SUPREME COURT
SECOND DIVISION

ATLAS FERTILIZER CORPORATION,
***Petitioner*,**

-versus-

G.R. No. 72074
April 30, 1987

HON. EXALTACION NAVARRO in her capacity as Presiding Judge of Branch XX of the Regional Trial Court of Cebu, and EMILIANO BELLEZA,
***Respondents*.**
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D E C I S I O N

GUTIERREZ, JR., *J.*:

This is a Petition for Certiorari and Prohibition with Preliminary Injunction to review and annul the orders of the Regional Trial Court of Cebu, Branch XX, dated November 7, 1983 and April 25, 1985, which respectively denied the petitioner's motion to dismiss and motion for reconsideration in Civil Case No. 17740.

Private respondent Emiliano C. Belleza was employed by petitioner Atlas Fertilizer Corporation in May, 1968 as a salesman and later as a sales supervisor for eastern Visayas and northern Mindanao.

On December 26, 1978, the petitioner in a memorandum sent through Mr. Rosendo Estoye, its Cebu branch manager and Visayas/Mindanao supervisor, advised the private respondent of his impending termination on the grounds of inefficiency and loss of trust and confidence. In the same memorandum, he was given the option to resign and possibly receive a little gratuity or wait for the termination order and risk criminal charges.

On January 4, 1979, the private respondent filed his resignation letter addressed to the petitioner's executive vice-president and vice-president for sales. The resignation was proposed to take effect on February 15, 1979.

On January 8, 1979, Rosendo Estoye sent to the respondent a memorandum giving the latter seventy-two (72) hours to explain why he should not be terminated on the grounds of acts inimical to the interest of the petitioner and gross dishonesty, all amounting to loss of trust and confidence.

On January 22, 1979, the respondent filed with the Regional Trial Court of Cebu, Branch XX, a complaint against the petitioner for injunction with damages with a prayer for a writ of preliminary injunction and/or restraining order. The complaint urged the court to prevent the respondent's termination on the grounds that the causes alleged by the petitioner were false and fabricated and that any termination would be unlawful because he had already tendered his resignation.

Summons was served on the petitioner on February 9, 1979. Thereafter, the petitioner duly filed its Answer and Amended Answer.

Meanwhile, on February 6, 1979, the petitioner accepted respondent's resignation effective at the close of business hours on February 15, 1979. The petitioner likewise informed the respondent that his claim for termination pay was denied, being incompatible with his resignation. After the effectivity of respondent's resignation, the petitioner, in compliance with the then legal requirement filed with the former Department of Labor, Regional Office No. 7, its report docketed as TFU Case No. 2974. On March 20, 1979, the Regional Office issued an order finding the submitted report in order and

declaring that the employer-employee relationship between the parties was legally severed and that the respondent was not entitled to separation pay benefits. The respondent's motion for reconsideration was denied in an order dated August 1, 1979. This order was subsequently affirmed by the National Labor Relations Commission.

On November 29, 1982, the petitioner filed with the Regional Trial Court a motion to dismiss on the ground that the court lacked jurisdiction over the subject matter of the complaint. The motion to dismiss cited the provisions of Presidential Decree No. 1691, promulgated on May 1, 1980, which transferred to the National Labor Relations Commission the jurisdiction over "all money claims of workers, including those based on non-payment or underpayment of wages, overtime compensation, separation pay and other benefits provided by law or appropriate agreement, except claims for employee's compensation, social security, medicare and maternity benefits." An opposition was filed by the respondent on the grounds that the instant case had been consolidated with Civil Case No. R-18595, entitled "Atlas Fertilizer Corporation vs. Emiliano C. Belleza" and a joint trial thereof had been started and that at the time Presidential Decree No. 1691 was approved, this case had already been filed with the respondent court.

On November 7, 1983, the lower court denied the petitioner's motion to dismiss. The subsequent motion for reconsideration was denied by the lower court on April 25, 1985. After the lower court issued an order on August 20, 1985, resetting the hearing of the joint cases on October 7 and 8, 1985, the petitioner went to this Court on petition for certiorari and prohibition with preliminary injunction on September 23, 1985.

The issue put forward by the petitioner is whether or not regular courts have jurisdiction to entertain labor cases including those involving claims for moral and other damages. The petitioner alleges that although the case was filed during the effectivity of Presidential Decree No. 1367 wherein the courts were vested with jurisdiction over claims for moral and other forms of damages arising from employer-employee relationship, the same jurisdiction was divested when

Presidential Decree No. 1691 superseded Presidential Decree No. 1367 during the pendency of the case.

Against this view, the respondent maintains that jurisdiction once acquired by a court over a case remains with it until the full termination of the case.

The following considerations impel us to uphold the petitioner's view.

It is a general rule that the jurisdiction of a court is determined by the statute enforced at the time of the commencement of the action (People vs. Mariano, 71 SCRA 600; People vs. Fontanilla, 23 SCRA 1227).

However, in the case of Bengzon vs. Inciong (91 SCRA 248, 256), this Court held:

> "The rule is that where a court has already obtained and is exercising jurisdiction over a controversy, its jurisdiction to proceed to the final determination of the cause is not affected by new legislation placing jurisdiction over such proceedings in another tribunal (Iburan vs. Labes, 87 Phil. 234; Insurance Company of North America vs. United States Lines Company, et al. 17 SCRA 301). The exception to the rule is where the statute expressly provides, or is construed to the effect that it is intended to operate as to actions pending before its enactment (20 Am. Jur. 2d, Section 150). Where a statute changing the jurisdiction of a court has no retroactive effect, it cannot be applied to a case that was pending prior to the enactment of the statute (Mullen vs. Renzleman, 31 Okla, 53, 119 P. 641)."

Admittedly, at the time when the respondent filed this case with the respondent lower court, the applicable law was Section 1 of Presidential Decree No. 1367, which provides as follows:

> "Section 1. Paragraph (a) of Article 217 of the Labor Code as amended is hereby further amended to read as follows:

a) The Labor Arbiter shall have exclusive jurisdiction to hear and decide the following cases involving all workers, whether agricultural or non-agricultural:

1) Unfair labor practice cases;

2) Unresolved cases in collective bargaining, including those which involve wages, hours of work and other terms and conditions of employment; and

3) All other cases arising from employer-employee relations duly indorsed by the Regional Directors in accordance with the provisions of this code; Provided, that the Regional Directors shall not indorse and Labor Arbiters shall not entertain claims for moral or other forms of damages."

However, on May 1, 1980, during the pendency of this case, Presidential Decree No. 1691 was promulgated. It amended the above-quoted provisions as follows:

"Sec. 3. Articles 217, 222 and 262 of Book V of the Labor Code are hereby amended to read as follows:

"ART. 217. Jurisdiction of Labor Arbiters and the Commission. — (a) The Labor Arbiters shall have the original and exclusive jurisdiction to hear and decide the following cases involving all workers, whether agricultural or non-agricultural:

"1. Unfair labor practice cases;

"2. Unresolved issues in collective bargaining, including those that involve wages, hours of work and other terms and conditions of employment;

"3. All money claims of workers, including those based on non-payment or underpayment of wages, overtime compensation, separation pay and other benefits provided by law or appropriate agreement, except

claims for employees compensation, social security, medicare and maternity benefits;

"4. Cases involving household services; and

"5. All other claims arising from employer-employee relations, unless expressly excluded by this Code.

"(b) The Commission shall have exclusive appellate-jurisdiction over all cases decided by Labor Arbiters, compulsory arbitrators, and voluntary arbitrators in appropriate cases provided in Article 263 of this Code."

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Presidential Decree No. 1691 was again amended by Batas Pambansa Blg. 130 which took effect on August 21, 1981. On June 1, 1982, said Article was amended anew by Batas Pambansa Blg. 227, vesting on the labor arbiters jurisdiction over cases that workers may file involving wages, hours of work and other terms and conditions of employment and all money claims of workers, except money claims for employees' compensation, social security, medicare and maternity benefits (Sentinel Insurance Co., Inc. vs. Bautista, 127 SCRA 623, 629).

Does Presidential Decree No. 1691 have a retroactive effect in the instant case?

In conflicts of jurisdiction between the courts and the labor agencies arising from the amendments effected by P.D. 1691 on P.D. 1367, this Court held in the cases of Ebon vs. De Guzman (113 SCRA 52), Aguda vs. Vallejos (113 SCRA 69), and Sentinel Insurance Co., Inc. vs. Bautista (supra), that P.D. 1691 is a curative statute which corrected the lack of jurisdiction of the Labor Arbiter at the start of the proceedings and, therefore, should be given a retrospective application to the pending proceedings. P.D. 1691 merely restored a jurisdiction earlier vested in Labor Arbiters before the enactment of P.D. 1367. It was intended to correct a situation where two tribunals would have jurisdiction over separate issues arising from the same labor conflict.

This is also our ruling in the case of Getz Corp., Phils., Inc. vs. Court of Appeals (116 SCRA 86), cited by the petitioner. In said case, the complaint for recovery of termination pay, other employment benefits, and damages was filed on March 20, 1979 with the Court of First Instance of Negros Oriental. The complaint was dismissed for lack of jurisdiction on December 5, 1980. On April 9, 1981, the dismissal order was set aside on a motion for reconsideration. On review, this Court ordered the dismissal of the complaint on the ground that "P.D. 1367 was no longer applicable when the trial court dismissed the case for lack of jurisdiction on December 5, 1980 and when it reconsidered and set aside said Order of dismissal on April 9, 1981 and reinstated the case on its docket."

This construction of law is not new. It must be noted that the amendatory provision of P.D. 1367 itself was given retroactive application, for also being curative in nature, in the case of Garcia vs. Martinez (90 SCRA 331) where this Court ruled that the Court of First Instance of Davao City had jurisdiction over the complaint for actual, moral, and exemplary damages arising from the plaintiff's dismissal as a manager of a radio station, which was filed on August 2, 1976. This ruling was reiterated in the more recent case of Calderon, Sr. vs. Court of Appeals, (100 SCRA 459) where we held that the Court of First Instance of Rizal had jurisdiction over the complaint for recovery of unpaid salaries, allowances, other reimburseable expenses, and damages, which was filed on March 3, 1978 (Abad vs. The Philippine American General Ins., Co., Inc., 108 SCRA 717).

P.D. 1691 should, therefore, be given a retroactive application to this pending case as the precise purpose of the amendment was to hopefully settle once and for all the conflict of jurisdiction between regular courts and labor agencies (Sentinel Ins., Co., Inc. vs. Bautista, supra).

In Ebon vs. De Guzman, supra, this Court held:

> "The lawmaker in divesting the Labor Arbiters and the NLRC of jurisdiction to award moral and other forms of damages in labor cases could have assumed that the Labor Arbiters' position-paper procedure of ascertaining the facts in dispute

might not be an adequate tool for arriving at a just and accurate assessment of damages, as distinguished from backwages and separation pay, and that the trial procedure in the Court of First Instance would be a more effective means of determining such damages (See Resolution of May 28, 1979 in Garcia vs. Martinez, 90 SCRA 331; Calderon vs. Amor, et al. and Court of Appeals, 100 SCRA 459 and Abad vs. Philippine American General Ins., Co., 108 SCRA 717).

"Evidently, the lawmaking authority had second thoughts about depriving the Labor Arbiters and the NLRC of the jurisdiction to award damages in labor cases because that setup would mean duplicity of suits, splitting the cause of action and possible conflicting findings and conclusions by two tribunals on one and the same claim.

"So, on May 1, 1980, Presidential Decree No. 1691 (which substantially reenacted Article 217 in its original form) nullified Presidential Decree No. 1367 and restored to the Labor Arbiters and the NLRC their jurisdiction to award all kinds of damages in cases arising from employer-employee relations (Pepsi-Cola Bottling Company of the Philippines vs. Martinez, G.R. No. 58877)."

Furthermore, in the case of National Federation of Labor vs. Eisma (127 SCRA 419), this Court held:

"The issuance of Presidential Decree No. 1691 and the enactment of Batas Pambansa Blg. 130, made clear that the exclusive and original jurisdiction for damages would once again be vested in labor arbiters. It can be affirmed that even if they were not that explicit, history has vindicated the view that in the appraisal of what was referred to by Philippine American Management & Financing Co., Inc. vs. Management & Supervisors Association of the Philippine-American Management & Financing Co., Inc. (L-27953, November 29, 1972, 48 SCRA 187) as 'the rather thorny question as to where in labor matters the dividing line is to be drawn' (Ibid, 91) between the power lodged in an administrative body and a court, the unmistakable trend has been to refer it to the former.

> Thus: 'Increasingly, this Court has been committed to the view that unless the law speaks clearly and unequivocably, the choice should fall on [an administrative agency].'
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> "Certainly, the present Labor Code is even more committed to the view that on policy grounds, and equally so in the interest of greater promptness in the disposition of labor matters, a court is spared the often onerous task of determining what essentially is a factual matter, namely, the damages that may be incurred by either labor or management as a result of disputes or controversies arising from employer-employee relations."

During the deliberations on this petition, the ruling in Philippine Overseas Drilling and Oil Development Corporation (PODCO) vs. Ministry of Labor, et al. (G.R. No. 55703, November 27, 1986) was discussed. In the abovecited PODCO case, we sustained the jurisdiction of the Director, Bureau of Labor Relations to hear and decide a claim for separation pay arising from employer-employee relations inspite of the enactment of an amendatory decree granting Labor Arbiters the original and exclusive jurisdiction over all money claims arising out of such relationships.

There are certain factual and other differences between the PODCO case and this petition. The PODCO case involved a clearance to terminate an employee. The money claim came about only because the employee interposed an opposition to the application for clearance. In his opposition, the employee charged the employer with unfair labor practice and undue discrimination arising from its refusal to grant separation pay.

Apart from the factual differences, the tribunals involved in the PODCO case are both labor tribunals, with expertise in matters involving employer-employee relations. More important, however, the petitioner in that case did not raise any question of jurisdiction in its motion for reconsideration or in its appeal to the Minister of Labor. Only in its petition before this Court was the issue of jurisdiction raised. We, therefore, ruled that regardless of the merits of the jurisdiction issue, the petitioner was barred by estoppel from raising it before us, applying the Tijam vs. Sibonghanoy (23 SCRA 29)

doctrine. In the instant petition, jurisdiction was raised as the issue from the very start.

IN VIEW OF THE FOREGOING, the petition is **GRANTED** and the orders of the respondent court are hereby **SET ASIDE**. The respondent judge is directed to dismiss Civil Case No. 17740 without prejudice to the right of the respondent to refile his case with the proper labor agency.

SO ORDERED.

Fernan, Paras, Padilla, Bidin and Cortes, *JJ.*, concur.
