

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
SECOND DIVISION**

**FRANCISCO GUICO, JR., doing  
business under the name and style of  
COPYLANDIA SERVICES & TRADING,  
*Petitioner,***

***-versus-***

**G.R. No. 131750  
November 16, 1998**

**THE HON. SECRETARY OF LABOR &  
EMPLOYMENT LEONARDO A.  
QUISUMBING, THE OFFICE OF  
REGIONAL DIRECTOR OF REGION I,  
DEPT. OF LABOR & EMPLOYMENT,  
ROSALINA CARRERA, ET. AL.,  
*Respondents.***

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**DECISION**

**PUNO, J.:**

This is a Petition for Certiorari seeking a review of two (2) Orders<sup>[1]</sup> issued by the respondent Secretary of Labor and Employment dismissing petitioner's appeal.

The case started when the Office of the Regional Director, Department of Labor and Employment (DOLE), Region I, San

Fernando, La Union, received a letter-complaint dated April 25, 1995, requesting for an investigation of petitioner's establishment, Copylandia Services & Trading, for violation of labor standards laws. Pursuant to the visitorial and enforcement powers of the Secretary of Labor and Employment or his duly authorized representative under Article 128 of the Labor Code, as amended, inspections were conducted at Copylandia's outlets on April 27 and May 2, 1995. The inspections yielded the following violations involving twenty-one (21) employees who are copier operators: (1) underpayment of wages; (2) underpayment of 13<sup>th</sup> month pay; and (3) no service incentive leave with pay.<sup>[2]</sup>

The first hearing of the case was held on June 14, 1995, where petitioner was represented by Joseph Botea, Officer-in-Charge of the Dagupan City outlets, while the 21 employees were represented by Leilani Barrozo, Gemma Gales, Majestina Raymundo and Laureta Clauna. It was established that a copier operator was receiving a daily salary ranging from P35.00 to P60.00 plus commission of P20.00 per P500.00 worth of photocopying. There was also incentive pay of P20.00 per P250.00 worth of photocopying in excess of the first P500.00.<sup>[3]</sup>

On July 13, 1995, petitioner's representative submitted a Joint Affidavit signed and executed by the 21 employees expressing their disinterest in prosecuting the case and their waiver and release of petitioner from his liabilities arising from non-payment and underpayment of their salaries and other benefits. Individually signed documents dated December 21, 1994, purporting to be the employees' Receipt, Waiver and Quitclaim were also submitted.<sup>[4]</sup>

In the investigation conducted by Hearing Officer Adonis Peralta on July 21, 1995, the 21 employees claimed that they signed the Joint Affidavit for fear of losing their jobs. They added that their daily salary was increased to P92.00 effective July 1, 1995, but the incentive and commission schemes were discontinued. They alleged that they did not waive the unpaid benefits due to them.<sup>[5]</sup>

On October 30, 1995, Regional Director Guerrero N. Cirilo issued an Order 6 favorable to the 21 employees. First, he ruled that the purported Receipt, Waiver and Quitclaim dated December 21 and 22,

1994, could not cause the dismissal of the labor standards case against the petitioner since the same were executed before the filing of the said case. Moreover, the employees repudiated said waiver and quitclaim. Second, he held that despite the salary increase granted by the petitioner, the daily salary of the employees was still below the minimum daily wage rate of P119.00 under Wage Order No. RB-I-03. Thirdly, he held that the removal of the commission and incentive schemes during the pendency of the case violated the prohibition against elimination or diminution of benefits under Article 100 of the Labor Code, as amended. The dispositive portion of the Order states:

“WHEREFORE, premises considered and pursuant to the Rules on the Disposition of Labor Standards Cases in the Regional Offices issued by the Secretary of Labor and Employment on 16 September 1987, respondent Copylandia Services and Trading thru its owner/manager Mr. Francisco Guico, is hereby ORDERED to pay the employees the amount of ONE MILLION EIGHTY ONE THOUSAND SEVEN HUNDRED FIFTY SIX PESOS AND SEVENTY CENTAVOS (P1,081,756.70) representing their backwages, distributed as follows:

1.	Rosalina Carrera	—	P68,010.91
2.	Joanna Ventura	—	28,568.10
3.	Mercelita Paredes	—	68,010.91
4.	Aida Licuanan	—	68,010.91
5.	Gemma Gales	—	68,010.91
6.	Clotilda Zarata	—	27,808.33
7.	Consolacion Miguel	—	65,708.28
8.	Gemma Macalalay	—	68,010.91
9.	Wandy Aquino	—	19,559.58
10.	Laureta Clauna	—	68,010.91
11.	Josephine Valdez	—	27,808.33
12.	Leilani Berrozo	—	27,808.33
13.	Majestina Raymundo	—	68,010.91
14.	Theresa Rosario	—	68,010.91
15.	Edelyn Maramba	—	68,010.91
16.	Yolly Dimabayao	—	40,380.60
17.	Vilma Calaguin	—	68,010.91
18.	Maila Balolong	—	40,380.60
19.	Clarissa Villena	—	27,808.33

20.	Maryann Galinato	—	68,010.91
21.	Desiree Cabansag	—	27,808.33
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	Total		P1,081,756.70

and to submit proof of payment to this Office within seven (7) days from receipt hereof. Otherwise, a Writ of Execution will be issued to enforce this Order.

“SO ORDERED.”<sup>[7]</sup>

Petitioner received a copy of the Order on November 10, 1995. On November 15, 1995, petitioner filed a Notice of Appeal.<sup>[8]</sup> The next day, he filed a Memorandum of Appeal accompanied by a Motion to Reduce Amount of Appeal Bond and a Manifestation of an Appeal Bond.

In his appeal memorandum,<sup>[9]</sup> petitioner questioned the jurisdiction of the Regional Director citing Article 129 of the Labor Code, as amended,<sup>[10]</sup> and Section 1, Rule IX of the Implementing Rules of Republic Act No. 6715.<sup>[11]</sup> He argued that the Regional Director has no jurisdiction over the complaint of the 21 employees since their individual monetary claims exceed the P5,000.00 limit. He alleged that the Regional Director should have indorsed the case to the Labor Arbiter for proper adjudication and for a more formal proceeding where there is ample opportunity for him to present evidence to contest the claims of the employees. He further alleged that the Regional Director erred in computing the monetary award since it was done without regard to the actual number of days and time worked by the employees. He also faulted the Regional Director for not giving credence to the Receipt, Waiver and Quitclaim of the employees.

In the Motion to Reduce Amount of Appeal Bond,<sup>[12]</sup> petitioner claimed he was having difficulty in raising the monetary award which he denounced as exorbitant. Pending resolution of the motion, he posted an appeal bond in the amount of P105,000.00 insisting that the jurisdiction of the Regional Director is limited to claims of P5,000.00 per employee and there were 21 employees involved in the case.

On November 22, 1995, petitioner also filed a request to hold in abeyance any action relative to the case for a possible amicable settlement with the employees.<sup>[13]</sup>

On January 10, 1996, District Labor Officer Adonis Peralta forwarded a Report showing that the petitioner and most of the 21 employees had reached a compromise agreement. The Release, Waiver and Quitclaim was signed by the following employees and show the following amounts they received, viz:

1.	Aida Licuanan	—	P3,000.00
2.	Clarissa Villena	—	3,000.00
3.	Gemma Gales	—	3,000.00
4.	Desiree Cabansag	—	3,000.00
5.	Clotilda Zarata	—	3,000.00
6.	Consolacion Miguel	—	5,000.00
7.	Josephine Valdez	—	3,000.00
8.	Maryann Galinato	—	5,000.00
9.	Theresa Rosario	—	3,000.00
10.	Yolly Dimabayao	—	3,000.00
11.	Vilma Calaguin	—	3,000.00
12.	Gemma Macalalay	—	3,000.00
13.	Edelyn Maramba	—	5,000.00
14.	Charito Gonzales	—	3,000.00
15.	Joanna Ventura	—	3,000.00

Four (4) employees did not sign in the compromise agreement. They insisted that they be paid what is due to them according to the Order of the Regional Director in the total amount of P231,841.06. They were Laureta Clauna, Majestina Raymundo, Leilani Barrozo and Rosalina Carrera.<sup>[14]</sup>

In a letter<sup>[15]</sup> dated February 23, 1996, the Regional Director informed petitioner that he could not give due course to his appeal since the appeal bond of P105,000.00 fell short of the amount due to the 4 employees who did not participate in the settlement of the case. In the same letter, he directed petitioner to post, within ten (10) days from receipt of the letter, the amount of P126,841.06 or the difference between the monetary award due to the 4 employees and the appeal

bond previously posted.

On March 13, 1996, petitioner filed a Motion for Reconsideration to Reduce Amount of Appeal Bond.<sup>[16]</sup> He manifested that he has closed down his business operations due to severe financial losses and implored the Regional Director to accept the appeal bond already filed for reasons of justice and equity.

In an Order dated December 3, 1996, the respondent Secretary denied the foregoing Motion for Reconsideration on the ground that the directive from the Regional Director to post an additional surety bond is contained in a “mere letter” which cannot be the proper subject of a Motion for Reconsideration and/or Appeal before his office. He added that for failure of the petitioner to post the correct amount of surety or cash bond, his appeal was not perfected following Article 128 (b) of the Labor Code, as amended. Despite the non-perfection of the appeal, respondent Secretary looked into the Receipt, Waiver and Quitclaim signed by the employees and rejected it on the ground that the consideration was unconscionably inadequate. He ruled, nonetheless, that the amount received by the said employees should be deducted from the judgment award and the difference should be paid by the petitioner.

On December 26, 1996, petitioner filed a Motion for Reconsideration. On February 13, 1997, he filed a Motion to Admit Additional Bond and posted the amount of P126,841.06 in compliance with the order of the Regional Director in his letter dated February 13, 1996.<sup>[17]</sup>

On October 24, 1997, the respondent Secretary denied the Motion for Reconsideration. He ruled that the Regional Director has jurisdiction over the case citing Article 128 (b) of the Labor Code, as amended. He pointed out that Republic Act No. 7730 repealed the jurisdictional limitations imposed by Article 129 on the visitorial and enforcement powers of the Secretary of Labor and Employment or his duly authorized representatives. In addition, he held that petitioner is now estopped from questioning the computation made by the Regional Director as a result of the compromise agreement he entered into with the employees. Lastly, he reiterated his ruling that the Receipt, Waiver and Quitclaim signed by the employees was not valid.

Petitioner is now before this Court raising the following issues:

I

Whether or not Public Respondent acted with grave abuse of discretion amounting to lack or in excess of jurisdiction when he set aside the Release and Quitclaim executed by the seventeen (sic) complainants before the Office of the Regional Director when Public Respondent himself ruled that the Appeal of the Petitioner was not perfected and, therefore, Public Respondent did not acquire jurisdiction over the case.

II

Whether or not Public Respondent acted with grave abuse of discretion amounting to lack or in excess of jurisdiction when in complete disregard of Article 227 of the Labor Code, Public Respondent set aside and nullified the Release and Quitclaim executed by the seventeen (sic) complainants.

III

Whether or not Public Respondent acted with grave abuse of discretion amounting to lack or in excess of jurisdiction when he affirmed the Order of the Regional Director who, in complete disregard of the due process requirements of law, computed the monetary award given to the private respondents without notice to petitioner and without benefit of hearing.

IV

Whether or not petitioner is deemed estopped from appealing the decision of the Regional Director when it (sic) entered into a compromise settlement with complainants/private respondents.

The threshold issues that need to be settled in this case are: (1) whether or not the Regional Director has jurisdiction over the instant labor standards case, and (2) whether or not petitioner perfected his appeal.

With regard to the issue of jurisdiction, petitioner alleged that the Regional Director has no jurisdiction over the instant case since the individual monetary claims of the 21 employees exceed P5,000.00. He further argued that following Article 129 of the Labor Code, as amended, and Section 1, Rule IX of the Implementing Rules of Republic Act No. 6715, the jurisdiction over this case belongs to the Labor Arbiter, and the Regional Director should have indorsed it to the appropriate regional branch of the National Labor Relations Commission (NLRC). On the other hand, the respondent Secretary held that the jurisdictional limitation imposed by Article 129 on his visitorial and enforcement power under Article 128 (b) of the Labor Code, as amended, has been repealed by Republic Act No. 7730.<sup>[18]</sup> He pointed out that the amendment “[n]otwithstanding the provisions of Article 129 and 217 of the Labor Code to the contrary” erased all doubts as to the amendatory nature of the new law, and in effect, overturned this Court’s ruling in the case of *Servando’s Inc. vs. Secretary of Labor and Employment*.<sup>[19]</sup>

We sustain the jurisdiction of the respondent Secretary. As the respondent correctly pointed out, this Court’s ruling in *Servando* — that the visitorial power of the Secretary of Labor to order and enforce compliance with labor standard laws cannot be exercised where the individual claim exceeds P5,000.00, can no longer be applied in view of the enactment of R.A. No. 7730 amending Article 128 (b) of the Labor Code, viz:

Article 128 (b) — Notwithstanding the provisions of Articles 129 and 217 of this Code to the contrary, and in cases where the relationship of employer-employee still exists, the Secretary of Labor and Employment or his duly authorized representatives shall have the power to issue compliance orders to give effect to the labor standards provisions of the Code and other labor legislation based on the findings of the labor employment and enforcement officers or industrial safety engineers made in the course of inspection. The Secretary or his duly authorized representatives shall 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 employment and enforcement officer and raises issues

supported by documentary proofs which were not considered in the course of inspection.

An order issued by the duly authorized representative of the Secretary of Labor and Employment under this article may be appealed to the latter. In case said order involves a monetary award, an appeal by the employer may be perfected only upon the posting of a cash or surety bond issued by a reputable bonding company duly accredited by the Secretary of Labor and Employment in the amount equivalent to the monetary award in the order appealed from. (Emphasis supplied.)

The records of the House of Representatives<sup>[20]</sup> show that Congressmen Alberto S. Veloso and Eriberto V. Loreto sponsored the law. In his sponsorship speech, Congressman Veloso categorically declared that “this bill seeks to do away with the jurisdictional limitations imposed through said ruling (referring to Servando) and to finally settle any lingering doubts on the visitorial and enforcement powers of the Secretary of Labor and Employment.”<sup>[21]</sup> Petitioner’s reliance on Servando is thus untenable.

The next issue is whether petitioner was able to perfect his appeal to the Secretary of Labor and Employment. Article 128(b) of the Labor Code clearly provides that the appeal bond must be “in the amount equivalent to the monetary award in the order appealed from.” The records show that petitioner failed to post the required amount of the appeal bond. His appeal was therefore not perfected.

**IN VIEW WHEREOF**, the petition for certiorari is dismissed. No pronouncement as to costs.

**SO ORDERED.**

**Melo and Mendoza, JJ., concur.**  
**Martinez, J., is on leave.**

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[1] In OS-LS-09-023-096 [LS Case No. RO100-9505-CT-010].

[2] Regional Director’s Order dated October 30, 1995, p. 1; Rollo, p. 36.

[3] Id., pp. 1-2; Id., pp. 36-37.

- [4] Id., p. 2; Id., p. 37.
- [5] Id.
- [6] Rollo, pp. 36-40.
- [7] Rollo, pp. 38-40.
- [8] Rollo, p. 101.
- [9] Rollo, pp. 41-46.
- [10] ART. 129. Recovery of wages, simple money claims and other benefits. — Upon complaint of any interested party, the regional director of the Department of Labor and Employment or any of the duly authorized hearing officers of the Department is empowered, through summary proceeding and after due notice, to hear and decide any matter involving the recovery of wages and other monetary claims and benefits, including legal interest, owing to an employee or person employed in domestic or household service or househelper under this Code, arising from employer-employee relations: Provided, That such complaint does not include a claim for reinstatement: Provided further, that the aggregate money claims of each employee or househelper does not exceed five thousand pesos (P5,000.00). x x x
- [11] Section 1. Recovery of wages, simple money claims and other benefits.— xxx (c) When the evidence shows that the claim amounts to more than five thousand pesos (P5,000.00), the Regional Director or Hearing Officer shall advise the complainant to amend the complaint if the latter so desires and file the same with the appropriate regional branch of the National Labor Relations Commission.
- [12] Rollo, pp. 48-49.
- [13] Rollo, pp. 51 and 102.
- [14] Rollo, pp. 29-30, 51.
- [15] Rollo, pp. 51-52.
- [16] Rollo, pp. 53-55.
- [17] Rollo, pp. 111-112.
- [18] Entitled “AN ACT FURTHER STRENGTHENING THE VISITORIAL AND ENFORCEMENT POWERS OF THE SECRETARY OF LABOR AND EMPLOYMENT, AMENDING FOR THE PURPOSE ARTICLE 128 OF P.D. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES”; approved by the President on June 2, 1994.
- [19] 198 SCRA 156 [June 5, 1991].
- [20] Records of the House of Representatives, First Regular Session, May 12, 1993, Vol. VI, p. 242.
- [21] Id., pp. 244-245. The same sentiment was expressed by Congressman Erasmo Damasing of Cagayan de Oro City.