**SUPREME COURT**
**SECOND DIVISION**

**LOURDES E. BENGZON,**
***Petitioner*,**

***-versus-***

**G.R. No. L-48706**
**June 29, 1979**

**THE HON. DEPUTY MINISTER OF LABOR AMADO G. INCIONG, and STA. INES-MELALE VENEER & PLYWOOD CORPORATION,**
***Respondents*.**
**x----------x**

**D E C I S I O N**

**ANTONIO, *J.*:**

Petition for Certiorari to reverse and set aside the Order dated July 17, 1978 of the Deputy Minister of Labor in NLRC Cases Nos. RB-IV-3168-75 and RB-IV-7560-76, entitled "Lourdes E. Bengzon vs. Sta. Ines-Melale Veneer & Plywood Corporation and Robert V. Hyde." The following are the pertinent facts:

On October 24, 1975, petitioner filed a complaint for illegal dismissal with Regional Office No. IV of the Department of Labor (now Ministry of Labor) against respondent Sta. Ines-Melale Veneer & Plywood Corporation (hereinafter referred to as Sta. Ines) and

personally against its Vice-President, Robert V. Hyde (NLRC Case No. RB-IV-3168-75). On the basis of the stipulations of facts, the documentary evidence and memoranda of the parties the Labor Arbiter rendered a decision on March 31, 1976, the dispositive portion of which reads as follows:

> "WHEREFORE, the following are the orders in this case:
>
> 1. Respondent Sta. Ines-Melale Veneer & Plywood, Inc., should be, as it is hereby ordered to pay complainant Lourdes E. Bengzon the sum of TWO THOUSAND FIVE HUNDRED (2,500.00) PESOS as separation pay; and
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> 2. Respondent Robert V. Hyde is hereby ordered to pay the complainant the sum of THREE HUNDRED THOUSAND (P300,000.00) PESOS as moral and exemplary damages."

From the above decision petitioner appealed to the National Labor Relations Commission alleging that respondent Sta. Ines should be held solidarily liable with Robert V. Hyde for moral and exemplary damages. Respondent Hyde likewise appealed from the foregoing decision, assailing the jurisdiction of the Labor Arbiter over his person as he was allegedly improperly summoned. Respondent Sta. Ines did not appeal but filed, on June 2, 1976, a consolidated reply memorandum arguing that it never authorized or ratified the act of Robert V. Hyde in dismissing petitioner and that the National Labor Relations Commission was without power to adjudicate the issue of moral and exemplary damages.

On June 1, 1976, the National Labor Relations Commission rendered a resolution remanding the case to the Labor Arbiter for further proceedings on the ground that no jurisdiction was acquired by it over Robert V. Hyde as respondent because of the failure at the start of the proceedings to properly serve him with summons and a copy of the complaint. Respondent Sta. Ines moved for reconsideration of the NLRC resolution but the same was denied.

On June 3, 1976, respondent Sta. Ines filed an appeal to the Secretary of Labor from the aforesaid resolution but the Secretary of Labor affirmed the resolution in an Order dated September 15, 1976. On November 19, 1976, on appeal by Sta. Ines, the Office of the President likewise affirmed the resolution of the National Labor Relations Commission.

During the pendency of the resolution of the NLRC, or on July 6, 1976, petitioner filed an amended complaint with Regional Office No. IV of the Department of Labor. Said complaint was transmitted and certified to the NLRC for arbitration on the following issues: (1) reinstatement with backwages; and (2) moral and exemplary damages of P400,000.00. This case was docketed as NLRC Case No. RB-IV-7560-76 and was subsequently consolidated with NLRC Case No. RB-IV-3168-75 after the latter case was remanded to the Labor Arbiter.

After due hearing the Labor Arbiter rendered a decision on November 18, 1977, the dispositive portion of which reads as follows:

> "Responsive to the foregoing, respondent Sta. Ines-Melale Veneer & Plywood, Inc., and Robert V. Hyde should be, as they are hereby ordered to pay jointly and severally complainant Lourdes E. Bengzon separation pay in the amount of P2,500.00 and the sum of P300,000.00 as moral and exemplary damages."

All the parties in the afore-mentioned consolidated cases appealed the decision of the Labor Arbiter to the National Labor Relations Commission.

On February 21, 1978, the NLRC rendered a decision en banc, the dispositive portion of which reads as follows:

> "WHEREFORE, the Commission has resolved to modify, as it hereby MODIFIED the decision appealed from as follows:
>
> 1. Respondent Sta. Ines-Melale Veneer & Plywood, Inc. is ordered to pay the complainant P54,394.62 as backwages from September 16, 1975 to February 21,

1978, P2,000.00 as separation pay and P300,000.00 as moral and exemplary damages or the total sum of P354,394.62;

2. The claim for reinstatement of the complainant to the same position held by her prior to her dismissal is denied;

3. Respondent Robert V. Hyde is absolved from any liability."

On May 1, 1978, Presidential Decree No. 1367 was promulgated, amending paragraph (3) of Article 217 of the Labor Code, as follows:

> "(a) The Labor Arbiters 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 issues 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."

On May 24, 1978, respondent Sta. Ines filed with the Secretary of Labor (now Minister of Labor) a notice and memorandum of appeal from the decision en banc of the NLRC. The appeal was opposed by petitioner on June 26, 1978.

On July 17, 1978, respondent Deputy Minister of Labor issued an Order affirming the decision of the NLRC but modifying the same by setting aside the award of damages on the ground of lack of

jurisdiction in accordance with Presidential Decree No. 1367. The dispositive portion of the said Order reads as follows:

> "ALL THE FOREGOING CONSIDERATION let the Decision en banc of the Commission, dated February 21, 1978, be as it is hereby, affirmed with modification, in that the award of damages is set aside for lack of jurisdiction."

Petitioner contends that respondent Deputy Minister gravely abused his discretion in disclaiming jurisdiction on the issue of damages, as under Article 217 of the Labor Code prior to its amendment by Presidential Decree No. 1367, Labor Arbiters had jurisdiction to hear and decide claims for moral damages arising out of employer-employee relations. Petitioner points out that Presidential Decree No. 1367 was promulgated on May 1, 1978, long after NLRC consolidated cases Nos. RB-IV-3168-75 and RB-IV-7560-76 were decided by the Labor Arbiter on November 18, 1978, which decision was in turn affirmed, with modification, on appeal to the NLRC on February 21, 1978.

Respondent Sta. Ines, however, invoking Quisaba vs. Sta. Ines-Melale Veneer & Plywood, Inc.,[1] argues that petitioner's claim for moral and exemplary damages is properly cognizable by the regular courts and not by the National Labor Relations Commission and that Presidential Decree No. 1367 was promulgated on May 1, 1978 "to correct the erroneous assumption of jurisdiction by Labor Arbiters and the National Labor Relations Commission on issues of moral and other forms of damages."

On February 6, 1979, respondent Sta. Ines manifested before this Court that it has fully satisfied the claim of petitioner with respect to backwages and separation pay, in the total amount of P56,394.62, as evidenced by a cash voucher dated February 2, 1979, duly signed by petitioner.

At the crux of the controversy is the jurisdictional authority of Labor Arbiters and the NLRC prior to the enactment of Presidential Decree No. 1367, over damages grounded on the dismissal per se of petitioner, since in fact, she asks for reinstatement with backwages.

At the time when the Labor Arbiter rendered a decision in consolidated cases Nos. RB-IV-3168-75 and RB-IV-7560-76 on November 18, 1977, the applicable law was Article 217 of the Labor Code, which provides as follows:

> "ART. 217. Jurisdiction of Labor Arbiters and the Commission. — (a) The Labor Arbiters 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 issues in collective bargaining including those which involve wages, hours of work, and other terms and conditions of employment duly indorsed by the Bureau in accordance with the provisions of this Code;
>
> (3) All money claims of workers involving non-payment or underpayment of wages, overtime or premium compensation, maternity or service incentive leave, separation pay and other money claims arising from employer-employee relation, except claims for employee's compensation, social security and medicare benefits and as otherwise provided in Article 128 of this Code;
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> (4) Cases involving household services; and
>
> (5) All other cases arising from employer-employee relation 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."

There is here a manifest intent of the Labor Code to expand the jurisdiction of the National Labor Relations. Unlike the Court of Industrial Relations whose jurisdiction was limited to unfair labor

practice cases, representation cases, and national interest cases, the jurisdiction of the National Labor Relations Commission was expanded to accommodate all cases involving employer-employee relations.[2] Applying Article 217 of the Labor Code, this Court, in Garcia vs. Martinez, et al.,[3] ruled that:

> "The provisions of paragraphs 3 and 5 of Article 3I7 are broad and comprehensive enough to cover the claim of an employee for damages allegedly arising from his unjustified dismissal. His claim was a consequence of the termination of their employer-employee relation."

The Court in Garcia declared that the Court of First Instance of Davao erred in denying the motion to dismiss the claim for actual and moral damages as a result of the arbitrary dismissal of employee, on the ground that the case falls "within the exclusive jurisdiction" of the National Labor Relations Commission (NLRC) pursuant to Article 217 of the Labor Code. Although this decision was later reconsidered, the reconsideration was based on the fact that the case could not be refiled with the Labor Court, since the latter had already been deprived of any jurisdiction to hear claims for moral damages by Presidential Decree No. 1367.

In the case at bar, petitioner's complaint was filed directly with the Regional Office of the Ministry of Labor where the case was heard and decided. At the time the case was heard and decided, the Labor Court had jurisdiction over the case. Neither can private respondent rely upon Quisaba vs. Sta. Ines-Melale Veneer Plywood Inc., supra, to justify the action taken by respondent Deputy Minister of Labor. In Quisaba, the complaint for damages was based on tort, the violation of a private legal right independent of contract. Thus, Quisaba did not ask for reinstatement or backwages, but predicated his claim of damages on the manner of his dismissal and the consequent effects of such dismissal. Here, petitioner's action is based on her contract, and her desire to reinstate their employer-employee relations, hence, she prays for her reinstatement with backwages. Unlike section 2 of Presidential Decree No. 21, which was the law involved in Quisaba, Article 217 of the Labor Code confers broader powers on Labor Arbiters and the Commission by vesting upon them exclusive

jurisdiction to hear "all other cases arising from employer-employee relation unless expressly excluded by this Code."

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.[4] 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.[5] 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.[6] We find the principles applicable to the case at bar. To require petitioner to file a separate suit for damages in the regular courts would be to "sanction split jurisdiction, which is prejudicial to the orderly administration of justice.[7]

**WHEREFORE**, in view hereof, certiorari is granted and the respondent Deputy Minister of Labor is hereby directed to decide the appeal on the question of moral and exemplary damages, inviting attention to the fact that in their "Notice and Memorandum of Appeal", private respondent raised only questions of law and did not impugn the findings of fact of the NLRC as to the amount of damages. Costs against private respondent.

**Barredo *J.*, (Chairman), Aquino, Concepcion Jr. and Santos, *JJ.*, concur.**
**Abad Santos, *J.*, took no part.**

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[1] L-38088, August 30, 1974, 58 SCRA 771.

[2] "Unlike the Court of Industrial Relations which had jurisdiction only over unfair labor practices, representation cases, and national interest cases, the jurisdiction of the proposed National Labor Relations Commission is expanded to accommodate all cases involving employer-employee relations, including situations arising from the temporary suspension of the right to strike and the right to lockout, namely:
1. Unfair labor practices;
2. Unresolved issues in collective bargaining;
3. Pure money claims, including violations of the law on household helpers; and

4. All other matters arising from employer-employee relations."
(Prepared by Department of Labor Staff Committee on Labor Code. Italics supplied.)

[3] L-47629, August 3, 1978, 84 SCRA 577.

[4] Iburan vs. Labes, L-2671, Aug. 30, 1950, 87 Phil. 234; Insurance Company of North America vs. United States Lines Company, et al., L-21021, May 27, 1966, 17 SCRA 301.

[5] 20 Am. Jur. 2d, Section 150.

[6] Mullen vs. Renzleman 31 Okla. 53, 119 P. 641.

[7] Progressive Labor Asso. vs. Atlas Consolidated Mining and Development Corp., L-27585, May 29, 1970, 33 SCRA 349, 355; Leoquenco vs. Canada Dry Bottling Co. of the Phils. Inc. Employees Asso., L-28621; Feb. 22, 1971, 37 SCRA 535; Associated Labor Union vs. Cruz, L-28978, Sept. 22, 1971, 41 SCRA 12; Associated Labor Union vs. Central Azucarera de la Carlota, L-25649, June 30, 1975, 64 SCRA 564; Guevara vs. Gopengco, L-39126, Sept. 30, 1975, 67 SCRA 236; Goodrich Employees Association vs. Flores, L-30211, Oct. 5, 1976, 73 SCRA 297; Holganza vs. Apostol, L-32953, March 31, 1977, 76 SCRA 190; Maria Cristina Fertilizer Plant Employees Association vs. Tandayag, L-29217 & L-33935, May 11, 1978, 83 SCRA 56.