G.R. NO. 157643. March 28, 2008 (Case Brief / Digest)

Title:
Rubberworld (Phils.), Inc. vs. National Labor Relations Commission

Facts:
Rubberworld (Phils.), Inc., a domestic corporation engaged in manufacturing footwear, bags, and garments, petitioned the Securities and Exchange Commission (SEC) on November 24, 1994, seeking a suspension of payments and an order restraining creditors from enforcing claims. SEC's December 28, 1994, order approved the suspension and creation of a management committee, halting all claims against Rubberworld. Despite this, various employees filed complaints between April and July 1995 for illegal dismissal, unfair labor practices, and monetary claims.

Rubberworld moved to suspend these labor proceedings per the SEC order, citing jurisprudence supporting such suspension. However, Labor Arbiter Voltaire A. Balitaan denied the motion on September 25, 1995, interpreting the SEC order as not applicable to undetermined claims. Rubberworld's appeal to the NLRC was dismissed on April 26, 1996, followed by the denial of a motion for reconsideration on June 20, 1996.

Rubberworld then filed a petition for certiorari under Rule 65 challenging NLRC's resolutions. The Supreme Court issued a temporary restraining order on November 20, 1996, to halt ongoing NLRC proceedings.

Issues:
1. Whether the NLRC acted without or in excess of jurisdiction, or with grave abuse of discretion in refusing to suspend labor proceedings despite the SEC's suspension order under P.D. 902-A.

Court's Decision:
The Supreme Court ruled in favor of Rubberworld. Key points in the Court's decision:

1. **Suspension of Proceedings:**
– PD 902-A mandates that upon the creation of a management committee or the appointment of a rehabilitation receiver, all actions for claims against the corporation must be suspended. This provides the management the essential "breathing space" to focus on rehabilitation without the distraction of ongoing litigations.
– Labor claims are not exceptions to this suspension. Allowing them to proceed undermines the purpose of the automatic stay and burdens the management committee.

2. **Labor Claims and PD 902-A:**
– The argument that labor claims should proceed as they only establish creditor rights and not claim enforcement was dismissed. The Court clarified that any judgment from labor tribunals would not be enforceable while the corporation is under the management committee, directly contradicting the SEC order.

3. **Jurisdiction and Harmony of Statutes:**
– While the NLRC has jurisdiction over labor disputes, this authority is suspended under PD 902-A when SEC's rehabilitation process is in place. Statutory construction rules mandate harmonization of PD 902-A with the Labor Code to avoid conflicts.

4. **Duration of Automatic Stay:**
– The Court clarified that PD 902-A does not specify a time limit for the automatic stay; thus, it remains effective as long as necessary to achieve its rehabilitation objectives. Attacks on SEC's alleged inaction are outside the petition's scope.

Doctrine:
1. Suspension of all claims against a corporation under a management committee per PD 902-A.
2. No exceptions for labor claims in SEC suspension orders.
3. Jurisdiction of labor tribunals is suspended under a valid management committee order.
4. The automatic stay under PD 902-A has no specified duration and remains until the rehabilitation goals are met.

Class Notes:
– **PD 902-A, Sec. 5(d) & 6(c):** Jurisdiction and powers of SEC to suspend claims against corporations under a management committee or rehabilitation receiver.
– **Labor Code Art. 217:** Jurisdiction of Labor Arbiters and its harmonious interpretation with PD 902-A.
– **Ubi lex non distinguit nec nos distinguere debemos:** Principle applied to interpret no exception for labor claims within the context of suspension orders.

Historical Background:
This case arose in a period marked by regulatory frameworks designed to enable corporate rehabilitation and protect stakeholders, including employees and creditors, with the SEC playing a crucial role in corporate restructuring. The decision exemplifies the judiciary's alignment with such regulatory mechanisms aimed at corporate recovery over liquidation,

reflecting ongoing shifts in handling corporate insolvencies.