

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
SECOND DIVISION**

**INTERNATIONAL  
PHARMACEUTICALS, INC.,  
*Petitioner,***

***-versus-***

**G.R. No. 92981-83  
January 9, 1992**

**HON. SECRETARY OF LABOR and  
ASSOCIATED LABOR UNION (ALU),  
*Respondents.***

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

**REGALADO, J.:**

The issue before us is whether or not the Secretary of the Department of Labor and Employment has the power to assume jurisdiction over a labor dispute and its incidental controversies, including unfair labor practice cases, causing or likely to cause a strike or lockout in an industry indispensable to the national interest.

The operative facts which culminated in the present recourse are undisputed.

Prior to the expiration on January 1, 1989 of the collective bargaining agreement between petitioner International Pharmaceuticals, Inc.

(hereafter, Company) and the Associated Labor Union (Union, for brevity), the latter submitted to the Company its economic and political demands. These were not met by the Company, hence a deadlock ensued.

On June 27, 1989, the Union filed a notice of strike with Regional Office No. VII of the National Conciliation and Mediation Board, Department of Labor and Employment, which was docketed as NCMB-RBVII-NS-06-050-89. After all conciliation efforts had failed, the Union went on strike on August 8, 1989 and the Company's operations were completely paralyzed.

Subsequently, three other labor cases involving the same parties were filed with the National Labor Relations Commission (NLRC) to wit:

1. International Pharmaceuticals, Inc. vs. Associated Labor Union, NLRC Case No. VII-09-0810-89,<sup>[1]</sup> a petition for injunction and damages with temporary restraining order filed by the Company against the Union and some of its members for picketing the Company's establishment in Cebu, Davao, and Metro Manila allegedly without the required majority of the employees approving and agreeing to the strike and with simulated strike votes, in direct violation of the provisions of their collective bargaining agreement and in total and complete defiance of the provisions of the Labor Code;
2. Associated Labor Union vs. International Pharmaceuticals, Inc., et al., NLRC Case No. VII-08-0715-89,<sup>[2]</sup> a complaint for unfair labor practice with prayer for damages and attorney's fees filed by the Union against the Company, its personnel manager, and the Workers Alliance of Trade Unions (WATU) as a result of the Company's refusal to include the sales workers in the bargaining unit resulting in a deadlock in the bargaining negotiations; for coddling the respondent WATU as a separate bargaining agent of the sales workers despite a contrary ruling of the Med-Arbitrer; and undue interference by the Company in the right of the workers to self-organization through harassment and dispersal of a peaceful picket during the strike; and

3. International Pharmaceuticals, Inc., et al. vs. Associated Labor Union, NLRC Case No. VII-08-0742-89,<sup>[3]</sup> a petition to declare the strike illegal with prayer for damages filed by the Company alleging, among others, that the notice of strike filed by the Union with the National Conciliation and Mediation Board did not conform with the requirements of the Labor Code, and that the Union, in violation of the Labor Code provisions on the conduct of the strike, totally blockaded and continued to blockade the ingress and egress of the Company's premises by human barricades, placards, benches and other obstructions, completely paralyzing its business operations.

Meanwhile, considering that the Company belongs to an industry indispensable to national interest, it being engaged in the manufacture of drugs and pharmaceuticals and employing around 600 workers, then Acting Secretary of Labor, Ricardo C. Castro, invoking Article 263(g) of the Labor Code, issued an order dated September 26, 1989 assuming jurisdiction over the aforesaid case docketed as NCMB-RBVII-NS-06-050-89 and directing the parties to return to the status quo before the work stoppage. The decretal portion of the order reads:

“WHEREFORE, PREMISES CONSIDERED, this Office hereby assumes jurisdiction over the labor dispute at the International Pharmaceuticals, Incorporated pursuant to Article 263(g) of the Labor Code, as amended.

“Accordingly, all striking workers are hereby directed to return to work and management to accept them under the same terms and conditions prevailing before the work stoppage, within twenty four (24) hours from receipt of this Order. Management is directed to post copies of this Order in three (3) conspicuous places in the company premises.

“The parties are likewise ordered to cease and desist from committing any and all acts that will prejudice either party and aggravate the situation as well as the normalization of operations.

“SO ORDERED.”<sup>[4]</sup>

On January 15, 1990, the Union filed a motion in NCMB-RBVII-NS-06-050-85, the case over which jurisdiction had been assumed by the Secretary of Labor and Employment (hereafter referred to as the Secretary), seeking the consolidation of the three NLRC cases (NLRC Cases Nos. VII-09-081-89, VII-08-0715-89, and VII-08-0742-89) with the first stated case.

In an order dated January 31, 1990, Secretary of Labor Ruben D. Torres granted the motion and ordered the consolidation of the three NLRC cases with NCMB-RBVII-NS-06-050-89, as follows:

“WHEREFORE, finding the Associated Labor Union’s Motion to be meritorious, the same is granted and NLRC Cases Nos. VII-09-0810-89, VII-08-0715-89 and VII-08-0742-89 are hereby ordered consolidated with the instant proceedings. The Labor Arbiter handling the same is directed to immediately transmit the records of the said cases to the Asst. Regional Director, DOLE Regional Office No. 7 who has been designated to hear and receive the evidence of the parties.

“SO ORDERED.”<sup>[5]</sup>

The Company’s subsequent motion for reconsideration of the order consolidating the cases was denied by the Secretary on March 5, 1990.<sup>[6]</sup> Thereafter, the Assistant Regional Director of Regional Office No. VII, as directed, assumed jurisdiction over the consolidated cases and set the same for reception of evidence.

Petitioner Company now comes to this Court assailing the aforesaid orders and alleging grave abuse of discretion on the part of the public respondent in the issuance thereof. The Union, as the bargaining agent of the rank and file workers of the Company, was impleaded as the private respondent.

Petitioner Company submits that the exclusive jurisdiction to hear and decide the three NLRC cases above-specified is vested in the

labor arbiter as provided in paragraph (a) (1) and (5) of Article 217 of the Labor Code.

Moreover, petitioner insists that there is nothing in Article 263(g) of the Labor Code which directs the labor arbiter to hold in abeyance all proceedings in the NLRC cases and await instruction from the Secretary. Otherwise, so it postulates, Section 6, Rule V of the Revised Rules of the NLRC which is invoked by the Secretary is null and void since it orders the cessation of all proceedings before the labor arbiter and orders him to await instructions from the Secretary in labor disputes where the Secretary has assumed jurisdiction, thereby amending Article 263(g) of the Labor Code by enlarging the jurisdiction of the Secretary.

Petitioner further contends that, granting arguendo that Section 6, Rule V of the Revised Rules of the NLRC is in accordance with Article 263(g) of the Labor Code, still the Secretary should not have ordered the consolidation of the three unfair labor practice cases with NCMB-RBVII-NS-06-050-89, since the Secretary assumed jurisdiction only over the deadlock in the negotiation of the collective bargaining agreement and the petition for contempt as a result of the said deadlock.

Respondents, on the other hand, assert that the authority to assume jurisdiction over labor disputes, vested in the Secretary by Article 263(g) of the Labor Code, extends to all questions and incidents arising therein causing or likely to cause strikes or lockouts in industries indispensable to national interest.

Moreover, respondents counter that Section 6, Rule V of the Revised Rules of the NLRC is in accordance with Article 263(g) of the Labor Code, notwithstanding the provisions of Article 217 of the Labor Code. To rule otherwise, they point out, would encourage splitting of jurisdiction, multiplicity of suits, and possible conflicting findings and decisions which could only result in delay and complications in the disposition of the labor disputes.

It was also stressed that the three NLRC cases which respondent Secretary ordered consolidated with the labor dispute over which he

had assumed jurisdiction arose from or are directly related to and are incidents of the said labor dispute.

Finally, respondents invoke the rule that all doubts in the implementation and interpretation of the Labor Code provisions should be resolved in favor of labor. By virtue of the assailed orders, the Union and its members were relieved of the burden of having to litigate their interrelated cases in different fora.

There are three governing labor law provisions which are determinative of the present issue of jurisdiction, viz.:

1. Article 217(a) (1) and (5) of the Labor Code which provides:

“ARTICLE 217. Jurisdiction of Labor Arbiters and the Commission — (a) Except as otherwise provided under this Code the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, the following cases involving all workers.

1. Unfair labor practice cases;

X X X

5. Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts;

X X X”

2. Article 263(g) of the Labor Code which declares:

“(g) When, in his opinion, there exists a labor dispute causing or likely to cause a strike or lockout in an industry indispensable to the national interest, the Secretary of Labor and Employment may assume jurisdiction over the dispute and decide it or certify the same to the Commission for compulsory arbitration.”

3. Section 6, Rule V of the Revised Rules of the NLRC which states:

“SECTION 6. Disposition of cases. — x x x

Provided, that when the Minister (Secretary) of Labor and Employment has assumed jurisdiction over a strike or lockout dispute or certified the same to the Commission, the parties to such dispute shall immediately inform the Minister (Secretary) or the Commission as the case may be, of all cases between them pending before any Regional Arbitration Branch, and the Labor Arbiter handling the same of such assumption or certification, whereupon all proceedings before the Labor Arbiter concerning such cases shall cease and the Labor Arbiter shall await instructions from the Minister (Secretary) or the Commission.”

The foregoing provisions persuade us that the Secretary did not gravely abuse his discretion when he issued the questioned orders.

As early as 1913, this Court laid down in *Herrera vs. Baretto, et al.*<sup>[7]</sup> the fundamental normative rule that jurisdiction is the authority to hear and determine a cause — the right to act in a case. However, this should be distinguished from the exercise of jurisdiction. The authority to decide a case at all and not the decision rendered therein is what makes up jurisdiction. Where there is jurisdiction over the person and the subject matter, the decision of all other questions arising in the case is but an exercise of that jurisdiction.<sup>[8]</sup>

In the present case, the Secretary was explicitly granted by Article 263(g) of the Labor Code the authority to assume jurisdiction over a labor dispute causing or likely to cause a strike or lockout in an industry indispensable to the national interest, and decide the same accordingly. Necessarily, this authority to assume jurisdiction over the said labor dispute must include and extend to all questions and controversies arising therefrom, including cases over which the labor arbiter has exclusive jurisdiction.

Moreover, Article 217 of the Labor Code is not without, but contemplates, exceptions thereto. This is evident from the opening proviso therein reading “(e)xcept as otherwise provided under this Code.” Plainly, Article 263(g) of the Labor Code was meant to make both the Secretary (or the various regional directors) and the labor arbiters share jurisdiction, subject to certain conditions.<sup>[9]</sup> Otherwise, the Secretary would not be able to effectively and efficiently dispose of the primary dispute. To hold the contrary may even lead to the absurd and undesirable result wherein the Secretary and the labor arbiter concerned may have diametrically opposed rulings. As we have said, “(i)t is fundamental that a statute is to be read in a manner that would breathe life into it, rather than defeat it.<sup>[10]</sup>

In fine, the issuance of the assailed orders is within the province of the Secretary as authorized by Article 263(g) of the Labor Code and Article 217(a) (1) and (5) of the same Code, taken conjointly and rationally construed to subserve the objective of the jurisdiction vested in the Secretary.

Our pronouncement on this point should be distinguished from the situation which obtained and our consequent ruling in *Servando’s, Inc. vs. The Secretary of Labor and Employment, et al.*<sup>[11]</sup> wherein we referred to the appropriate labor arbiter a case previously decided by the Secretary. The said case was declared to be within the exclusive jurisdiction of the labor arbiter since the aggregate claims of each of the employees involved exceeded P5,000.00. In *Servando*, the Secretary invoked his visitorial and enforcement powers to assume jurisdiction over the case, the exclusive and original jurisdiction of which belongs to the labor arbiter. We said that to uphold the Secretary would empower him, under his visitorial powers, to hear and decide an employee’s claim of more than P5,000.00. We held that he could not do that and we, therefore, overruled him.

In the present case, however, by virtue of Article 263(g) of the Labor Code, the Secretary has been conferred jurisdiction over cases which would otherwise be under the original and exclusive jurisdiction of labor arbiters. There was an existing labor dispute as a result of a deadlock in the negotiation for a collective bargaining agreement and the consequent strike, over which the Secretary assumed jurisdiction

pursuant to Article 263(g) of the Labor Code. The three NLRC cases were just offshoots of the stalemate in the negotiations and the strike. We, therefore, uphold the Secretary's order to consolidate the NLRC cases with the labor dispute pending before him and his subsequent assumption of jurisdiction over the said NLRC cases for him to be able to competently and efficiently dispose of the dispute in its totality.

Petitioner's thesis that Section 6, Rule V of the Revised Rules of the NLRC is null and void has no merit. The aforesaid rule has been promulgated to implement and enforce Article 263(g) of the Labor Code. The rule is in harmony with the objectives sought to be achieved by Article 263(g) of the Labor Code, particularly the Secretary's assumption of jurisdiction over a labor dispute and his subsequent disposition of the same in the most expeditious and conscientious manner. To be able to completely dispose of a labor dispute, all its incidents would have to be taken into consideration. Clearly, the purpose of the questioned regulation is to carry into effect the broad provisions of Article 263(g) of the Labor Code.

By and large, Section 6, Rule V of the Revised Rules of the NLRC is germane to the objects and purposes of Article 263(g) of the Labor Code, and it is not in contradiction with but conforms to the standards the latter requires. Thus, we hold that the terms of the questioned regulation are within the statutory power of the Secretary to promulgate as a necessary implementing rule or regulation for the enforcement and administration of the Labor Code, in accordance with Article 5 of the same Code.

Besides, to uphold petitioner Company's arguments that the NLRC cases are alien and totally separate and distinct from the deadlock in the negotiation of the collective bargaining agreement is to sanction split jurisdiction which is obnoxious to the orderly administration of justice.<sup>[12]</sup>

Moreover, the rule is that all doubts in the interpretation and implementation of labor laws should be resolved in favor of labor. In upholding the assailed orders of the Secretary, the Court is only giving meaning to this rule. The Court should help labor authorities provide workers immediate access to their rights and benefits,

without being hampered by arbitration or litigation processes that prove to be not only nerve-wracking, but financially burdensome in the long run.<sup>[13]</sup> Administrative rules of procedure should be construed liberally in order to promote their object and assist the parties, especially the workingman, in obtaining just, speedy, and inexpensive determination of their respective claims and defenses. By virtue of the assailed orders, the Union and its members are relieved of the burden of litigating their interrelated cases in different tribunals.

**WHEREFORE**, there being no grave abuse of discretion committed by the Secretary of Labor and Employment, the petition at bar is hereby **DISMISSED**.

**SO ORDERED.**

**Melencio-Herrera, Paras and Padilla, JJ., concur.**  
**Nocon, J., took no part.**

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- [1] Annex "G," Petition; rollo, 41-50.
  - [2] Rollo, 90-102.
  - [3] Annex "H," Petition; rollo, 51-58.
  - [4] Rollo, 30-31.
  - [5] Rollo, 35.
  - [6] Annex "D," Petition; rollo, 36-37.
  - [7] 25 Phil. 245 (1913).
  - [8] De la Cruz vs. Moir, etc., et al., 36 Phil. 213 (1917); Cf. Associated Labor Union, et al., vs. Ramolete, etc., et al., 13 SCRA 582 (1965).
  - [9] Briad Agro Development Corp. vs. De la Serra, etc., et al., 174 SCRA 524, 532 (1989).
  - [10] Id., id., at 533.
  - [11] G.R. No. 85840, June 5, 1991.
  - [12] Associated Labor Union vs. Gomez, et al., 19 SCRA 304 (1967).
  - [13] Maternity Children's Hospital vs. Secretary of Labor, 174 SCRA 632, 647 (1989).