ChanRobles Publishing Company

SUPREME COURT
SECOND DIVISION

ERECTORS, INC.,
***Petitioner*,**

-versus-

G.R. No. 104215
May 8, 1996

NATIONAL LABOR RELATIONS COMMISSION, HON. JULIO ANDRES, JR. and FLORENCIO BURGOS,
***Respondents*.**
x---x

D E C I S I O N

PUNO, *J*.:

Petitioner Erectors, Inc. challenges the jurisdiction of respondent Labor Arbiter Julio F. Andres, Jr. to hear and decide the Complaint[1] for underpayment of wages and non-payment of overtime pay filed by private respondent Florencio Burgos, an overseas contract worker.

The facts are undisputed:

In September 1979, petitioner recruited private respondent to work as service contract driver in Saudi Arabia for a period of twelve (12) months with a salary of US$165.00 and an allowance of US$165.00

per month. They further agreed that private respondent shall be entitled to a bonus of US$1,000.00 if after the 12- month period, he renews or extends his employment contract without availing of his vacation or home leave. Their contract dated September 20, 1979, was duly approved by the Ministry of Labor and Employment.

The aforesaid contract was not implemented. In December, 1979, petitioner notified private respondent that the position of service driver was no longer available. On December 14, 1979, they executed another contract which changed the position of private respondent into that of helper/laborer with a salary of US$105.00 and an allowance of US$105.00 per month. The second contract was not submitted to the Ministry of Labor and Employment for approval.

On December 18, 1979, private respondent left the country and worked at petitioner's Buraidah Sports Complex project in Saudi Arabia, performing the job of a helper/laborer. He received a monthly salary and allowance of US$210.00, in accordance with the second contract. Private respondent renewed his contract of employment after one year. His salary and allowance were increased to US$231.00.

Private respondent returned to the Philippines on August 24, 1981. He then invoked his first employment contract. He demanded from the petitioner the difference between his salary and allowance as indicated in the said contract, and the amount actually paid to him, plus the contractual bonus which should have been awarded to him for not availing of his vacation or home leave credits. Petitioner denied private respondent's claim.

On March 31, 1982, private respondent filed with the Labor Arbiter a complaint against the petitioner for underpayment of wages and non-payment of overtime pay and contractual bonus.

On May 1, 1982, while the case was still in the conciliation stage, Executive Order (E.O.) No. 797 creating the Philippine Overseas Employment Administration (POEA) took effect. Section 4(a) of E.O. No. 797 vested the POEA with "original and exclusive jurisdiction over all cases, including money claims, involving employer-employee

relations arising out of or by virtue of any law or contract involving Filipino workers for overseas employment."[2]

Despite E.O. No. 797, respondent Labor Arbiter proceeded to try the case on the merits. On September 23, 1983, he rendered a Decision[3] in favor of private respondent, the dispositive portion of which reads:

> "WHEREFORE, judgment is hereby rendered ordering the respondent to pay the complainant as follows:
>
> 1. The sum of US$2,496.00 in its peso equivalent on August 25, 1981 as difference between his allowance as Service Driver as against his position as Helper/Laborer;
>
> 2. The sum of US$1,000.00 in its peso equivalent as of the same date, as his contractual bonus.
>
> The complaints for non-payment/underpayment of overtime pay and unpaid wages or commission are DISMISSED for lack of merit."[4]

Petitioner appealed to respondent National Labor Relations Commission (NLRC). It questioned the jurisdiction of the Labor Arbiter over the case in view of the enactment of E.O. No. 797.

In a Resolution dated July 17, 1991,[5] respondent NLRC dismissed the petitioner's appeal and upheld the Labor Arbiter's jurisdiction. It ruled:

> "To begin with, the Labor Arbiter has the authority to decide this case. On May 29, 1978, the Labor Arbiters were integrated into the Regional Offices under P.D. 1391. On May 1, 1980, P.D. 1691 was promulgated giving the Regional Offices of the Ministry of Labor and Employment the original and exclusive jurisdiction over all cases arising out of or by virtue of any law or contract involving Filipino workers for overseas employment. There is no dispute that the Labor Arbiter had the legal authority over the case on hand, which accrued and was filed

> when the two above mentioned Presidential Decrees were in force."[6]

Petitioner filed this special civil action for certiorari reiterating the argument that:

> "The NLRC committed grave abuse of discretion tantamount to lack of jurisdiction in affirming the Labor Arbiter's void judgment in the case a quo."[7]

It asserts that E.O. No. 797 divested the Labor Arbiter of his authority to try and resolve cases arising from overseas employment contract. Invoking this Court's ruling in Briad Agro Development Corp. vs. Dela Cerna,[8] petitioner argues that E.O. No. 797 applies retroactively to affect pending cases, including the complaint filed by private respondent.

The petition is devoid of merit.

The rule is that jurisdiction over the subject matter is determined by the law in force at the time of the commencement of the action.[9] On March 31, 1982, at the time private respondent filed his complaint against the petitioner, the prevailing laws were Presidential Decree No. 1691[10] and Presidential Decree No. 1391[11] which vested the Regional Offices of the Ministry of Labor and the Labor Arbiters with "original and exclusive jurisdiction over all cases involving employer-employee relations including money claims arising out of any law or contracts involving Filipino workers for overseas employment."[12] At the time of the filing of the complaint, the Labor Arbiter had clear jurisdiction over the same.

E.O. No. 797 did not divest the Labor Arbiter's authority to hear and decide the case filed by private respondent prior to its effectivity. Laws should only be applied prospectively unless the legislative intent to give them retroactive effect is expressly declared or is necessarily implied from the language used.[13] We fail to perceive in the language of E.O. No. 797 an intention to give it retroactive effect.

The case of Briad Agro Development Corp. vs. Dela Cerna[14] cited by the petitioner is not applicable to the case at bar. In Briad, the Court

applied the exception rather than the general rule. In this case, Briad Agro Development Corp. and L.M. Camus Engineering Corp. challenged the jurisdiction of the Regional Director of the Department of Labor and Employment over cases involving workers' money claims, since Article 217 of the Labor Code, the law in force at the time of the filing of the complaint, vested in the Labor Arbiters exclusive jurisdiction over such cases. The Court dismissed the petition in its Decision dated June 29, 1989.[15] It ruled that the enactment of E.O. No. 111, amending Article 217 of the Labor Code, cured the Regional Director's lack of jurisdiction by giving the Labor Arbiter and the Regional Director concurrent jurisdiction over all cases involving money claims. However, on November 9, 1989, the Court, in a Resolution,[16] reconsidered and set aside its June 29 Decision and referred the case to the Labor Arbiter for proper proceedings, in view of the promulgation of Republic Act (R.A.) 6715 which divested the Regional Directors of the power to hear money claims. It bears emphasis that the Court accorded E.O. No. 111 and R.A. 6715 a retroactive application because as curative statutes, they fall under the exceptions to the rule on prospectivity of laws.

E.O. No. 111, amended Article 217 of the Labor Code to widen the workers' access to the government for redress of grievances by giving the Regional Directors and Labor Arbiters concurrent jurisdiction over cases involving money claims. This amendment, however, created a situation where the jurisdiction of the Regional Directors and the Labor Arbiters overlapped. As a remedy, R.A. 6715 further amended Article 217 by delineating their respective jurisdictions. Under R.A. 6715, the Regional Director has exclusive original jurisdiction over cases involving money claims provided: (1) the claim is presented by an employer or person employed in domestic or household service, or househelper under the Code; (2) the claimant, no longer being employed, does not seek reinstatement; and (3) the aggregate money claim of the employee or househelper does not exceed P5,000.00. All other cases are within the exclusive and original jurisdiction of the Labor Arbiter. E.O. No. 111 and R.A. 6715 are therefore curative statutes. A curative statute is enacted to cure defects in a prior law or to validate legal proceedings, instruments or acts of public authorities which would otherwise be void for want of conformity with certain existing legal requirements.

The law at bar, E.O. No. 797, is not a curative statute. It was not intended to remedy any defect in the law. It created the POEA to assume the functions of the Overseas Employment Development Board, the National Seamen Board and the overseas employment functions of the Bureau of Employment Services. Accordingly, it gave the POEA "original and exclusive jurisdiction over all cases, including money claims, involving employer-employee relations arising out of or by virtue of any law or contract involving Filipino workers for overseas employment, including seamen."[17] The rule on prospectivity of laws should therefore apply to E.O. No. 797. It should not affect jurisdiction over cases filed prior to its effectivity.

Our ruling in Philippine-Singapore Ports Corp. vs. NLRC[18] is more apt to the case at bar. In this case, PSPC hired Jardin to work in Saudi Arabia. Jardin filed a complaint against PSPC for illegal dismissal and recovery of backwages on January 31, 1979 with the Labor Arbiter. PSPC questioned the jurisdiction of the Labor Arbiter because at that time, the power to hear and decide cases involving overseas workers was vested in the Bureau of Employment Services. We held:

> "When Jardin filed the complaint for illegal dismissal on January 31, 1979, Art. 217 (5) of the Labor Code provided that Labor Arbiters and the NLRC shall have 'exclusive jurisdiction to hear and decide' all cases arising from employer-employee relations 'unless expressly excluded by this Code.' At that time Art. 15 of the same Code had been amended by P.D. No. 1412 which took effect on June 9, 1978. The pertinent provision of the said presidential decree states:
>
>> 'ARTICLE 15. Bureau of Employment Services. —
>>
>> (a) x x x
>>
>> (b) The Bureau shall have the original and exclusive jurisdiction over all matters or cases involving employer-employee relations including money claims, arising out of or by virtue of any law or contracts involving Filipino workers for overseas employment, except seamen. The decisions of the Bureau shall be final and executory

> subject to appeal to the Secretary of Labor whose decision shall be final and inappealable.'

Considering that private respondent Jardin's claims undeniably arose out of an employer-employee relationship with petitioner PSPC and that private respondent worked overseas or in Saudi Arabia, the Bureau of Employment Services and not the Labor Arbiter had jurisdiction over the case.

Art. 15 was further amended by P.D. No. 1691 which took effect on May 1, 1990. Such amendment qualifies the jurisdiction of the Bureau of Employment Services as follows:

> '(b) The regional offices of the Ministry of Labor shall have the original and exclusive jurisdiction over all matters or cases involving employer-employee relations including money claims, arising out of or by virtue of any law or contracts involving Filipino workers for overseas employment except seamen: Provided that the Bureau of Employment Services may, in the case of the National Capital Region, exercise such power, whenever the Minister of Labor deems it appropriate. The decisions of the regional offices or the Bureau of Employment Services if so authorized by the Minister of Labor as provided in this Article, shall be appealable to the National Labor Relations Commission upon the same grounds provided in Article 223 hereof. The decisions of the National Labor Relations Commission shall be final and inappealable.'

Hence, as further amended, Art. 15 provided for concurrent jurisdiction between the regional offices of the then Ministry of Labor and Bureau of Employment Services 'in the National Capital Region.' It is noteworthy that P.D. No. 1691, while likewise amending Art. 217 of the Labor Code, did not alter the provision that Labor Arbiters shall have jurisdiction over all claims arising from employer-employee relations 'unless expressly excluded by this Code.'

The functions of the Bureau of Employment Services were subsequently assumed by the Philippine Overseas Employment

> Administration (POEA) on May 1, 1982 by virtue of Executive Order No. 797 by granting the POEA 'original and exclusive jurisdiction over all cases, including money claims, involving employer-employee relations arising out of or by virtue of any law or contract involving Filipino workers for overseas employment, including seamen.' (Sec. 4 (a); Eastern Shipping Lines vs. Philippine Overseas Employment Administration [POEA], 200 SCRA 663 [1991]). This development showed the legislative authority's continuing intent to exclude from the Labor Arbiter's jurisdiction claims arising from overseas employment.
>
> These amendments notwithstanding, when the complaint for illegal dismissal was filed on January 31, 1979, under Art. 15, as amended by P.D. No. 1412, it was the Bureau of Employment Services which had jurisdiction over the case and not the Labor Arbiters. It is a settled rule that jurisdiction is determined by the statute in force at the time of the commencement of the action (Municipality of Sogod vs. Rosal, 201 SCRA 632, 637 [1991]). P.D. 1691 which gave the regional offices of the Ministry of Labor concurrent jurisdiction with the Bureau of Employment Services, was promulgated more than a year after the complaint was filed. *(Emphasis supplied)*

In sum, we hold that respondent NLRC did not commit grave abuse of discretion in upholding the jurisdiction of respondent Labor Arbiter over the complaint filed by private respondent against the petitioner.

IN VIEW WHEREOF, the Petition is **DISMISSED**. Costs against petitioner.

SO ORDERED.

Regalado, Romero, Mendoza and Torres, Jr., *JJ.*, concur.

---

[1] Docketed as NLRC-NCR-3-3142-82.
[2] Official Gazette, Vol. 78, No. 21, May 24, 1982, pp. 2368-7 — 2638-13.
[3] Rollo, pp. 13-23.

[4] Rollo, p. 23.
[5] Rollo, pp. 26-30.
[6] Rollo, p. 28.
[7] Rollo, p. 7.
[8] 179 SCRA 269, November 9, 1989.
[9] Tiongson vs. Court of Appeals, 214 SCRA 197 (1992).
[10] Took effect on May 1, 1980.
[11] Took effect on May 29, 1978.
[12] Article 15 (b) of the Labor Code, as amended by P.D. 1691 and P.D. 1391.
[13] Article 4, New Civil Code; Gallardo vs. Borromeo, 161 SCRA 500 (1988); Nilo vs. Court of Appeals, 128 SCRA 519 (1984).
[14] 179 SCRA 269 (November 9, 1989).
[15] 174 SCRA 525.
[16] 179 SCRA 269.
[17] Section 4 of Executive Order No. 797.
[18] 218 SCRA 77 (1993).

Philippine Copyright © 2005
ChanRobles Publishing Company
www.chanrobles.com