WELFARE LAWS

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An analysis of the 1971 Supreme Court decisions dealing with so-called welfare legislation requires first of all a definition of the scope of the term "welfare legislation".

The description of courses offered by the University of the Philippines College of Law may provide some sort of a guide.[1] Therein, welfare legislation is considered as including laws that seek "to reduce the impact of unemployment, financial insecurity in old age, industrial accidents and occupational diseases" and also laws that seek "to improve living conditions, including legislation dealing with fair labor standards".[2]

Thus defined, welfare legislation would include: the social security laws like the Employers' Liability Act, Workmen's Compensation Act, Social Security Act, Government Service Insurance Act and Medical Care Act; laws on wages, hours of work and related conditions of employment like the Minimum Wage Law, Eight Hour Labor Law, the law providing for a 40-hour week for government employees, Termination Pay Law, Blue Sunday Law and the law providing for legal and special holidays; laws providing for the health and safety of employees like the Free Emergency Medical and Dental Treatment Act and the Industrial Safety Acts; the law regulating the employment of women and children, the Woman and Child Labor Law and also laws like the Private Employment Agency Law and the National Apprenticeship Act.

The above enumeration of many laws that may be classified as welfare legislation gives the impression that all labor laws other than labor relations laws like the Industrial Peace Act and the Act that created the Court of Industrial Relations and the law on agrarian relations, the Code of Agrarian Reform of the Philippines, are welfare legislation.

Such impression seems logical for it could be validly stated that all labor laws are intended to promote the welfare of the worker and also that of his family.

CASES ON WORKMEN'S COMPENSATION ACT

One of the earliest statutes enacted specifically for the Filipino worker was the Workmen's Compensation Act.[3]

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1 University of the Philippines, College of Law, 1971-1972/1972-1973 Catalogue Announcements.

2 *Ibid* at p. 23.

3 Act No. 3428 (1928), as amended.

The law, which was passed and approved on December 10, 1927 and became effective six months after its approval, represented a definite improvement of the benefits provided by an earlier law, the Employers' Liability Act,[4] in case of a worker's injury or death while at work.

The Workmen's Compensation Act, specially after it was amended a number of times,[5] not only provides broader protection—its benefits are payable not only in case of a worker's injury or death as is true under the Employers' Liability Act, but also in case of a worker's sickness; and more benefits—the maximum amount for compensation under the Workmen's Compensation Act is ₱6,000, there is an amount for burial expenses and employer is also to provide the injured or sick employee such medical, surgical and hospital services, appliances and supplies as the nature of his disability and the process of his recovery may require; while under the Employers' Liability Act, only damages are provided for and these may not exceed ₱2,000 in case of a worker's injury or ₱2,500 in case of his death.

Of far greater significance, in terms of the very much increased protection that is thus brought about, is the radical change in the basis of the employer's legal obligation to pay a worker or his surviving dependents should he be disabled or should he die from work-connected injury or illness.

Under the Employers' Liability Act, the basis of the employer's obligation to pay damages is very limited: it must be established that the negligence of the employer caused the worker's injury or death and, on the other hand, the employee must not have been negligent at all, or else no liability attaches to the employer.

Under the Workmen's Compensation Act, however, it is not necessary to establish that it was the negligence of an employer that caused his worker's injury, illness or death; it is enough that any of these contingencies arose out of and in the course of employment; and it must be notorious negligence on the part of the employee for such negligence to defeat a claim for compensation.

The Workmen's Compensation Act would be just so much "paper" benefits, however, if the law is not liberally interpreted and speedily implemented.

The implementation of the law leaves much to be desired. There is such a big pile of pending claims at the different Regional Offices of the Department of Labor and at the Workmen's Compensation Commission, a fact candidly admitted by no less than the Director of the Bureau of Workmen's Compensation who is also the Chairman of the Workmen's Compensation Commission.

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[4] Act No. 1874 (1908).

[5] It was amended six times by Act No. 3812 (1930), Com. Act No. 210 (1936), and Rep. Act Nos. 772 (1952), 889 (1953), 4119 (1964) & 4596 (1965).

As to the interpretation of the law by the Workmen's Compensation Commission and by the Supreme Court, however, a lawyer representing a worker claiming compensation would have no just cause to compain because the Workmen's Compensation Act has been liberally interpreted very consistently, by the Workmen's Compensation Commission and by the Supreme Court. Not a few times, the latter has even been more liberal than the former.

SUMMARY OF RULINGS

The issues ruled upon by the Supreme Court in its decisions on the 1971 cases involving the Workmen's Compensation Act may be summarized as follows:

In the *Alatco Transportation Inc. v. Workmen's Compensation Commission*,[6] there was no doubt that when the claimant, as inspector-checker of a bus company, was hit by a bus while performing his duties, that the resulting injury was work-connected and thus compensable.

But the claim was filed only after 12 years from the date of the injury. Hasn't the right to compensation prescribed?

In this case, the Supreme Court upheld the finding of the Workmen's Compensation Commission that the right has not prescribed because of these circumstances: There was an amended claim here, where it was alleged that the original injury brought about some seven years later a "weakening of (the claimant's) bodily constitution and mental faculties", which led to his separation from the employment of the respondent company. The prescriptive period should be reckoned from the later injury. In any case, the defense of prescription cannot be considered because the employer failed to seasonably controvert the claim. It knew about the original injury on the very date that it happened, yet it did not controvert at the time. Neither did it seasonably controvert the amended claim when the same was made. Its reason—that the Workmen's Compensation Commission referee who heard the claim had ruled that it was uncontroverted—is not reason enough for not controverting the claim within the time provided for by the Workmen's Compensation Act.

The *Aldaba v. Workmen's Compensation Commission* case[7] involved a public school teacher who was a classroom teacher and also a physical education teacher. While conducting her Physical Education classes, she was overtaken by rain and got wet. As a result, she fell ill, which illness was later on diagnosed as pneumonia. Inspite her undergoing treatment, including hospitalization, her condition, after some improvement, worsened. Later on, she died. The surviving dependents, husband and minor children, filed

[6] G.R. No. L-30548, February 24, 1971, 37 SCRA 613 (1971).
[7] G.R. No. L-29703, February 25, 1971, 37 SCRA 619 (1971).

a claim for compensation. The "Employer's Report of Accident and Illness" filed by the Division Superintendent of the Division where the deceased teacher was employed was to the effect that the claim would not be controverted. The "Report" was coursed to the Bureau of Public Schools and the Office of the Solicitor General which expressed its intention to controvert the claim. After hearing, these awards were made: ₱6,000 as death benefits, ₱200 as burial expenses, ₱1,360 as reimbursement of medical and hospital expenses incurred.

The above award was appealed on the ground that the claim for reimbursement of the medical and hospital expenses incurred should have been denied on the ground that the right to such reimbursement was purely a personal right and thus, was extinguished upon the death of the deceased. The Supreme Court said that this argument was untenable.

It was also argued that the medical and hospital expenses may not be reimbursed because there was no report to the employer about the treatment wherein such expenses were incurred within twenty days from treatment as required by Workmen's Compensation Act.

The Supreme Court said there was no merit in this contention for the employer through its authorized representatives like the Division Superintendent, the District Supervisor and the Principal knew all along of the decedent's ailment, treatment and death should be considered substantial compliance to the reporting requirement of the Workmen's Compensation Act, since proper receipts were duly presented for the claim.

In the *Hudencial v. S. P. Marcelo & Co., Inc.*,[8] the exclusive nature of the jurisdiction of the Workmen's Compensation Commission over claim based on injuries arising out of and in the course of employment was reiterated.

In here, the claimant who clearly suffered an injury which arose out of and in the course of his employment—the claimant was a mechanic; while he was repairing a truck belonging to his employer, the truck caught fire and exploded as a result of which he suffered serious burns in different parts of his body—filed a claim against his employer before a Court of First Instance and not before the Workmen's Compensation Commission The reason: He cited as legal basis for his claim, not the Workmen's Compensation Act but Article 1711 of the Civil Code which also imposes on employers the obligation to pay compensation to their employees for "death or personal injury that arose out of and in the course of employment."

The dismissal of the claim by the Court of First Instance here on the ground of lack of jurisdiction was upheld by the Supreme Court which quoted an earlier decision that it promulgated which said: "The Legislature evidently deemed it best, in the interest of expediency and uniformity, that

[8] G.R. No. L-23969, February 27, 1971, 37 SCRA 707 (1971).

all claims of workmen against their employers for damages due to accidents suffered in the course of employment shall be investigated and adjudicated by the Workmen's Compensation Commission, subject to the appeal in the law provided." [9] The above rule, however, may have an exception as when an employee has claims against his employer other than those recoverable under the Workmen's Compensation Act, in which case, he can pursue his remedy in the ordinary courts. Cited by the Supreme Court as an example is the *Pacaña v. Cebu Autobus Co.*[10] case where aside from disability compensation, the plaintiff sued for separation pay, sick leave, vacation and overtime pay. In this case, the Supreme Court held that the order of the Court of First Instance dismissing the complaint on the ground of lack of jurisdiction was erroneous. But how about the plaintiff's additional claim for moral and exemplary damages in the *Hudencial* case? The Supreme Court did not find these claims sufficient to remove the case from the exclusive jurisdiction of the Workmen's Compensation Commission, since a mere refusal on the part of an employer to pay the employee's extra judicial claim for compensation is not a ground for the award of such damages. Otherwise, the Supreme Court said, there would be a premium on the right to litigate.

In the *Samar Mining Co., Inc. v. Workmen's Compensation Commission* case,[11] the facts were: An employee died presumably in the course of his employment. Two separate claims for death compensation were filed in two different regional offices, one in the regional office in Manila and another in the regional office in Zamboanga City. Each claimant claimed to be the legal wife and surviving spouse of the deceased. The employer here wanted that the hearing be consolidated so that they may be heard either in Manila or in Zamboanga City. The Workmen's Compensation Commission said that this could not be done because such concession would prejudice one or the other of the two claimants. If the cases were to be consolidated and heard in Zamboanga City with all her witnesses. On the other hand, if the cases were to be heard in Manila, the same inconvenience would result to the claimant who resided in Zamboanga City. Accordingly, the Workmen's Compensation Commission denied the request for consolidation citing section 2, Rule 6 of the Rules of the Workmen's Compensation Commision which provides that a claim for compensation shall be filed "with the Workmen's Compensation Union of the Regional Office where the injury or illness was received or contracted or where the claimant or any of the claimants reside or where the respondent or any of the respondents reside or has his place of business, at the option of the claimant.

The Supreme Court did not agree with this ruling of the Commission and continuing to read the above cited section of the Rules of the Com-

[9] Manalo v. Foster Wheeler Corp. 98 Phil. 855 (1956).
[10] G.R. No. L-25382, April 30, 1970, 32 SCRA 442 (1970).
[11] G.R. Nos. L-29938-39, March 31, 1971, 38 SCRA 337 (1971).

mision noted this additional sentence: "The unit where the claim is first filed shall assume exclusive jurisdiction over the case". The Supreme Court, therefore, ordered the consolidation of the claim and that the same be heard by the regional office where the first claim was filed.

In the *National Development Co. v. Galamgam* case,[12] a weaver in the textile department of the National Development Co. suffered several illnesses for which she was treated by the company doctor until later on her employment was terminated because of her recurrent ailments. It was not until some six years after the termination of her employment that she filed a notice and claim for compensation.

The company here put up the defense: The claim was not filed within the period required by the Workmen's Compensation Act, namely, two months after the date of the injury or sickness or in the case of death not later than three months after death.

The Supreme Court reiterated previous rulings that the above requirement is not jurisdictional, and where there is, as was the case in the *National Development Co.* case, a failure on the part of the employer to controvert the caim, the non-filing of the claim within the statutory period is not fatal to its favorable consideration. In fact, the Supreme Court went further, saying: The absence of controversion is fatal to any defense that the employer may interpose against a claim for compensation.

In the case of *Calado v. Workmen's Compensation Commission*,[13] the Supreme Court had occasion to state and restate rulings that clearly prove its very great sympathy for the worker or his surviving dependents should the illness or death of the former be work connected.

In this case, an employee of a mining company was found to be suffering from tuberculosis. After a period of hospitalization, because he needed further treatment, the employee asked for vacation leave. This request was not granted; the company instead let his resign. The employee died after a little over two years from the time he was discovered as suffering from tuberculosis.

The mining company did not deny that the tuberculosis contracted by the employee was because of his employment. It did not wish, however, to pay compensation (death benefits) to the surviving dependents of the employee because his death took place more than two years after his illness was discovered and could have been compensable. The Workmen's Compensation Act provides: "If the disease contracted or injury received by the employee x x x cause his death *within two years* from the date of such injury or sickness the employer shall pay (death benefits) to the persons entitled thereto. x x x" [14] (Underscoring supplied).

[12] G.R. No. L 29634, April 29, 1971, 38 SCRA 495 (1971).
[13] G.R. No. L-26149, April 30, 1971, 38 SCRA 567 (1971).
[14] Act No. 3428 (1928), as amended, sec. 8.

The Company contended that it cannot also be made to pay compensation (disability benefits) because it argued that these benefits are personal to the sick employee, and do not accrue to his legal heirs. The deceased employee did not file a disability claim while he was still alive.

The Company would also wish to escape any liability to pay compensation because of the failure on the part of the claimants to file their claim within the period specified by the Workmen's Compensation Act for the purpose.

The Company also alleged that even if the award of disability benefits was proper, the award excessive because it covered the period after the employee had resigned from his work.

On the above issues, the Supreme Court ruled: (1) That indeed death benefits could not be paid since death did not occur within two years from the date of the compensable injury or sickness, (2) but disability benefits should be paid. The Supreme Court did not categorically rule as to whether or not disability benefits are personal to the injured or sick employee but here, because of the failure of the Company to controvert, the Supreme Court ruled that it could no longer be contended that a claim for disability benefits was not filed. Thus considered filed, a right to disability benefits was found to have accrued; the accrued rights could then be transmitted to the heirs.

The Supreme Court had a long discussion here on why the failure of an employee or his dependents to give notice and to file a claim within the time limits provided for these in the Workmen's Compensation Act is not fatal to the claim if the employer had failed also to file a timely controversion.

About disability benefits covering also the period after an employee has resigned, if the resignation is not voluntary, then the award is proper, so the Supreme Court ruled.

In the *Manila Electric Co. v. Workmen's Compensation Commission* case,[15] three issues were raised, namely: Whether the brain tumor which caused the death of the employee was aggravated by the nature of his work; whether death foreclosed the right to disability benefits during illness; and whether the Workmen's Compensation Commission can award attorney's fees to the claimant's counsel *motu propio.*

To all the above questions, the Supreme Court upheld the affirmative rulings made by the Workmen's Compensation Commission.

As to the first issue, the Supreme Court did not wish to reverse the facts as found by the Workmen's Compensation Commission because they were found to be supported by substantial evidence. Thus, the Supreme Court said that the deceased employee who was a laborer, later on a steel-

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[15] G.R. No. L-31591, June 30, 1971, 39 SCRA 669 (1971).

man and still later, a boiler maker, could be considered as employed in a work where physical exertion was required. As to the compensability of the illness he suffered from, which was brain tumor, the Supreme Court said that this ailment was correctly diagnosed as a non-occupational disease; but compensation was still awarded because "at the very least, his work must have aggravated the illness".

The next question was: Should disability benefits be given to the estate of the deceased employee? To this, the Supreme Court said: There is no reason why disability benefits which had accrued to and otherwise would have been recovered by the employee himself cannot be granted upon his death to his dependents.

As regards the third issue, *i.e.*, the matter of attorney's fees, the Supreme Court said that its ruling in an earlier case was no longer applicable.[16] The Workmen's Compensation Act, as amended by Republic Act No. 4119, states that the attorney's fees in a workmen's compensation case shall be chargeable against the employer.[17] This, to the Supreme Court, clearly indicates the intention of the law to make attorney's fees an integral part of compensation or benefit due to the employee or his dependents under the Act. The Act fixes the amount of attorney's fees that may be recovered or charged against the employer such that a prayer for this relief is no longer necessary.

The *Robles v. Yap Wing* case [18] raises the same issue as the *Hudencial* case,[19] namely: If a claim is filed under Article 1711 of the Civil Code, does this make it come under the jurisdiction of the ordinary courts and not under the Workmen's Compensation Commission?

The Supreme Court reiterated its ruling in the *Hudencial* case,[20] that the case nevertheless must be filed with the Workmen's Compensation Commission.

In the case of *William Lines, Inc. v. Clariza Mondragon Sanopal,*[21] there are two issues: The employer here claims that the death of his employee did not arise out of and in the course of employment because, it was contended, when his heart attack came, he was not on duty; and also that as watchman, he was not required to lift heavy objects or to exert any kind of physical effort which he was doing at the time when he was stricken. The other issue was: The claim has prescribed, it having been filed eight months after the death of the employee. The statutory period is three months after death.

[16] Central Azucarera Don Pedro v. Agno, G.R. No. L-20424, October 22, 1964, 12 SCRA 178 (1964).
[17] Act No. 3428 (1928), as amended, sec. 31.
[18] G.R. No. L-20442, October 4, 1971, 41 SCRA 269 (1971).
[19] *Supra*, note 8.
[20] *Supra*, note 8.
[21] G.R. No. L-24778, October 29, 1971, 42 SCRA 49 (1971).

As to the first, the Supreme Court affirmed the finding of the Workmen's Compensation Commission that the act of the deceased employee, in voluntarily helping in the loading of the cargoes to facilitate loading thereof and pave the way for the early departure of the vessel which was already behind schedule, should be construed as an exercise of ordinary discretion to promote business of the employer. Thus although the deceased suffered the heart attack when he was not supposed to be on duty, the fact that he was actually helping in the loading operation of the vessel which was then already delayed in its sailing schedule puts him within the coverage of the law.

The Supreme Court also noted that by virtue of his employment as a watchman of the vessel, he had no choice but to be on the vessel about to sail, making what occured part of the "environmental hazards associated with employment."

On the other issue, namely, that of prescription, the Supreme Court said that while it is true that under Section 24 of Workmen's Compensation Act, a claim for compensation should be made not later than three months after death, the same provision states that "if the employer had voluntarily made the compensation payments, the claim for compensation to be made within the time limit established shall no longer be necessary." In this case, the employer defrayed the expenses in the transportation of the deceased employee to where the latter was buried. Such expenses are considered part of the death benefits due to the heirs of the deceased according to Section 8 of the Workmen's Compensation Act, the same being in the nature of burial expenses, and consequently the voluntary payment thereof by employer rendered it unnecessary for the claim to be filed within the three-month period.

In the case of *Lerma v. Workmen's Compensation Commission*,[22] a latheman was found to be suffering from pulmonary tuberculosis. It was not denied that such illness was aggravated by the nature of the work of the employee.

The employer was willing to pay disability benefits from the time the latheman was unable to work but only up to the time that it was certified that he may "already do clerical job" but he must also "continue taking trisovit tablets for at least six months."

The employer, however, was asked by the Workmen's Compensation Commission to pay disability benefits up to 208 weeks and to provide continuous medical treatment as the illness may warrant.

The employer appeals this decision contending: He should not be compelled to pay disability benefits nor to provide medical treatment beyond the time that the employee resigned from his employment following an

[22] G.R. No. L-29805, October 29, 1971, 42 SCRA 125 (1971).

earlier decision of the Supreme Court.[23] The Court clarified that in the earlier decision, the employee involved voluntarily resigned. In the *Lerma* case,[24] the employee was practically forced to resign because of the danger of contamination that his presence may pose to the health of other employees. It was also a fact that the employee was refused clerical assignment by the employer.

The Supreme Court also pointed out that as regards medical attendance, the Workmen's Compensation Act does not provide any maximum, either in the amount to be paid or the time period within which such right be availed of.

In the case of *Republic of the Philippines v. Lim*,[25] the extent of the jurisdiction of the Workmen's Compensation Commission over the Workmen's Compensation Unit in the Regional Office of the Department of Labor was clarified. In this case, the Workmen's Compensation Commission declined to act on a petition for relief from judgment rendered by a Regional Office on a Workmen's Compensation claim. Its reasoning: When the Workmen's Compensation Act was amended by Republic Act No. 4119, the old set-up wherein the Workmen's Compensation Commission had original and exclusive jurisdiction to hear and decide workmen's compensation claims was changed. This original jurisdiction is now vested in the Regional Office, *i.e.*, in the referee of its Workmen's Compensation Unit.[26] What the Workmen's Compensation Commission now has is only appellate jurisdiction. Thus, it has jurisdiction to hear a perfected appeal from a decision of a referee, but not to hear a petition for relief from judgment rendered by such referee.

Citing the extensive enumeration of the powers of the Workmen's Compensation Commission, which were left untouched by Republic Act No. 4119, which concludes the power to make findings of fact and rulings of law, to exercise such other powers as may be necessary to carry out the purposes of the Workmen's Compensation Act, and other powers,[27] the Supreme Court ruled that it still has powers on which to base its authority to hear a petition for relief of judgment rendered by the Workmen's Compensation Unit of a Regional Office.

In the *Snow White Ice Cream and Ice Drop Factory v. Garcia* case,[28] the issues were: Was there an employer-employee relationship between an ice cream vendor and the factory whose products he sold and for which work he was paid on a commission basis? Also, was the delay of 14 months in the filing of the claim not fatal to the claim? The Supreme Court upheld

[23] Saulog v. Baens del Rosario, 103 Phil. 765 (1958).
[24] *Supra*, note 22.
[25] G.R. No. L-32109, October 29, 1971, 42 SCRA 163 (1971).
[26] Act No. 3428 (1928) as amended by Rep. Act No. 4119 (1964), secs. 7-A & 48.
[27] *Ibid.*, secs. 47 & 49.
[28] G.R. No. L-23727, November 29, 1971, 42 SCRA 295 (1971).

the Workmen's Compensation Commission who ruled for the existence of an employer-employee relationship and that the delay was not fatal to the claim.

In the *General Textiles, Inc.* v. *Teofilo Taay case*,[29] a pro-forma statement of controversion failed to state in clear terms the employer's grounds or reasons for controversion. On the basis of this fact, it was feared that the employer fatally to exercise his right to controvert even if the notice to controvert was filed by him on time.

In the second *Alatco Transportation, Inc.* v. *Workmen's Compensation Commission* case,[30] the Supreme Court did not wish to disturb a finding of the Workmen's Compensation Commission that it was the work of a bus driver that caused or aggravated the pulmonary tuberculosis that he contracted. The Supreme Court also reiterated the rule that separation from service likewise terminates the right to receive disability benefits under the Workmen's Compensation Act, but that such separation does not terminate the right to medical, surgical, and hospital "services, appliances or supplies."

CASES ON THE MINIMUM WAGE LAW AND OTHER WELFARE LEGISLATION

In addition to the 14 cases on the Workmen's Compensation Act, the Supreme Court also promulgated some ten decisions which could well be considered as dealing with welfare legislation. These are *Aguador* v. *Enerio*[31] *Appeals*,[32] *Foster Wheeler Corporation* v. *Social Security System*,[33] *Social Security System* v. *Court of Appeals*,[34] which involves the Social Security Act, *Labasano* v. *So Han Shui*,[35] which involves the Termination Pay Law. Three cases, *Vda. de Consuegra* v. *GSIS*,[36] *Chaves, Sr.* v. *Auditor General I. Mathay*,[37] *Manuel* v. *General Auditing Office*,[38] rule on laws governing the rights of government employees as employees. Two cases deal with agrarian relations: *Spouses Lacson & Basilio* v. *Pineda*[39] and *Ignacio* v. *Court of First Instance of Bulacan*.[40]

The rulings of the Supreme Court in the above cases maybe summarized as follows:

In the *Aguador* case,[41] certain employees of a municipality were not paid but they were to be paid under the Minimum Wage Law. They went

29 G.R. No. L-29348, November 29, 1971, 42 SCRA 375 (1971).
30 G.R. No. L-30258, November 29, 1971, 42 SCRA 391 (1971).
31 G.R. No. L 20388, January 30, 1971, 37 SCRA 140 (1971).
32 G.R. No. L-23483, February 24, 1971, 37 SCRA 579 (1971).
33 G.R. No. L-21878, April 30, 1971, 38 SCRA 543 (1971).
34 G.R. No. L-28134, June 30, 1971, 39 SCRA 629 (1971).
35 G.R. No. L-26710, September 30, 1971, 41 SCRA 8i (1971).
36 G.R. No. L-28093, January 30, 1971, 37 SCRA 316 (1971).
37 G.R. No. L-29311, February 27, 1971, 37 SCRA 777 (1971).
38 G.R. No. L-28952, December 29, 1971, 42 SCRA 661 (1971).
39 G.R. No. L-28523, July 16, 1971, 40 SCRA 22 (1971).
40 G.R. Nos. L-27897-98, October 29, 1971, 42 SCRA 89 (1971).
41 *Supra*, note 31.

to court to compel the municipality to pay them the differential they were entitled to receive in order that the municipality may comply with the law.

The Supreme Court upheld the decision of the lower court that had the effect of compelling the municipality to pay the differential. The Municipal Council of the municipality was directed by the Court to appropriate the necessary amount, to pay the differential or else the members of the Municipal Council could be guilty of contempt of court.

In the *Philippine Guards Protection Unit* case,[42] the issue was: Who is the employer of the security guard: The so-called security agency or the client of the agency whose premises are the one guarded by the Security Guard?

The Supreme Court, in this case, overruling a Court of Appeals' decision, stated that it is the security agency which is the employer of the security guard.

The Social Security Act once provided that only employers which have been in operation for at least two years shall be covered by the law. This proviso which has since been deleted from the law was interpreted in the *Foster Wheeler Corp. case,*[43] to mean that an employer's years of operation before the enactment of the Social Security Act could be taken into account in the determination as to whether or not the employer has been two years in operation even if it has not been in active operation for sometime afterwards.

In the *Shriro (Philippines) Inc.* case,[44] the Supreme Court reiterated its ruling in *Investment Planning Corp. of the Philippines v. Social Security System*[45] that commission sales agents are not employees under the Social Security Act "where the element of control is absent, where a person who works at his own pleasure and is not subject to definite hours or condition of work and in turn compensated according to the result of his efforts and not the amount thereof."

In the *Labasano* case,[46] an employee was found to be suffering from a serious case of hardening of the arteries. Because of this, he was paid workmen's compensation benefits, also total and permanent disability benefits, the latter from the Social Security System.

When asked about the status of the employee, his employer said that "he has never been separated from the service although he had not returned to work since he took a leave of absence due to sickness."

The employee wished to return to work but was not allowed to do so because he continued to suffer from his ailment.

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[42] *Supra,* note 34.
[43] *Supra,* note 33.
[44] *Supra,* note 32.
[45] G.R. No. L-19124, November 18, 1967, 21 SCRA 924 (1967).
[46] *Supra,* note 35.

The Supreme Court upheld the finding of the lower court that he should thus be considered separated. But will separation because of the disability of the employee be a just cause for termination such that there will be no need to pay termination pay?

The Supreme Court reiterated an earlier ruling saying there should be termination pay, because the disability of an employee is not a just cause for termination of employment under the Termination Pay Law.

In the *Consuegra* case,[47] a government employee who was a member of the Government Service Insurance System died leaving behind two women fighting for his retirement benefits from the Government Service Insurance System. One woman was the first wife of the deceased. Having been designated as beneficiary of the life insurance policy of the deceased with the Government Service Insurance System, she claimed that such designation also automatically meant her being the beneficiary for the retirement benefits since both life insurance and retirement benefits are complementary.

The other woman was the second wife who did not know about the existence of the first marriage of the deceased.

The Supreme Court upheld the decision of the lower court that sustained the adjudication made by the Government Service Insurance System that allowed the second wife to share in the retirement benefits. It was held that the beneficiary of the life insurance policy of an employee covered by the Government Service Insurance System was not automatically also the beneficiary of his retirement benefits. If there is no beneficiary designated for the latter benefits, the same shall accrue to the estate of the deceased.

The second wife, the second marriage having been contracted in good faith is entitled to share with the first wife the estate of the man they married.

In the *Chaves, Sr.* case,[48] a government employee retired under the Government Service Insurance Act and was paid gratuity for his years of service to the government. Three years after his retirement, he was reinstated. After less than five years, he again retired and was given a gratuity where the computation was more generous because it was computed under a new law amending the Government Service Insurance Act. But the later gratuity was minus the gratuity given earlier.

The Supreme Court upheld the above decision reiterating the rule that pension and gratuity laws should be construed as to preclude any person from receiving double pension.

The *Manuel* case,[49] was the vehicle through which the Supreme Court expressed the view that even as elective officials, there could be cumulation

[47] *Supra*, note 36.
[48] *Supra*, note 37.
[49] *Supra*, note 38.

of vacation and sick leaves pursuant to the clear provision of Section 286 of the Revised Administrative Code.

In the *Spouses Lacson and Basilio* case,[50] persons claiming to be tenants wanted to exercise their respective rights to redeem a landholding that was sold. The existence of the above right was denied on the grounds that the persons alleging to be tenants were not in fact tenants; that the sale was made before the enactment of the Agricultural Land Reform Code which is the basis of the right of redemption could not be exercised because the landholding was located in a locality which was not yet the subject of a proclamation by the National Land Reform Council pursuant to Section 28, paragraph 5 of the Agricultural Land Reform Code, thus, the right of redemption provided for in the Code could not yet be exercised; and also that because of the non-proclamation, the Court of Agrarian Relations does not also have jurisdiction over the case.

All the above contentions were found not to be tenable.

These findings of the lower court, sustained by the Court of Appeals, were upheld by the Supreme Court: that the person seeking to exercise the right of redemption were tenants; that the sale was entered into after the enactment of the Agricultural Land Reform Code, the earlier alleged sale which was entered before the Code was merely an agreement to sell; that non-proclamation does not mean the non-effectivity of all provisions of the Code; that definitely such non-proclamation does not mean that Section 12 of the Code providing for the right of redemption could not immediately be applied.

In the *Ignacio* case,[51] the jurisdiction of a municipal court over an ejectment case, which case was subsequently appealed to the Court of First Instance, was questioned. Tenancy was averred as a defense.

Reiterating a previous ruling, the Supreme Court held that the court where the ejectment case is filed should held a preliminary hearing and receive evidence solely on the facts that would show or disprove tenancy so that said court could determine whether or not it has jurisdiction.

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[50] *Supra,* note 39.
[51] *Supra,* note 40.