

Title: Erectors, Inc. vs. National Labor Relations Commission and Florencio Burgos

Facts:

Erectors, Inc. (petitioner), a company engaged in the recruitment of overseas workers, had initially recruited Florencio Burgos (private respondent) in September 1979 for the position of service contract driver in Saudi Arabia. The contract provided a monthly salary and allowance, with a bonus upon contract renewal without availing vacation or home leave. However, before deployment, the job role was changed to helper/laborer with a different salary agreement. This revised contract was never submitted for approval.

Burgos worked in Saudi Arabia as agreed and subsequently renewed his contract with a pay increase. Upon his return to the Philippines in August 1981, Burgos demanded from Erectors, Inc. the difference in pay based on the original contract, including the bonus for not taking vacation leave, which the company denied.

Burgos filed a labor complaint for underpayment of wages, non-payment of overtime, and the bonus. Erectors, Inc. contested that the Labor Arbiter, respondent Labor Arbiter Julio F. Andres, Jr., had no jurisdiction owing to the enactment of Executive Order No. 797 which established the Philippine Overseas Employment Administration (POEA) and vested it with original and exclusive jurisdiction over cases involving overseas employment.

The Labor Arbiter ruled in favor of Burgos, and the National Labor Relations Commission (NLRC) affirmed this decision. Erectors, Inc. then filed a special civil action for certiorari before the Supreme Court of the Philippines, arguing that the NLRC committed grave abuse of discretion by affirming the Labor Arbiter's decision post E.O. No. 797.

Issues:

1. Whether the Labor Arbiter had jurisdiction to hear and decide the case filed by Burgos despite the enactment of E.O. No. 797.
2. Whether E.O. No. 797 should be applied retroactively to affect pending cases.

Court's Decision:

The Supreme Court dismissed the petition and upheld the decisions of the Labor Arbiter and NLRC. It ruled that jurisdiction is determined by the law in force at the time of the commencement of the action, which, in this case, was before the enactment of E.O. No. 797. The Labor Arbiters had original and exclusive jurisdiction over the case when Burgos filed his complaint.

The Court determined that E.O. No. 797 did not retroactively divest the Labor Arbiter of authority over cases filed before its effectivity, as there was no legislative intent for retroactive application expressed or implied in the Executive Order's language.

Doctrine:

Jurisdiction over the subject matter is determined by the law in force at the time of the commencement of the action. Laws are applied prospectively unless their retroactivity is expressly declared or necessarily implied.

Historical Background:

The historical context encompasses the change in jurisdictional authority over overseas employment issues in the Philippines. Prior to May 1, 1982, pursuant to P.D. Nos. 1691 and 1391, Labor Arbiters had jurisdiction over employment disputes involving Filipino workers employed overseas. However, with the creation of POEA through E.O. No. 797, jurisdiction was transferred to the POEA. The Supreme Court's decision affirms the principle of prospectivity of law and clarifies that jurisdiction for cases filed prior to the effective date of a new law remains with the authority in place at the time the action commenced.