

**PHILIPPINE LONG DISTANCE TELEPHONE COMPANY,
PLAINTIFF-APPELLANT, VS. FREE TELEPHONE WORKERS UNION,
EUSEBIO T. QUINIO, PAULINO DE JESUS, ASUNCION VILLANUEVA,
JOSEFA STA. ROSA, AN...**

G.R. No. L-25933. August 30, 1982

Ponente: MAKASIAR, J.

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MAKASIAR, J.:

Appeal from the February 18, 1966 order of the Court of First Instance of Manila dismissing Civil Case No. 63688 on the ground that the same had been pre-maturely filed.

This is one of the several cases that reached this Court in connection with the 1964 labor dispute between the Philippine Long Distance Telephone Company and the Free Telephone Workers Union.

In a complaint filed on December 20, 1965, in the Court of First Instance of Manila, against the Free Telephone Workers Union and 26 other persons named therein, plaintiff Philippine Long Distance Telephone Company alleged that on November 3, 1964, the President of the Philippines certified to the Court of Industrial Relations the labor dispute between the Philippine Long Distance Telephone Company and Free Telephone Workers Union over the terms and conditions of employment of the company's rank-and-file employees and the labor dispute was docketed as CIR Case No. 51-IPA, entitled "Free Telephone Workers' Union versus Philippine Long Distance Telephone Company" and on November 9, 1964, the Court of Industrial Relations rendered a partial decision, directing, inter alia: "x x x It shall be understood that during the pendency of the case, the Union shall not strike or walk out of their employment; and the Company shall not lock out its employees as public interest demands, considering that the Court, in its opinion, cannot promptly settle or decide the dispute (*italics supplied*)"; that on May 17, 1965, in spite of the above-quoted directive of the Court of Industrial Relations and in complete disregard of the fact that CIR Case No. 51-IPA was and still is pending before said Court, defendant Union, through its officers, filed with the Department of Labor a notice of strike against the Philippine Long Distance Telephone Company; that in view of the evident intention of defendant union and its officers to disregard the aforestated no-strike directive of the Court of Industrial Relations, the Philippine Long Distance Telephone Company, on June 2, 1965, filed with the Court of Industrial Relations a petition for the issuance of a writ of preliminary injunction, praying that the intended strike of defendant union be restrained, which petition was docketed in the Court of Industrial Relations as CIR Case No. 51-IPA (2); that on July 6, 1965, the Court of Industrial Relations issued an order restraining defendant union from going on strike pending the resolution by the Court of a motion to dismiss filed by defendant union in CIR Case No. 51-IPA (2); that in contemptuous disregard of this second restraining order of July 6, 1965 of the Court of Industrial Relations, the individual defendants herein, as officers of defendant union, held a meeting on July 6, 1965, after they had received a copy of the said July 6, 1965 order, and in that meeting decided to stage a strike, as in fact they did, on July 7, 1965; that the strike declared on July 7, 1965 continued until August 11, 1965 even as the Court of Industrial Relations on July 16, 1965, had issued in CIR Case No. 51-IPA (2) another order requiring the striking employees to call off the strike

and to lift their picket lines and further directing the striking employees "x x x to return to work within three (3) days from receipt of a copy of this order by [petitioner]; otherwise if they or any of them fail to do so, considering that as has been found by the President of the Philippines the business of respondent is coupled with national interest, the management of Philippine Long Distance Telephone Company is hereby authorized to replace any and all of them in virtue of Section 19 of C.A. 103, as amended, provided, however, that employees who shall have been replaced may be reinstated by the Court after due hearing and after establishing good and valid grounds for their failure to return to work as directed x x x; that in wanton violation of the above-quoted order of the Court of Industrial Relations, defendants resumed the strike on August 13, 1965 and continued the same until August 24, 1965; that apart from declaring the strike on July 7, 1965 and resuming it on August 13, 1965, defendants compounded their defiance of the no-strike and return-to-work directives of the Court of Industrial Relations by inducing and instigating others through misleading propaganda and intensive campaigns to commit the same act of open defiance of the Court; and that as a result of all these wrongful and unlawful acts of defendants, the Philippine Long Distance Telephone Company was adversely affected, causing it to suffer for the period from July 7 to August 24, 1965, an actual damage of not less than P599,603.00; that the aforesaid damage being the result of the wrongful and unlawful acts and conduct of the defendants, said defendants are liable to the Philippine Long Distance Telephone Company for the indemnity of such damage; that since defendants acted in an oppressive and unlawful manner, exemplary damage should be imposed upon them by way of example or correction for the public good and in favor of the Philippine Long Distance Telephone Company, the amount of P30,000.00; and that for the institution of this act, Philippine Long Distance Telephone Company obtained the services of counsel to whom the plaintiff is bound to pay the sum of P10,000.00 as attorney's fees (pp. 6-17 ROA; p. 9, rec.).

Thereafter, in a motion dated January 5, 1966, defendants prayed for the dismissal of the complaint on the ground that (1) the Court of First Instance has no jurisdiction over the subject matter of the complaint because the same is intertwined with a labor dispute now pending before the Court of Industrial Relations; (2) that even assuming that the Court of First Instance has jurisdiction, the complaint stated no cause of action because the law does not allow recovery of damages arising from a strike; (3) that on the same jurisdictional assumption, the claim for damages arising from the strike has been extinguished because the plaintiff has already admitted to work the rank-and-file employees who themselves voted for the strike; and (4) that the complaint has been prematurely filed because the question of the strike's legality is still pending before the Court of Industrial Relations and that even the jurisdiction of the Court of Industrial Relations in assuming compulsory powers over the labor dispute in CIR Case No. 51-IPA(2) is still pending review before the Supreme Court in G.R. No. L-24827 (pp. 18-25, ROA, p. 9, rec.).

On January 12, 1966, the Philippine Long Distance Telephone Company filed its opposition to defendants' motion to dismiss, maintaining that the lower court has jurisdiction over the subject matter of the complaint, that defendants are liable for the damages prayed for in the complaint; that the temporary reinstatement of strikers did not constitute waiver thereof; and that the filing of the said complaint was not premature (pp. 26-35, ROA, p. 9, rec.).

On January 15, 1966, the lower court, through Hon. Judge Francisco Geronimo, issued an order denying defendants' motion to dismiss and holding that it has jurisdiction over the case (p. 36, ROA; p. 9, rec.).

Whereupon, under date of January 22, 1966, defendants filed a motion for reconsideration on the sole ground that even assuming *arguendo* that the Court of First Instance has jurisdiction over the case, the cause of action has not yet accrued because the question of strike legality upon which depends the right of the Philippine Long Distance Telephone Company to claim damages has yet to be decided as the same is still pending determination

by the Court of Industrial Relations (pp. 38-41, ROA; p. 9, rec.).

On February 4, 1966, the Philippine Long Distance Telephone Company filed its opposition to defendants' motion for reconsideration, contending that the question of the strike's illegality has nothing to do whatsoever with the complaint for damages (pp. 46-48, ROA; p. 9, rec.).

On February 5, 1966, the lower court entered an order requiring the parties, in view of the importance of the question raised, to submit simultaneous memoranda. Accordingly, the Philippine Long Distance Telephone Company filed its memorandum on February 17, 1966 (pp. 77-155, ROA; p. 9, rec.), while defendants filed theirs earlier on February 8, 1966 (pp. 49-76, ROA; p. 9, rec.).

On February 18, 1966, the lower court issued its resolution granting defendants' motion for reconsideration and dismissing, without prejudice, plaintiff's complaint, on the ground that the action has been prematurely filed, thus:

"x x x In the order of this Court dated January 15, 1966, the motion to dismiss filed by the defendants was denied on the ground that the court holds that it has jurisdiction over the case. In the motion for reconsideration filed by the defendants, the ground alleged is amplified by alleging further that even conceding that the court has jurisdiction over this case, the cause of action which would give rise to damages has not yet accrued.

"A reading of the complaint filed by the plaintiff in this case shows that it is claiming damages as a result of the alleged wrongful and unlawful acts of the defendants in declaring a strike on July 7, 1965, which was continued up to August 24, 1965, in defiance of the Orders of the Court of Industrial Relations, enjoining the defendants from declaring a strike. It appears, however, that the legality of the Orders of the Court of Industrial Relations enjoining the defendants from declaring a strike is at present an issue squarely raised before the Supreme Court and has not yet been decided. It would seem, therefore, that the basis of the action of the plaintiff rests upon the proposition that the strikes declared by the defendants in violation of the Orders of the Court of Industrial Relations were unlawful. On the other hand, plaintiff contends in their memorandum that the declaration of the legality or illegality of the strike by the Court of Industrial Relations is not a condition precedent to the filing of an action for damages arising from a strike. Both parties have submitted well-reasoned memoranda, replete with authorities sustaining both sides of the question.

"After a careful consideration of the issues raised, the Court finds that in reality, the action filed by the plaintiff depends upon the ultimate resolution of whether or not the strike declared by the defendants on July 7, 1965, up to August 24, 1965, in violation of the Orders of the Court of Industrial Relations were unlawful. Should the Orders of the Court of Industrial Relations enjoining the defendants from declaring a strike be found by the Supreme Court to have not been validly issued, and, therefore, the strikes declared by the defendants were lawful, it may be asked: Upon what basis can the action of the plaintiff for damages as a result of the lawful strike declared by the defendants be sustained? To uphold the action of the plaintiff in this instant case, this court necessarily has to determine whether the strikes declared by the defendants were legal or not. Since this matter is now pending before the Supreme Court and the Court of Industrial Relations, this Court is of the opinion, and so holds, that until that issue is definitely settled there seems to be no sufficient legal basis at least for the present for the action for damages allegedly sustained by the plaintiff as a consequence of the strikes declared by the defendants.

"x x x" (pp. 101-103, rec.).

Hence, this appeal of plaintiff Philippine Long Distance Telephone Company, hereinafter referred to as appellant, from the aforesaid order of dismissal of its complaint for damages against Free Telephone Workers Union and the other defendants named therein, hereinafter referred to as appellees.

Notice of appeal and appeal bond were filed by appellant on March 15, 1966 while the Record on Appeal was filed on March 16, 1966 which was approved by the trial court in its order dated March, 1966.

On May 30, 1966, appellant filed with this Court its printed Record on Appeal (p. 9, rec.).

Appellant thereafter filed its brief (p. 15, rec.) on July 28, 1966; while appellees filed theirs (p. 16, rec.) on August 7, 1966. A reply (p. 34, rec.) was filed by appellant on September 22, 1966.

Accordingly, the appeal was submitted for decision.

In its brief, appellant Philippine Long Distance Telephone Company insists that the lower court erred in dismissing its complaint on the ground that the same had been prematurely filed and argued that the declaration of strike illegality by the Court of Industrial Relations is not a condition precedent to the filing of an action with the Court of First Instance for damages arising from a strike; that the lower court's dismissal of its complaint for damages is for a ground not specified in the New Rules of Court; and that even assuming that the labor cases pending in the Court of Industrial Relations and the Supreme Court raise a prejudicial question, the complaint in question should not have been dismissed, but the hearing only suspended.

On the other hand, appellees in their brief maintain the correctness of the dismissal order and advance the counter arguments that (a) unlike American law, Philippine Labor Management Relations Statutes do not allow the recovery of damages even in illegal strikes, since R.A. 875 the Industrial Peace Act, limits liability in the case of illegal strike to dismissal of the employees participating therein and deprives their union of all the rights and privileges given by the law; and even in American law, damages are limited to jurisdictional strikes and secondary boycotts; (b) assuming arguendo that damages are recoverable, Philippine Long Distance Telephone Company, the plaintiff-appellant, has admitted voluntarily back to work most of the strikers and is therefore estopped from claiming damages from the defendant union because of such strike; (c) even assuming that damages are recoverable, there exists no cause of action because the question of strike legality is still to be determined; and that in the event that the orders of the Court of Industrial Relations are sustained, the plaintiff-appellant has not lost the right to prosecute for damages, assuming that damages are recoverable.

Appellant in its reply brief in refutation of the above counter arguments of appellees contended that (a) contrary to defendants' theory, Philippine law allows recovery of damages caused by the wrongful declaration and prosecution of a strike; and (b) that contrary to defendants' contention, plaintiff did not voluntarily admit the strikers back to work; hence, it cannot be estopped from claiming damages from defendants on account of their illegal and tortuous conduct.

A perusal of the records of this case however constrains US to resolve this appeal on the issue of the jurisdiction of the lower court, Court of First Instance, over the subject complaint for damages.

1. It must be recalled that the Court of First Instance of Manila, Branch XII initially refused to dismiss the complaint for damages of appellant as it was its view that it has jurisdiction over the same. It was only when appellees filed their motion for reconsideration on the ground that even assuming arguendo that the Court of First Instance has jurisdiction over the case, the cause of action has not yet accrued because the question of strike legality upon which depends the right of Philip-pine Long Distance Telephone Company to claim damages has yet to be decided as the same is still pending determination by the Court of Industrial Relations, that the above-mentioned Court of First Instance dismissed the complaint for damages -- on the ground that it was pre-maturely filed.

2. WE rule that the regular courts, as herein Court of First Instance of Manila, Branch XII, have no juris-diction over complaints for damages of this nature.

Jurisprudence under R.A. 875, as amended, otherwise known as the Industrial Peace Act (which is now completely superseded by the New Labor Code) is settled that juris-diction over this kind of complaint for damages is exclusively lodged with the defunct Court of Industrial Relations and that the assumption and

exercise of jurisdiction by the regular courts, Courts of First Instance, over the same, is a nullity. WE have declared that "x x x to rule that such demand for damages is to be passed upon by the regular courts of justice, instead of leaving the matter to the Court of Industrial Relations, 'would be to sanction split jurisdiction, which is prejudicial to the orderly administration of justice'" (Holganza vs. Apostol, 76 SCRA 191 [1977]).

Then Associate Justice, now incumbent Chief Justice, Enrique M. Fernando, in the aforesaid Holganza case collating the jurisprudence on the matter, stated...

"The jurisdictional issue, as noted, must be decided in favor of petitioners. There is this appraisal of the nature of the action instituted against them by private respondent, the Social Security System: 'Clearly, the complaint for damages is deeply rooted from the labor dispute certified by the President of the Philippines and from which resulted a collective bargaining agreement that was adopted as the court award. This award, in turn, branched out to disputes that led to the strike. On the basis of this strike, the SSS petitioned the CIR to declare the said strike illegal, to dismiss the striking employees, and to declare the officers in contempt of court. And the claim for damages is the result of the strike. The SSS alleges that: '19. As a result of the Defendants' strike and picketing from September 3, 1968 to September 18, 1969, staged as aforesaid, in violation of the CIR award of August 5, 1966, as well as the orders of the CIR of August 29, 1966 and September 3 and September 5, 1968, plaintiff suffered actual and consequential damages...' (par. 19, Complaint, Annex 'A'; italics supplied). Likewise, in paragraphs 20 and 21 of the complaint the SSS seeks exemplary and moral damages in view of the defiance of the CIR orders and also because of the strike and picketing as thus alleged. In fine the alleged damages, the strike and picketing, the alluded CIR orders, the petition to declare the said strike illegal, to dismiss the striking employees, and to declare the officers in contempt of court -- are so intertwined and inseparable from each other. Except for the aspect of damages, all these incidents are embraced in CIR Case No. 46-IPA and which are still pending' (Ibid, Reasons and Authorities in Support of These Issues, 7-8). As far back as *Associate Labor Union v. Gomez*, L-25999, February 9, 1967, 19 SCRA 304, the exclusive jurisdiction of the Court of Industrial Relations in disputes of these character was upheld. 'To hold otherwise,' as succinctly stated by the ponente, Justice Sanchez, 'is to sanction split jurisdiction -- which is obnoxious to the orderly administration of justice' (Ibid, 309). Then in *Progressive Labor Association v. Atlas Consolidated Mining and Development Corporation*, L-27585, May 29, 1970, 33 SCRA 349 decided three years later, Justice J.B.L. Reyes, speaking for the Court, stressed that to rule that such demand for damages is to be passed upon by the regular courts of justice, instead of leaving the matter to the Court of Industrial Relations, 'would be to sanction split jurisdiction, which is prejudicial to the orderly administration of justice' (Ibid, 355). Thereafter, this Court, in the cases of *Leoquenio v. Canada Dry Bottling Co.*, L-28621, February 22, 1971, 37 SCRA 535 and *Associated Labor Union v. Cruz*, L-28978, September 22, 1971, 41 SCRA 12, with the opinions coming from the same distinguished jurist, adhered to such a doctrine, the latest case in point, as noted at the outset, is the *Goodrich Employees Association* decision. The lack of jurisdiction of respondent Judge is thus manifest" (pp. 192-194).

And in *Maria Cristina Fertilizer Plant Employees Association v. Tandayag*, L-29217, May 11, 1978, 83 SCRA 56, 63, which in part also involved the question of whether the Court of First Instance can award damages arising from an alleged unfair labor practice, the Court's Second Division, through Justice Ramon C. Aquino, relying on the aforesaid case of *Holganza* and the cases therein cited, ruled in the negative and declared that the jurisdiction properly belonged to the Court of Industrial Relations; and consequently, reached the "x x x unavoidable conclusion that all the proceedings in Civil Case No. 1262 (of the Court of First Instance of Lanao del Norte) are void for lack of jurisdiction" and "(T)hat case should be dismissed" (pp. 63-64).

3. It is clear from the records that the subject complaint for damages is intertwined with or deeply rooted from the 1964 certified labor dispute between appellant and appellees. As can be gleaned from the aforesaid complaint, appellant is claiming against appellees damages it allegedly sustained as a consequence of the strikes declared by the appellees. It is therefore obvious in the light of the established jurisprudence as aforestated that the lower court, Court of First Instance of Manila, Branch XII, did not have jurisdiction over

the aforesaid complaint for damages; hence, all the proceedings taken therein are void for lack of jurisdiction.

4. The failure of the appellees to invoke anew the aforementioned solid ground of want of jurisdiction of the lower court in this appeal should not prevent this Tribunal to take up that issue as the lack of jurisdiction of the lower court is apparent upon the face of the record and it is fundamental that a court of justice could only validly act upon a cause of action or subject matter of a case over which it has jurisdiction; and said jurisdiction is one conferred only by law; and cannot be acquired through, or waived by, any act or omission of the parties (*Lagman v. CA*, 44 SCRA 234 [1972]; hence, may be considered by this Court *motu proprio* (*Gov't v. American Surety Co.*, 11 Phil. 203 [1908])).

Moreover, to decide either way, whether for appellant or for the appellees, without making a pronouncement on the fundamental point of jurisdiction, would not be conducive to the orderly administration of justice. For to sustain appellant's plea that the complaint for damages was not prematurely filed would result in the remanding of the case for further proceedings to the lower court which, as already indicated, has no jurisdiction over the same. On the other hand, if WE find for appellees, WE would be upholding an order premised on an erroneous legal assumption that the lower court has jurisdiction over the appellant's complaint for damages.

5. There is therefore no need to resolve the several issues raised by the contending parties in view of the above conclusions reached.

WHEREFORE, THE APPEAL IS HEREBY DISMISSED, WITH COSTS AGAINST PLAINTIFF-APPELLANT.

SO ORDERED.

Fernando, C.J., Teehankee, Aquino, Concepcion, Jr., Guerrero, Abad Santos, De Castro, Melencio-Herrera, Plana, Escolin, Vasquez, Relova, and Gutierrez, Jr., JJ., concur.
Barredo, J., on official leave.

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