SUPREME COURT
THIRD DIVISION

VICENTE ATILANO/ROSE SHIPPING LINES,
***Petitioner*,**

-versus-

G.R. No. 82488
February 28, 1990

HON. DIONISIO C. DE LA SERNA, UNDERSECRETARY, DEPARTMENT OF LABOR AND EMPLOYMENT, HON. ADRIAN LOMUNTAD, REGIONAL DIRECTOR, DEPARTMENT OF LABOR AND EMPLOYMENT, REGIONAL OFFICE NO. 7, MAMINTAS O. SANDALAN, CESAR PETALCORIN, JONATHAN SARADOR, BONIFACIO LASOLA, NILO CLAROS, GODOFREDO GRANADA, CRISTITUTO DAQUEL, LEONARDO LARGO, TOMAS OTADOY, LUIS GONZALES, PAULINO SIDO, GILBERT OSABEL, WILLIAM RONDOVIO, RUEL ORGE, NOLASCO P. AUSTERO, WILFREDO FLORES AND BERNARDITO P. MANALO,
Respondents.
x----------x

D E C I S I O N

FELICIANO, *J.*:

This Petition for Certiorari is directed against the order of respondent Undersecretary of Labor and Employment dated 3 March 1988 which sustained the decision of respondent Regional Director in LSED Case No. 055-85. That decision awarded salary differentials, allowances, 13th month pay and overtime pay to the seventeen (17) private respondent employees of petitioner Vicente Atilano who is doing business under the rubric Rose Shipping Lines.

On 20 May 1985, private respondents filed a letter-complaint in the Regional Office of the then Ministry of Labor and Employment, Cebu City, against petitioner Rose Shipping Lines and its Proprietor/Manager Vicente Atilano docketed as LSED Case No. 055-85. The letter-complaint alleged violations by petitioner of labor standard laws on minimum wages, allowances, 13th month pay and overtime pay.

Acting on the letter-complaint, the Office of the Regional Director ordered a Labor Standards and Welfare Officer (LSW officer, hereinafter) to conduct a complaint inspection on 22 July 1985 at the establishment of petitioner in Cebu City. However, no actual inspection was effected because the owner, petitioner Mr. Vicente Atilano, was allegedly on a business trip to Manila, and his employees declined to allow the inspection in his absence.

Respondent Regional Director subsequently summoned the parties to conciliation conferences the first of which was held on 5 August 1985 where only the complainants (private respondents herein) appeared. The conference was then rescheduled to 16 August 1985 and on that meeting both the parties were represented. Another hearing was held on 21 August 1985 and there the private respondents submitted their position paper elaborating and documenting their claims. Petitioner did not file any position paper.

On 16 August 1985, while the above case was in progress, private respondents filed another complaint against petitioner for unpaid wages covering the month of July 1985 which case was docketed as

LSED Case No. 061-85. On 26 August 1985, the parties were called to a conference regarding this second complaint during which petitioner Vicente Atilano appeared and promised to pay private respondents their unpaid salaries for the month of July not later than 30 August 1985, and their salaries for the month of August 1985 not later than 2 September 1985. Petitioner, however, failed to comply with this promise. On 6 September 1985, the Regional Director issued a Compliance Order requiring petitioner to pay private respondents the aggregate amount of Thirty Seven Thousand Sixty Five Pesos and Sixty Centavos (P37,065.60) representing the unpaid wages being claimed under the second complaint (LSED Case No. 061-85).

Petitioner filed a motion for reconsideration of the Compliance Order, which was denied for lack of merit in a Resolution dated 11 October 1985. Counsel for private respondents immediately moved for the issuance of a writ of execution. The case was later appealed by petitioner to the then Minister of Labor and Employment which appeal was, however, dismissed on the ground that it was filed out of time. Petitioner then filed a motion to quash the writ of execution which motion was also denied. But in an order dated 26 January 1986, LSED Case No. 061-85 was dismissed on the ground that the claims of all the complaints had been fully settled by the petitioner.

Meanwhile, on 16 January 1986, the Regional Director issued an order in LSED Case No. 055-85 (the earlier case) the dispositive portion of which provided as follows:

> "WHEREFORE, premises considered, respondent ROSE SHIPPING LINES and the Manager/Proprietor is (sic) hereby ordered to pay the claims of the complainants in the aggregate sum of SIX HUNDRED SIXTY THOUSAND FIVE HUNDRED NINETY FOUR PESOS AND 46/1000 (P660,594.46), Philippine currency, within 15 days from the receipt thereof."

Petitioner did not file a motion for reconsideration of the above order but instead filed an ex-parte motion to dismiss dated 24 January 1986 alleging that the case (No. 055-86) had been rendered moot and academic by the quitclaims and release papers dated 4 January 1986 signed by complainants in favor of respondents.

Private respondents filed an opposition to the ex-parte motion to dismiss, contending that the quitclaims and release papers referred to by petitioner (which quitclaims and papers had been prepared by petitioner) were intended to support the dismissal of LSED Case No. 061-85 (the later case) only.

In his comment on private respondents' opposition to the ex-parte motion to dismiss, petitioner contended that the two (2) cases involved identical claims and concerned the same parties, and that the dismissal of LSED Case No. 061-85 was res judicata in respect of LSED Case No. 055-85. Petitioner added that the dispositive portion of the order dismissing LSED Case No. 061-85 refers not only to the claims of private respondents in the said case but to all claims of private respondents against petitioner including those which are the subject of LSED Case No. 055-85.

Several conciliation conferences on the motion to dismiss were subsequently held and both parties agreed that they would submit their respective position papers after which petitioner's motion to dismiss would be deemed submitted for resolution.

On 24 April 1986, public respondent Regional Director denied petitioner's motion to dismiss for lack of merit. A motion for reconsideration or appeal was filed with the Secretary of the Department of Labor and Employment on 19 May 1986. Petitioner more than a year later filed a Manifestation and Motion with the Secretary dated 23 July 1987, enclosing therein a different set of quitclaims and releases also prepared by petitioner but allegedly signed by private respondents dated 9 July 1986 (i.e., different from those earlier referred to by petitioner in his ex-parte motion to dismiss filed with the Regional Director). On 3 March 1988, public respondent Undersecretary of Labor rendered the questioned order dismissing petitioner's motion for reconsideration or appeal for lack of merit.

In the instant Petition for Certiorari, petitioner makes the following arguments:

1. Public respondents acted without jurisdiction over the nature and subject matter of private respondents' purported money claims.

2. Public respondents acted in excess of jurisdiction in not endorsing the matter to the National Labor Relations Commission for adjudication.

3. Public respondents acted with grave abuse of discretion in not conducting an actual inspection on the purported charges of labor standards violations.

4. Public respondents acted with grave abuse of discretion amounting to lack of jurisdiction in summarily granting private respondents' claims.

The main issue to be resolved herein is whether or not the public respondents, Regional Director and Undersecretary of Labor, have jurisdiction over the subject matter of the case. Petitioner contends that the power to adjudicate the money claims here involved is vested solely in the Labor Arbiter.

1. LSED Case No. 055-85 was commenced on 20 May 1985; the order of the Regional Director in said case, which is here sought to be set aside, was issued on 16 January 1986, while the order of the same official denying petitioner's motion to dismiss for lack of merit was rendered on 24 April 1986. The order of the Undersecretary of Labor here assailed was, as already noted, issued on 3 March 1988. At all material times — i.e., from 20 May 1985 through to 3 March 1988, the legal provisions governing the exercise of the visitorial and enforcement powers of the Regional Directors of Labor were embodied in P.D. No. 850 (promulgated on 16 December 1975) and Executive Order No. 111 (promulgated on 24 December 1986), amending Article 128 (b) of the Labor Code which, as amended, provided as follows:

> "ART. 128. Visitorial and enforcement power. — . . .

(b) The provisions of Article 217 of this Code to the contrary notwithstanding and in cases where the relationship of employer-employee still exist, the Minister of Labor and Employment or his duly authorized representatives shall have the power to order and administer, after due notice and hearing, compliance with the labor standards provisions of this Code and other labor legislation based on the findings of labor regulation officers or industrial safety engineers made in the course of inspection, and to issue writs of execution to the appropriate authority for the enforcement of their orders, except in cases where the employer contests the findings of the labor regulation officer and raises issues which cannot be resolved without considering evidentiary matters that are not verifiable in the normal course of inspection.

x x x"

In Maternity and Children's Hospital vs. the Honorable Secretary of Labor,[1] the Court made clear that under Article 128 of the Labor Code, as amended, the Regional Director of Labor possessed enforcement/adjudication authority" over uncontested money claims where the employer-employee relationship remained. The Court, through Mr. Justice Medialdea, said:

> "As seen from the foregoing, EO 111 authorizes a Regional Director to order compliance by an employer with labor standards provisions of the Labor Code and other legislation. It is Our considered opinion however, that the inclusion of the phrase, `The provisions of Article 217 of this Code to the contrary notwithstanding and in cases where the relationship of employer-employee still exists' in Article 128 (b), as amended, above-cited, merely confirms/reiterates the enforcement/adjudication authority of the Regional Director over uncontested money claims in cases where an employer-employee relationship still exists.

Viewed in the light of PD 850 and read in coordination with MOLE Policy Instructions Nos. 6, 7 and 37, it is clear that it has always been the intention of our labor authorities to provide our workers immediate access (when still feasible, as where an employer-employee relationship still exists) to their rights and benefits, without being inconvenienced by arbitration/litigation processes that prove to be not only nerve-wracking, but financially burdensome in the long run.

Note further the second paragraph of Policy Instructions No. 7 indicating that the transfer of labor standards cases from the arbitration system to the enforcement system is 'to assure the workers the rights and benefits due to him under labor standard laws, without having to go through arbitration' so that 'the workers would not litigate to get what legally belongs to him ensuring delivery free of charge.'

Social justice legislation, to be truly meaningful and rewarding to our workers, must not be hampered in its application by long-winded arbitration and litigation. Rights must be asserted and benefits received with the least inconvenience. Labor laws are meant to promote, not defeat, social justice.

x x x

The proceedings before the Regional Director must, perforce, be upheld on the basis of Article 128 (b) as amended by E.O. No. 111, dated December 24, 1986, this executive order 'to be considered in the nature of a curative statute with retrospective application.' (Progressive Workers' Union, et al. vs. Hon. F.P. Aguas, et al. [supra]; M. Garcia vs. Judge A. Martinez, et al., G.R. No. L-47629, May 28, 1979, 90 SCRA 331)." (Citations omitted; Emphasis supplied).

2. Applying the Maternity and Children's Hospital case to the case at bar, we consider that petitioner did not effectively controvert the money claims of private respondents against him, which claims originated from labor standards violations asserted to have been committed by petitioner.

The records of the present case show that petitioner, for reasons satisfactory to himself, did not contest the claims of private respondents despite the multiple opportunities therefor afforded to him. Petitioner did not file any answer to the letter-complaint submitted by private respondents to the Office of the Regional Director; neither did he file a position paper before that Office to controvert private respondents' claims. It was only after the Regional Director had already rendered his ruling of 16 January 1986 in LSED Case No. 055-85 that petitioner tried to controvert the said claims by arguing that private respondents had subsequently executed quitclaims and releases in his favor. We note that petitioner did not question the correctness of the computations of the amounts due to each of the private respondents nor that said claims had not theretofore been paid by petitioner. After rendition of the Regional Director's decision, petitioner attempted to set up a defense of subsequent compromise of and payment to or waiver by private respondents of their claims and presented what he contends were quitclaims, releases and waivers signed by private respondents. On the basis of the submission of such papers, petitioner now pretends that he had controverted the claims of private respondents and that he had raised issues which could not be resolved without considering evidentiary matters not verifiable in the normal course of inspection, and that therefore the present case should go to the Labor Arbiter.

We do not find petitioner's argument persuasive. We believe that the question of the authenticity or genuineness of the quitclaims, releases and waivers supposedly signed by private respondents, but vehemently denied by the latter, could be verified by the Regional Director in the course of, and in connection with, examination of the petitioner's books and records of which such supposed quitclaims, etc. (if at all genuine) must have formed part. We note also that after

petitioner on 19 May 1986 filed a motion for reconsideration or appeal from the Regional Director's order of 16 January 1986, with the Secretary of Labor, the Secretary of Labor requested the Regional Director to conduct conferences or hearings for the purpose of verifying the genuineness and authenticity of private respondents' signatures on the quitclaim papers submitted by petitioner. A report by an LSW officer of the Regional Director's office showed that:

> (a) eight (8) of the private respondents denied the genuineness of their purported signatures appearing on the quitclaim and release papers shown to them for identification and examination;
>
> (b) the same private respondents executed affidavits stating that they had not executed any document in favor of petitioner; that the quitclaims, etc. submitted by petitioner were simulated and forged; and that private respondents had not tried to settle the case (LSED Case No. 055-85).[2]

On the basis of the foregoing report, the Undersecretary of Labor stated in his 3 March 1988 order that:

> "In the face of the foregoing circumstances, we have no alternative but to deny respondents' motion. Let it be noted that a careful examination of the signatures appearing in the quitclaims and releases will readily show quite apparent variance *vis-a-vis* the signatures affixed in the complaint. This aroused our suspicion on their due execution and genuineness and prompted us to cause the calling of concerned parties for verification. Said doubts and suspicion were confirmed and further strengthened by the outright denial made by complainants during the conferences called as well as in the sworn statements they subsequently submitted. We wish to state at this juncture that while it is our policy to encourage voluntary settlement of disputes, this Office can not approve a compromise agreement or settlement which is being questioned and in fact being denied by one of the parties.

> While it is true that respondents submitted quitclaims and releases and other documents purportedly executed by complainants to show that they have no more claims against respondents, said documents could not be given any weight after the complainants personally appeared during the hearing and declared that their signatures appearing thereon were simulated and forged and at the same time denied that any settlement was arrived at. Besides, the fact that those documents were supposed to be executed as early as July 9, 1986 but were submitted to this Office after more than a year has lapsed puts serious doubts on their authenticity. For if indeed there was an amicable settlement reached that early, why did it take respondent that long to notify us of the same and move for the dismissal of this case. More importantly, would it not be appropriate and logical for the parties, assisted by their respective counsels to file a joint motion to dismiss, if really they have come to terms.[3]

The quitclaim papers which petitioner alleges embodied a compromise or settlement agreement were in any case not duly executed, that is, they were not signed in the presence of the Regional Director or his duly authorized representative, in disregard of the requirements of Section 8, Rule II of the Rules on the Disposition of Labor Standards Cases in the Regional Offices, which provide that:

> "Section 8. Compromise Agreement. — Should the party arrive at an agreement as to the whole or part of the dispute, said agreement shall be reduced [to] writing and signed by the parties in the presence of the regional director or his duly authorized representative." (Emphasis supplied)

Thus, the issue of the authenticity and genuineness of the two (2) sets of supposed quitclaims had been squarely raised before and passed upon and resolved by the Regional Director and the Undersecretary of Labor. We note that petitioner did not submit any rebuttal evidence before the Regional Director or his representatives. We note also that the set of supposed

quitclaims purportedly signed as early as 9 July 1986, were first presented by petitioner in his Manifestation and Motion filed with the Undersecretary of Labor dated 23 July 1987, that is, more than a year after execution; and that, upon the other hand, the joint affidavits supposedly signed by private respondents attesting to the genuineness of the purported quitclaims are dated only as of 14 September 1987, or more than a year after the supposed quitclaims were signed.

The record thus strongly suggests that the issue of the genuineness or authenticity of the purported quitclaim documents was an issue belatedly manufactured by petitioner in the effort to evade the jurisdiction of the Regional Director and delay payment of the amounts awarded by the Regional Director.

3. On 2 March 1989, Republic Act No. 6715 amending certain provisions of the Labor Code was enacted. In his concurring opinion in the Resolution of the Motion for Reconsideration in Briad Agro Development Corporation vs. de la Cerna, et al.,[4] Mr. Justice Narvasa underscored that Republic Act No. 6715 had left Article 128 (b) of the Labor Code intact, in the sense that the Regional Director retains his visitorial and enforcement powers thereunder and could exercise such powers even though the amount involved was in excess of P5,000.00 provided that the employer had not contested the findings of the LSW officers by raising issues which can not be resolved without considering evidentiary matters not verifiable in the course of normal inspection:

> "In the resolution, therefore, of any question of jurisdiction over a money claim arising from employer-employee relations, the first inquiry should be into whether the employment relation does indeed still exist between the claimant and the respondent.
>
> If the relation no longer exists, and the claimant does not seek reinstatement, the case is cognizable by the Labor Arbiter, not by the Regional Director. On the other hand, if the employment relation still exists, or reinstatement is

sought, the next inquiry should be into the amount involved.

If the amount involved does not exceed P5,000.00, the Regional Director undeniably has jurisdiction. But even if the amount of the claim exceeds P5,000.00, the claim is not on that account necessarily removed from the Regional Director's competence. In respect thereof, he may still exercise the visitorial and enforcement powers vested in him by Article 128 of the Labor Code, as amended, supra; that is to say, he may still direct his labor regulations officers or industrial safety engineers to inspect the employer's premises and examine his records; and if the officers should find that there have been violations of labor standards provisions, the Regional Director may, after due notice and hearing, order compliance by the employer therewith and issue a writ of execution to the appropriate authority for the enforcement thereof. However, this power may not, to repeat, be exercised by him where the employer contests the labor regulations officers' findings and raises issues which cannot be resolved without considering evidentiary matters not verifiable in the normal course of inspection. In such an event, the case will have to be referred to the corresponding Labor Arbiter for adjudication, since it falls within the latter's exclusive original jurisdiction." (Emphasis supplied)

As already pointed out above, petitioner here did not controvert the findings of the LSW officers and the decision of the Regional Director, and that the issue he subsequently raised could, in any event, have been resolved, as it was in fact verified and resolved, in the normal course of inspection and conferences among petitioner and private respondents.

4. Should it be assumed for purposes of argument merely, that under Article 217 (6) of the Labor Code as last amended by Republic Act No. 6715, jurisdiction over wage claims like those involved in LSED Case No. 055-85 was transferred to the Labor Arbiter, it must still be pointed out that the

amendments introduced by Republic Act No. 6715 cannot be applied retroactively so as to set aside and nullify earlier, completed exercises of jurisdiction which had resulted in a decision which had become final and executory long before the enactment of Republic Act No. 6715. As noted earlier, at the time LSED Case No. 055-85 was commenced and at the time decision thereon was rendered by the Regional Director and affirmed by the Undersecretary of Labor, both officials undeniably had jurisdiction over the subject matter of LSED Case No. 055-85. That jurisdiction was not wiped out by the coming into effect of Republic Act No. 6715.[5]

5. Finally, petitioner points to the failure of public respondent Regional Director to conduct an actual inspection of the establishment owned by petitioner, contending that the absence of such an inspection nullified the decision rendered by the Regional Director. This argument fails to take into account two (2) things: firstly, that the inability of the LSW officers of the Regional Director to conduct an actual inspection was due to refusal of petitioner's own employees to permit inspection in the alleged absence of petitioner; secondly, Section 7, Rule II of the Rules on the Disposition of Labor Standards Cases provides that:

> "Sec. 2. Complaint inspection. — All such complaints shall immediately be forwarded to the Regional Director who shall refer the case to the appropriate unit in the Regional Office for assignment to a Labor Standards and Welfare Officer (LSWO) for field inspection. When the field inspection does not produce the desired results, the Regional Director shall summon the parties for summary investigation to expedite the disposition of the case." (Emphasis supplied)

Thus, the lack of inspection was cured when the Regional Director called the parties to several conferences, at which conferences, petitioner could have presented whatever he had in his books and records to refute the claims of private respondents; petitioner did not do so and his failure must be deemed a waiver of his right to contest

the conclusions of the Regional Director on the basis of the evidence and records actually made available to him.

WHEREFORE, the Petition is **DISMISSED** for lack of merit. Costs against petitioner.

SO ORDERED.

Fernan, *C.J.*, Gutierrez, Jr., Bidin and Cortes, *JJ.*, concur.

---

[1] G.R. No. 78909, promulgated 30 June 1989.
[2] Order, 3 March 1988, Rollo, p. 46.
[3] Id., pp. 47-48; italics supplied.
[4] G.R. No. 82805, promulgated 9 November 1989.
[5] See, a fortiori, e.g., Bengzon vs. Inciong, 91 SCRA 248 (1979); Insurance Company of North America vs. U.S. Lines Co., et. al., 17 SCRA 301 (1966); Iburan vs. Labes, 87 Phil. 234 (1950).
