**SUPREME COURT**
**FIRST DIVISION**

**UBAY ARRASTRE AND STEVEDORING SERVICES, INC., JESS ALIGADO and ALEXANDER GAVIOLA,**
***Petitioners*,**

***-versus-***

**G.R. No. 106813**
**November 25, 1993**

**HON. CRESCENCIANO B. TRAJANO, Undersecretary of Labor and Employment; HON. BARTOLOME C. AMOGUIS, Regional Director, Regional Office VII, Department of Labor and Employment; ROBERTO A. PALERMO, ET AL.,**[*]
***Respondents*.**
**x----------x**

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

**DAVIDE, JR., *J.*:**

The question raised in this petition is whether Republic Act No. 6715, which took effect on 21 March 1989, applies to cases for illegal dismissal and money claims which were brought before the Office of the Regional Director of the then Ministry of Labor and Employment in 1980.

The answer must be in the affirmative in the light of the settled jurisprudence on the matter. In our Resolution of 9 November 1989, in Briad Agro Development Corp. vs. De la Cerna,[1] setting aside our prior Decision of 29 June 1989,[2] we upheld the retroactive application of R.A. No. 6715, it being a curative statute.[3] Briad involved an order of a Regional Director of the Department of Labor and Employment (DOLE) in a complaint for unpaid wages and wage supplements filed on 21 February 1987. This ruling was reiterated in SSK Parts Corp. vs. Camas,[4] Brokenshire Memorial Hospital, Inc. vs. Minister of Labor and Employment,[5] Aboitiz Shipping Corp. vs. De la Serna,[6] Servando's Inc. vs. Secretary of Labor and Employment,[7] and Star Security and Detective Investigation Agency vs. Secretary of Labor,[8] which involved orders of Regional Directors of the Ministry or Department of Labor and Employment dated 11 January 1988, 12 April 1985, 13 October 1988, 2 July 1987, and 5 June 1986, respectively. This Court reiterated, with further amplifications, the ruling in Servando's in its Resolution of 5 June 1991[9] and applied it in, inter alia, Red V Coconut Products, Ltd. vs. Leogardo,[10] Midland Insurance Corp. vs. Secretary of Labor and Employment,[11] and Fermin vs. Secretary of Labor and Employment,[12] which involved orders of Regional Directors of the Ministry or Department of Labor and Employment dated 4 June 1984, 25 September 1989, and 2 March and 7 August 1987, respectively.

R.A. No. 6715 amended, inter alia, Articles 129 and 217 of the Labor Code (P.D. No. 442). As thus amended, they read as follows:

> "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

household helper do not exceed five thousand pesos (P5,000,00). The Regional Director or hearing officer shall decide or resolve the complaint within thirty (30) calendar days from the date of the filing of the same. Any sum thus recovered on behalf of any employee or household helper pursuant to this Article shall be held in a special deposit account, and shall be paid, on order of the Secretary of Labor and Employment or the Regional Director directly to the employee or household helper concerned. Any such sum not paid to the employee or household helper, because he cannot be located after diligent and reasonable effort to locate him within a period of three (3) years, shall be held as a special fund of the Department of Labor and Employment to be used exclusively for the amelioration and benefit of workers.

x x x

ART. 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, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

(1) Unfair labor practice cases;

(2) Termination disputes;

(3) If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;

(4) Claims for actual, moral, exemplary and other forms of damages arising from employer-employee relations;

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

x x x

In the Resolution of 5 June 1991 in Servando's, we explained further the effects of R.A. No. 6715 on the jurisdictions of the Labor Arbiters and the Regional Directors of the DOLE and harmonized Articles 128(b), 129, and 217(a) (6) of the Labor Code. We said:

> "A careful consideration of the above-quoted three (3) provisions of the Labor Code leads the Court to reiterate its ruling that the exclusive jurisdiction to hear and decide employees' claims arising from employer-employee relations, exceeding the aggregate amount of P5,000.00 for each employee, is vested in the Labor Arbiter (Article 217(a)(6). This exclusive jurisdiction of the Labor Arbiter is confirmed by the provisions of Article 129 which excludes from the jurisdiction of the Regional Director or any hearing officer of the Department of Labor the power to hear and decide claims of employees arising from employer-employee relations exceeding the amount of P5,000.00 for each employee.
>
> To construe the visitorial power of the Secretary of Labor to order and enforce compliance with labor laws as including the power to hear and decide cases involving employees' claims for wages, arising from employer-employee, relations, even if the amount of said claims exceed P5,000.00 for each employee, would, in our considered opinion, emasculate and render meaningless, if not useless, the provisions of Article 217(a) (6) and Article 129 of the Labor Code which, as above-pointed out, confer exclusive jurisdiction on the Labor Arbiter to hear and decide such employees' claims (exceeding P5,000.00 for each employee). To sustain the respondents' position would, in effect, sanction a situation where all employees' claims, regardless of amount, can be heard and determined by the Secretary of Labor under his visitorial power. This does not, however, appear to be the legislative intent.

> We further hold that to harmonize the above-quoted three (3) provisions of the Labor Code, the Secretary of Labor should be held as possessed of his plenary visitorial powers to order the inspection of all establishments where labor is employed, to look into all possible violations of labor laws and regulations but the power to hear and decide employees' claims exceeding P5,000.00 for each employee should be left to the Labor Arbiter as the exclusive repository of the power to hear and decide such claims. In other words, the inspection conducted by the Secretary of Labor, through labor regulation officers or industrial safety engineers, may yield findings of violations of labor standards under labor laws; the Secretary of Labor may order compliance with said labor standards, if necessary, through appropriate writs of execution but when the findings disclose an employee claim of over P5,000.00, the matter should be referred to the Labor Arbiter in recognition of his exclusive jurisdiction over such claims."

Considering that, as hereafter shown, the individual claims of the private respondents far exceed P5,000.00, we find no cogent reason why R.A. No. 6715 should not apply to the complaints of the private respondents. We are not unaware of the exceptions to the doctrine that curative statutes are to be given retroactive effect, viz.: the curative statutes must not violate the Constitution; nor must they impair vested rights or the obligations of contracts.[13] Nevertheless, none of the exceptions has been shown to apply in this case.

Let us now unfold the factual and procedural antecedents of this case. In separate complaints filed on 27 June 1980 and 12 October 1980 with the Bohol Provincial Labor Office in Tagbilaran City against the petitioners Ubay Arrastre and Stevedoring Services, Inc. (UBASCOR), Jess Aligado, and Alexander Gaviola,[14] the complainants (private respondents) asked for reinstatement due to alleged illegal dismissal and for payment of overtime pay, legal holiday pay, premium pay for holiday and rest day, service incentive leave, living allowance, 13th month pay, vacation and sick leave pay, and other monetary claims. The complaints were referred to the Office of the Regional Director, Region VII (Cebu City) of the then Ministry of Labor and Employment and docketed therein as BO Cases Nos. 80-237 to 80-242 and BO Cases Nos. 80-243 to BO-251. The third set involving ten

complainants was not assigned a number. On 22 November 1982, the Regional Director issued an Order[15] disposing of the complaints as follows:

> "WHEREFORE, IN VIEW OF ALL THE FOREGOING, order is hereby issued requiring the respondents UBAY ARRASTRE AND STEVEDORING CORPORATION, JESS ALIGADO AND ALEXANDER GAVIOLA to:
>
> I. Pay, jointly and solidarily, the amount due each of the following complainants within the period of ten (10) days from receipt of this Order:

| | | |
|---|---|---|
| 1. | RUEL TUBO | P21,006.00 |
| 2. | BUENAVENTURA TUBO | 21,006.00 |
| 3. | DANILO PALMERO | 21,006.00 |
| 4. | ISIDORO CUYNO | 21,006.00 |
| 5. | ROGELIO TUBO | 21,006.00 |
| 6. | PERFECTO BERUNILLA | 21,006.00 |
| 7. | MARIANO BALUCA | 21,006.00 |
| 8. | TEOFILO VALMORIA | 21,006.00 |
| 9. | ALFREDO GUARIN | 21,006.00 |
| 10. | GAVINO VALMORIA | 21,006.00 |
| 11. | ROBERTO PALMERO | 20,707.00 |
| 12. | HERMINIGILDO EXCLAMADO | 20,707.00 |
| 13. | JACINTO G. EXCLAMADO | 20,707.00 |
| 14. | ALFONSO EXCLAMADO | 20,707.00 |
| 15. | CRESCENCIO GUNAYAN | 20,707.00 |
| 16. | LEON BANTILAN | 20,707.00 |
| 17. | DANILO BANTILAN | 20,707.00 |
| 18. | ROLANDO PALMERO | 20,707.00 |
| 19. | LUCIANO ATUEL | 20,707.00 |
| 20. | CAMILO BAYOTLANG | 20,707.00 |
| 21. | TEODORO BERUNILLA | 20,707.00 |
| 22. | EDUARDO DE GRACIA | 20,707.00 |
| 23. | MANUEL TUBO | 20,707.00 |
| 24. | JUAN TUBO | 20,707.00 |
| 25. | RODRIGO TUBO | 20,707.00 |

> II. Reinstate the herein complainants without loss of seniority rights effective on the first working day of December, 1982; Provided, that should the respondents fail to do so on such date, to further pay them backwages computed at the current daily rate of pay until the time of their actual reinstatement; Provided further, that should their reinstatement be impractical, to pay each of them their separation pay equivalent to one-half month's salary for every year of service.
>
> Complainants' claims for Premium Pay for Holiday and Rest Day, Underpayment of Minimum Wages, Vacation Leave and Sick Leave are hereby denied for lack of merit."[16]

The specific monetary awards to the 25 complainants represent emergency cost of living allowance, 13th month pay bonus, service incentive leave pay, and legal holiday pay.

The petitioners herein appealed the order to the Minister of Labor and Employment. However, the records of the cases were lost during the pendency of the appeal and it was only on 14 January 1986 that then Deputy Minister of Labor and Employment Vicente Leogardo, Jr. issued an order[17] disclosing the fact of the loss of the records of the cases, stating the need to reconstruct them, and requiring the parties to submit copies in their personal files of the complaint, answer, position paper, orders, resolution, appeal, and other papers or documents pertinent to the case for the reconstitution of the records. Several hearings were called for the purpose but only the private respondents attended the hearings and submitted "a reconstituted complaint as well as relevant papers supporting their claims."[18]

On 18 May 1990, then DOLE Undersecretary Dionisio C. de la Serna, by authority of the Secretary, handed down an order[19] affirming the 22 November 1982 Order of the Regional Director and dismissing the appeal. As reason therefor, Undersecretary de la Serna stated:

> "The deliberate failure of the respondents to attend the scheduled hearings is nothing but an expression of waiving

> their right to adduce pertinent documents in their favor and an utter lack of interest to pursue their appeal. Considering too that the records of this case clearly indicate respondents' liability, we find no basis to modify, much less, set aside the Order of the Regional Director dated November 22, 1982."

On 15 February 1991, the petitioners filed a motion for reconsideration[20] based on questions of law, alleged errors in the findings of fact, and lack of jurisdiction on the part of the Regional Director over the claims.

Anent the claimed lack of jurisdiction, which is the only issue relevant in the instant petition, the petitioners rely, among others, on the resolution of this Court of 29 June 1989 in Briad Agro Development Corp. vs. Hon. Dionisio de la Serna.[21]

In his Order of 7 February 1992,[22] public respondent Crescenciano B. Trajano, Undersecretary of the DOLE, denied the aforesaid motion for reconsideration for lack of merit and affirmed "the Regional Director's Order dated November 22, 1986,[23]as well as [the] Order dated May 15, 1990."[24] As to the issue of jurisdiction raised by the petitioners, he ruled as follows:

> "As regards the issue of jurisdiction, particularly with respect to the P5,000.00 jurisdictional amount limit provided by Articles 129 and 217 of the Labor Code, we wish to state that these provisions find no application to the case at bar. The Regional Office had already acquired jurisdiction over the case as far back as October 10, 1980, long before the enactment of Republic Act No. 6715."

Petitioners' motion for reconsideration of the above order and supplemental motion for reconsideration were denied by Undersecretary Trajano in the Orders of 19 June 1992 and 18 August 1992, respectively.[25] The later order was made final.

A writ of execution was issued on 2 September 1992.[26] Some properties of the petitioners were attached and a notice of sale and public auction, scheduled on 15 October 1992, was issued on 17 September 1992.[27]

Hence, the instant petition, with a prayer for a temporary restraining order, which was filed on 11 September 1992. On 22 September 1992, we issued a temporary restraining order enjoining the respondents and/or their agents and representatives from enforcing or carrying out the questioned orders.[28]

In their petition, the petitioners insist that the Labor Arbiters have exclusive jurisdiction over the claims of the private respondents since their individual claims exceed P5,000.00 and while it may be true that when the complaints were filed in 1980 the Regional Director still had jurisdiction to resolve such claims, nevertheless, at the time they were finally decided on 2 September 1992 by the Undersecretary of Labor, the Regional Director was already divested of such jurisdiction by R.A. No. 6715. Being a curative statute, the Act should be given retroactive effect, pursuant to the doctrine laid down in the cases of Briad Agro Development Corp. vs. De la Serna[29] and Servando's Inc. vs. Secretary of Labor and Employment.[30]

In their Comment, the private respondents allege that when the complaints were filed in 1980, R.A. No. 6715 was not in force yet and the Regional Director still had jurisdiction over the complaints. Having acquired jurisdiction over their claims at the inception, such jurisdiction continues until the entire controversy is finally decided.[31] While they concede that R.A. No. 6715 can be considered a curative statute, it cannot be given retroactive effect in the instant case for there is nothing irregular or erroneous in the assumption by the Regional Director of jurisdiction over these cases. Furthermore, at the time R.A. No. 6715 was enacted, the complaints were no longer pending with the Office of the Regional Director but were pending appeal before the Office of the Secretary of the DOLE.

For their part, the public respondents allege in their Comment that although R.A. No. 6715 can be given retroactive effect because it is a curative statute, the principle cannot apply when vested rights would be impaired.[32] They contend that the 18 May 1990 Order of the Undersecretary had become final and executory because of the failure of the petitioners to file a timely motion for reconsideration; however, they make no reference to any date when the said order had supposedly become final. They further allege that the complaints were

filed in 1980 and decided in 1982 when the Regional Director still had jurisdiction over the cases, which decision was affirmed by authority of the Secretary only after eight years, or on 18 May 1990, for reasons not attributable to the complainants.

In their Reply to the Comment[33] which they filed after obtaining leave of the Court, the petitioners contend for the first time that the Regional Director had no jurisdiction over the complaints filed in 1980 because as of that date the Labor Code did not expressly confer upon the Regional Director jurisdiction over monetary claims of employees, especially those involving amounts in excess of P5,000.00; hence, the Order of 22 November 1982 was null and void and could not ripen into a vested right. The orders subsequently issued by the DOLE were thus likewise void.

On 3 February 1993, we gave due course to the petition and required the parties to submit their respective memoranda.

The merit of this petition is evident is the light of our earlier disquisitions that R.A. No. 6715 should retroactively apply to the claims of the private respondents. Moreover, at the time the private respondents filed their complaints, the Regional Director of Region VII of the then Ministry of Labor and Employment had no jurisdiction over the subject matter thereof. The applicable law then was Article 217 of the Labor Code (P.D. No. 442), as amended by P.D. No. 1691,[34] which provided 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 employee's 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."

Thus, in the 26 November 1986 Decision in Zambales Base Metals, Inc. vs. Minister of Labor,[35] this Court, speaking through Mr. Justice Isagani A. Cruz, held that:

"This article [referring to Article 217] does not even need construction. It is obvious therefrom that only the labor arbiter could decide the cases filed by the employees as they involved 'money claims' falling under No. 3 of the enumeration. As for the regional director, the authority he invokes under Article 128 of the Labor Code confers upon him only visitorial powers over the employer's premises and records, including the right to require compliance with the labor standards provisions of the Code, such as those relating to industrial safety. Nowhere in the said article is the regional director empowered to share the 'original and exclusive jurisdiction' conferred on the labor arbiters by Article 217."

It was only upon the effectivity of Executive Order No. 111 on 3 March 1987 that the Regional Director shared jurisdiction with Labor Arbiters over money claims. So, in our 29 June 1989 Decision in Briad Agro Development Corp. vs. Hon. Dionisio de la Serna, 36 we gave retroactive effect to this executive order, it being a curative statute and ruled that Zambales Base Metals "is no longer good law." Thus:

> "The Court rules that, in view of the promulgation of Executive Order No. 111, Zambales Base Metals vs. Minister of Labor is no longer good law. Executive Order No. 111 is in the character of a curative law, that is to say, it was intended to remedy a defect that, in the opinion of the legislative (the incumbent Chief Executive in this case, in the exercise of her lawmaking powers under the Freedom Constitution) had attached to the provision subject of the amendment. This is clear from the proviso: 'The provisions of Article 217 of this Code to the contrary notwithstanding. Plainly, the amendment was meant to make both the Secretary of Labor (or the various Regional Directors) and the Labor Arbiters share jurisdiction."

We reiterate then that no cogent reason exists why R.A. No. 6715 and the cases of Briad and Servando's should not apply to the instant petition. Petitioners cannot be said to have been estopped to question the jurisdiction of the Regional Director. They did not seek affirmative relief before the Regional Director or submit their evidence before him. They also raised the issue of jurisdiction before the DOLE in their motion to reconsider the 18 May 1990 Order.

**WHEREFORE**, being impressed with sufficient merit, the instant petition is hereby **GRANTED** and the challenged Orders of (1) 22 November 1982 of the Regional Director, Region VII, Cebu City, of the Department of Labor and Employment in BO Cases Nos. 80-237 to 80-242, BO 80-243 to 80-251, and an unnumbered case; (2) 18 May 1990 of Undersecretary Dionisio C. de la Serna; and (3) 7 February 1992, 19 June 1992, and 18 August 1992 of Undersecretary Crescenciano B. Trajano in the said cases, are REVERSED and SET ASIDE. The said cases are REFERRED to the appropriate Labor Arbiter for proper disposition. The pendency of these cases with the Office of the Regional Director (Region VII) and with the Office of the Secretary, both of the Department of Labor and Employment, and with this Court shall be deemed to have tolled the running of the prescriptive period.

The temporary restraining order issued on 21 September 1992 is hereby made permanent.

**SO ORDERED**.

**Cruz, Bellosillo and Quiason, *JJ.*, concur.**

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* Aside from Roberto A. Palermo, there are 24 other complainants before the Office of the Regional Director, Region VII, DOLE, who are enumerated in the latter's Order of 22 November 1982 but are not specifically mentioned in the caption of the Petition in this case.

[1] 179 SCRA 269 [1989].

[2] 174 SCRA 524 [1989].

[3] 3. Citing Garcia vs. Martinez, 90 SCRA 331 [1979]; Calderon vs. Court of Appeals, 100 SCRA 459 [1980]; Pepsi Cola Bottling Co. vs. Martinez, 112 SCRA 578 [1982]; Ebon vs. de Guzman, 113 SCRA 52 [1982]; Agusan del Norte Electric Coop., Inc. vs. Suarez, 125 SCRA 436 [1983].

[4] 181 SCRA 675 [30 January 1990].

[5] 182 SCRA 5 [7 February 1990].

[6] 184 SCRA 551 [25 April 1990] and 199 SCRA 568 [25 July 1991] re denial of motion for reconsideration.

[7] 184 SCRA 664 [26 April 1990].

[8] 187 SCRA 358 [12 July 1990].

[9] 198 SCRA 156 [1991].

[10] 208 SCRA 25 [10 April 1992].

[11] 214 SCRA 578 [15 October 1992].

[12] 215 SCRA 10 [21 October 1992].

[13] Briad Agro Development Corp. vs. De la Cerna, 174 SCRA 524, 532 [1989].

[14] They were the Manager and President, respectively, of UBASCOR.

[15] Annex "E" of Petition; Rollo, 48-54.

[16] Rollo, 53-54.

[17] Rollo, 165.

[18] Order of 18 May 1990 of DOLE Undersecretary de la Serna, 3; Id., 21.

[19] Annex "A" of Petition; Id., 18-21.

[20] Annex "A-1" of Petition; Rollo, 22-36.

[21] 174 SCRA 524 [1989].

[22] Annex "B" of Petition; Rollo, 37-44.

[23] Should be 1982.

[24] Should be 18.

[25] Annexes "C" and "D" of Petition; Rollo, 46-47.

[26] Annex "G" of Petition; Id., 58-59.

[27] Id., 309.

[28] Id., 62-63.

[29] Supra., and the amendatory resolution issued in the same case on 9 November 1989, 179 SCRA 269 [1989].

[30] Supra.

[31] Odin Security Agency vs. De la Serna, 182 SCRA 472 [1990].

[32] SSK Parts Corp. vs. Camas, supra., citing Development Bank of the Philippines vs. Court of Appeals, 96 SCRA 342 [1980]; Santos vs. Duata, 14 SCRA 1041 [1965]; and Briad Agro Development Corp. vs. De la Serna, 174 SCRA 524 [1989].
[33] Rollo, 134-150.
[34] Promulgated on 1 May 1980.
[35] 146 SCRA 50 [1986].
[36] 174 SCRA 524 [1989].