

REYNALDO GOMEZ, PLAINTIFF AND APPELLANT, VS. NORTH CAMARINES LUMBER COMPANY, INC., DEFENDANT AND APPELLEE.

G. R. No. L-11945. August 18, 1958

Ponente: FELIX, J.

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FELIX, J.:

This is an appeal filed by Reynaldo Gomez from an order of the Court of First Instance of Manila dismissing Civil Case No. 30103 of said Court. The facts of the case are as follows:

Reynaldo Gomez was employed from July 3, 1954, to September 29, 1955, as an oiler aboard the vessel M/V Vega, owned and operated by the North Camarines Lumber Co. Inc., with a monthly salary of P110, plus bonus of P5 and free meals valued at P36, or for a total sum of P151 a month.

On September 30, 1955, Gomez was relieved of his employment, hence, on December 29, 1955, he filed a complaint with the Regional Office No. 1 of the Department of Labor against the North Camarines Lumber Co. Inc., for alleged unpaid overtime services, underpayment and separation pay (Exhibit 1). The claim (C-4718) was thus investigated by the aforementioned office, in which investigation, the parties appeared and presented their evidence in support of their respective stand without the aid of counsel. As in the course of said hearing, the complainant manifested his desire to confine his claim only to the question of the separation pay, the Investigator in his "Findings and Recommendations" dated April 5, 1956, dismissed the complaint for lack of merit on the ground that preponderant evidence showed that complainant's dismissal from the employ of defendant was justified and he was not, therefore, entitled to a separation pay (Exhibit 2). The Investigator did not touch on the merits of the claim for overtime services and underpayment.

On July 3, 1956, Reynaldo Gomez filed with the Court of First Instance of Manila an action for collection of overtime and separation pay against the North Camarines Lumber Co. Inc., which was docketed as Civil Case No. 30103. In claiming for overtime compensation, plaintiff charged that although his schedule of work was from 12:00 a.m. to 4:00 a.m. and again from 12:00 p.m. to 4:00 p.m., he was actually made to perform additional work at an average of 5 hours daily. For this cause of action, plaintiff claimed a total of P2,199.60. It was also contended that on September 30, 1955, he was relieved of his employment without justifiable reason and without prior notice, thus he claimed for separation pay equivalent to one month salary. Plaintiff likewise prayed for attorney's fees, costs and such other relief as might be equitable in the premises.

In its answer to the complaint, defendant corporation denied all the material averment thereof and as affirmative defenses it averred that plaintiff's dismissal from work was precipitated by the latter's violations of the rules and regulations of the company and for the commission of acts of disrespect towards the passengers of the vessel, not only once but on several occasions; that plaintiff's claim was already heard and dismissed by the Regional Office No. 1 of the Department of Labor; and that the said action was brought merely to harass said defendant. It was, therefore, prayed that the complaint be dismissed and plaintiff be ordered to pay to defendant the sum of P1,000 as damages.

During the hearing of the case, defendant, invoking the ruling laid down by this Court in the case of *Brillantes vs. Castro*, 99 Phil., 497; 56 Off. Gaz. (29) 4621, moved for its dismissal on the ground that as plaintiff failed to appeal from the order of the Investigator of the Department of Labor dismissing the complaint filed therein within the reglementary period, as provided by Section 7 of Republic Act No. 602, the matter was already *res judicata* and serves as a bar to another action involving the same parties and over the same subject matter. Plaintiff filed an opposition thereto contending that the Wage Administration Service possessed no power to render the judgment upon which the motion to dismissed was based and, even assuming that it had, the aforementioned order did not constitute *res judicata* with respect to the claim for overtime services. In an order dated October 27, 1956, the lower court held that following the doctrine in the *Brillantes vs. Castro* case, the decision rendered by the Regional Office No. 1 of the Department of Labor constituted *res judicata* on the matter and barred a subsequent action over the same claim. Furthermore, the lower Court ruled that the aforesaid decision was final and conclusive not only with respect to the separation pay but also as to the claim for under payment and overtime compensation for the reason that a judgment is conclusive upon all matters that might have been litigated and decided in a suit. The complaint was thus dismissed without costs. As the motion for reconsideration of said order, filed by plaintiff, was denied, the case was elevated to this Court, on the allegation that the lower Court erred:

- In holding that the decision of the Regional Office of the Department of Labor is a bar to the instant action;
- In holding that the decision of the Regional Office of the Department of Labor is a bar to the claim for overtime pay; and
- In sustaining the motion to dismiss.

There is no controversy that as a consequence of plaintiff and appellant's complaint lodged before the Regional Office No. 1 of the Department of Labor, an investigation was conducted by said office wherein both parties appeared and adduced their respective evidence. Upon the dismissal of his complaint, however, Gomez instituted in the Court of First Instance of Manila Civil Case No. 30103 which was filed 2 months and 28 days after the aforementioned order of dismissal was issued. The question raised by the instant appeal is whether or not the order of the Regional Office No. 1 of the Department of Labor dismissing the complaint for lack of merit has the effect of *res judicata* upon appellant's claims.

Plaintiff-appellant in assailing the ruling of the lower Court maintains that the Minimum Wage Law (Rep. Act 602) contains no provision empowering the Wage Administration Service to pass upon the merit of a claim for compensation under the said Act. We really find no specific provision in the aforesaid Act to this effect. The lower Court, however, in upholding the theory of defendant relied on the doctrine laid down by this Court in the case of *Brillantes vs. Castro*, 99 Phil., 497; 56 Off. Gaz. (29) 4621. Said case is not applicable in the instant action for whereas in the *Brillantes* case it appears that the parties signed a written agreement wherein they bound themselves to respect the decision of the Investigator, such a document is wanting in the case at bar. In this connection, Section 9, Article 7-B of the Code of Rules and Regulations to Implement the Minimum Wage Law prescribed the following:

SEC. 9. If no amicable agreement is arrived at between the parties on the whole or any part of the claim, the claims investigator or claims attorney shall immediately ask the parties whether they are willing to submit the case for arbitration by the Service with him or any other claims attorney or investigator acting as arbitrator, whose decision shall be binding, final and conclusive between them, the agreement to arbitrate shall be made in writing and signed by the parties before the claims investigator or claims attorney. In case of arbitration, the hearing on the claim shall not exceed one week from the initiation thereof.

It will be noted from the foregoing that for a decision of the Investigator to have a binding force, an agreement to abide by whatever conclusion he may arrive at must appear in writing and signed by the parties. While it may be said that in the instant case the complaint was lodged before the Department of Labor by plaintiff-appellant himself and that he appeared during the hearing thereof without the aid of counsel, yet considering that said regulation is couched in mandatory language as evidenced by the consistent use of the word "shall", such requirement must be given a strict interpretation. The Investigator from the Department of Labor must be presumed to know that the conducting of an investigation and the consequential rendering of a decision therein without the parties having executed any such agreement produces no effect whatsoever and will not constitute a bar to a subsequent action involving the same claim.

Notwithstanding this conclusion, appellant's case must fail on a different ground. Section 16 of the Minimum Wage Law reads as follows:

Jurisdiction of the Courts.—(a) The Court of First Instance shall have jurisdiction to restrain violations of this Act; action by the Secretary or by the employees affected to recover UNDERPAYMENT may be brought in any COMPETENT Court, which shall render its decision on such cases within fifteen days from the time the case has been submitted for decision; in appropriate instances, appeal from the decisions of these courts on any action under this Act shall be in accordance with applicable law.

It is clear from the foregoing that the Court of First Instance has jurisdiction only over controversies involving violations of the Minimum Wage Law. The instant action, however, was for the collection of overtime compensation under the Eight-Hour Labor Law (Com. Act 444) and for separation pay, and that actions of this nature shall be brought before a court of competent jurisdiction. In this respect, it has been held by this Court that with the enactment of the Industrial Peace Act (Republic Act 875), cases involving hours of employment under the Eight-Hour Labor Law specifically fall within the jurisdiction of the Court of Industrial Relations (Philippine Association of Free Labor Unions—PAFLU vs. Tan, 99 Phil., 854; 52 Off. Gaz. [13] 5836, Reyes vs. Tan, 99 Phil., 880; 52 Off. Gaz. [14] 6187; Oebu Port Labor Union vs. States Marine Corporation, 101 Phil., 468).

It is to be noted in this connection that the case at bar involves 2 points or causes of action: (1) the claim relative to overtime pay which, as ruled in the preceding jurisprudence, comes within the jurisdiction of the Court of Industrial Relations; and (2) the claim for separation pay allowed by Republic Act No. 1052, as amended by Republic Act No. 1787. With respect to the latter point, the law creating such right (Republic Act 1052 which was approved on June 12, 1954), does not shed light on the matter of the jurisdiction of the court or commission that can take cognizance thereof. It must be remembered, however, that Commonwealth Act No. 103, in creating the Court of Industrial Relations, vested said Tribunal with powers that were broad enough to comprehend practically all and every labor dispute; labor-management conflicts of almost any kind and character, and to the extent that although Article 302 of the Code of Commerce providing for the payment of separation pay or "mesada" was considered repealed by Article 2270 of the new Civil Code (Lara vs. Del Rosario, 94 Phil., 778; 50 Off. Gaz. [5] 1975), this Court still declared that:

"* * * Regardless of the strict applicability of Art. 302 (of the Code of Commerce), the Court of Industrial Relations by reason of its general jurisdiction and) authority to decide labor disputes, the amount of salary or wages to be paid laborers and employees, to determine their living conditions, has been deciding not only the minimum that the employer should pay its employees but also granting them even sick and vacation leave with pay without any express legal provision. A month's pay upon separation from service without just cause and without notice may also in the discretion of the Industrial Court be granted provided that said discretion is not abused" (Sta. Mesa Slipways & Engineering Co., Inc., vs. CIR, et al., 48 Official Gazette 3353),

which is a clear indication that claims for separation pay are cognizable by the Industrial Court. Again, in the case

of G.P.T.C. Employees Union vs. Court of Industrial Relations and Gonzalo Puyat Timber Concessions, 102 Phil., 538, we affirmed the decision of the Court of Industrial Relations which took cognizance of and passed upon the matter of separation pay, one of the demands presented in said case by the labor union.

It may be argued, however, that pursuant to the ruling laid down by this Court in the cases of Philippine Association of Free Labor Union vs. Tan, supra, "Reyes vs. Tan, supra, as affirmed in several subsequent decisions, the enactment of the Industrial Peace Act curtailed the powers of the Court of Industrial Relations to take cognizance of controversies to the following: (1) when the labor dispute affects an industry which is indispensable to the national interest and is so certified by the President to the Industrial Court (Section 10, Republic Act 875); (2) when the controversy refers to minimum wage under the Minimum Wage Law (Republic Act 875); (3) when it involves hours of employment under the Eight-Hour Labor Law (Commonwealth Act 444); and (4) when it involves an unfair labor practice (Section 5-a, Republic Act 875). But considering that in this case, plaintiff-appellant's main claim is for the collection of overtime compensation, which comes within the jurisdiction of the Industrial Court, We see no reason for dividing the 2 causes of action involved herein and for holding that one falls within the jurisdiction of one court and the remaining cause of action of another court. Anyway, We believe that it is more in consonance with the ends of justice that both causes of action be cognizable and heard by only one court: the Court of Industrial Relations. The complaint herein having been filed with the Court of First Instance of Manila, same must be dismissed and the matter submitted to the Court of Industrial Relations.

Wherefore, the order appealed from has to be affirmed and this case dismissed for the reasons abovementioned. Without pronouncement as to costs. It is so ordered.

Bengzon, Bautista Angelo, and Concepcion, JJ., concur.

Paras, C. J., Montemayor, and Endencia, JJ., concur in the result.

Reyes, J. B. L., J., concurs but reserves his vote on the separation pay issue.

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