtained. In this case, petitioner cannot be deemed as a party in interest since there is no privity or legal obligation linking it to respondent union and/or its members-workers.

In order to further justify petitioner's compulsory joinder as a party to this case, public respondent relies on petitioners' lack of certification from the Department of Labor of its delivery of the planters' shares as evidence of an alleged "conspicuous display of concerted conspiracy between the respondent sugar central (petitioner) and its adherent

planters to deprive the workers or claimants of their shares in the increase in participation of the adherent planters." (Rollo, p. 56)

The assertion is based on factual conclusions which have yet to be proved. And even assuming for the sake of argument that public respondent's conclusions are true, respondent union's and/or its workers' recourse lies with the Secretary of Labor, upon whom authority is vested under RA 809 to supervise the payment of the workers' shares. Any act or omission involving the legal right of the workers to said shares may be acted upon by the Labor Secretary either motu proprio or at the instance of the workers. In this case however, no such action has been brought by the subject workers, thereby raising the presumption that no actionable violation has been committed.

Public respondent is concerned that the respondent planters may easily put up the defense that the workers' share is with petitioner milling company, giving rise to multiplicity of suits. The Solicitor General correctly postulates that the planters cannot legally set up the said defense since the payment of the workers' share is a direct obligation of the planters to their workers that cannot be shifted to the miller/central. Furthermore, the Solicitor General notes that the obligation of the planter to pay the workers' share is dependent upon his receipt from the miller of his own share. If indeed the planter did not receive his just and due share from the miller, he is not without legal remedies to enforce his rights. The proper recourse against a reneging miller or central is for the planter to implead the former not as an indispensable party but as a third party defendant under Section 12, Rule 6 of the Rules of Court. In such case, herein petitioner milling company would be a proper third party dependent because it is directly liable to the planters (the original defendants) for all or part of the workers' claim. However, the planters involved in this controversy have not filed any complaint of such a nature against petitioner, thereby lending credence to the conclusion that petitioner has fulfilled its part vis-a-vis its obligation under RA 809.

WHEREFORE, premises considered, the petition is **GRANTED**. Public respondent Reynaldo J. Gulmatico is hereby **ORDERED** to DISMISS RAB VI Case No. 06-07-10256-89 with respect to herein

petitioner Hawaiian-Philippine Company and to **PROCEED WITH DISPATCH** in resolving the said case.

SO ORDERED.

Romero, Melo and Vitug, *JJ.*, concur.
Feliciano, *J.*, is on leave.
