

**GUERRERO & S TRANSPORT SERVICES, INC., PETITIONER, VS.
BLAYLOCK TRANSPORTATION SERVICES EMPLOYEES
ASSOCIATION-KILUSAN (BTEA-KILUSAN), LABOR ARBITER
FRANCISCO M. DE LOS REYES AND J...**

G.R. No. L-41518. June 30, 1976

Ponente: ANTONIO, J.

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ANTONIO, J.:

Certiorari and prohibition with preliminary injunction to annul the Orders of the National Labor Relations Commission, of March 26, June 20 and September 25, 1975, as well as the Writ of Execution of September 26, 1975, issued in NLRC Case No. 214, and to restrain respondent Deputy Sheriff of Manila from implementing said writ.

On June 1, 1972, the United States Naval Base authorities at Subic, Zambales, conducted a public bidding for a five-year contract for the right to operate and/or manage the transportation services inside the naval base. This bidding was won by Santiago Guerrero, owner-operator of Guerrero's Transport Services, Inc., herein petitioner, over Concepcion F. Blaylock, the then incumbent concessionaire doing business under the name of "Blaylock Transport Services", whose 395 employees are members of respondent union BTEA-KILUSAN. When petitioner, after the commencement of its operation on January 1, 1973, refused to employ the members of the respondent union, the latter, on January 12, 1975, filed a complaint^[1] with the National Labor Relations Commission^[2] docketed as NLRC Case No. 214, against Guerrero's Transport Services, Inc. and Santiago Guerrero, to compel them to employ its members pursuant to Article I, Section 2 of the RP-US Base Agreement dated May 27, 1968.^[3] This case was dismissed by the National Labor Relations Commission on March 13, 1973, upon petitioner's motion to dismiss on jurisdictional grounds, there being no employer-employee relationship between the parties.^[4]

Respondent union then appealed said Order on March 26, 1973 to the Secretary of the Department of Labor, who, instead of deciding the appeal, remanded the case for review to the NLRC which, subsequently, summoned both parties to a series of conferences. Thereafter, on October 31, 1973, the NLRC issued a Resolution^[5] ordering petitioner, among others, "to absorb all the complainants who filed their applications on or before the deadline" set by petitioner "on 15 November 1972 except those who may have derogatory records with the U.S. Naval Authorities in Subic, Zambales" and directing the Officer-in-charge of the provincial office of the Department of Labor in Olongapo City to "oversee the preparation of the list of those qualified for absorption in accordance with this resolution."

Petitioner appealed to Secretary of Labor Blas F. Ople who, in turn, rendered a Decision on December 27, 1973, affirming said Resolution.^[6] On January 22, 1974, Santiago A. Guerrero appealed the decision to the President of the Philippines,^[7] but on July 9, 1974, the President, through Assistant Executive Secretary Ronaldo B. Zamora, returned the case to the Secretary of Labor for appropriate action on the appeal, it appearing that the same does

not involve national interest.[8]

In the meantime, the Provincial Director of the Labor Office in Zambales furnished, on August 2, 1974, petitioner[9] a list of forty-six (46) members of respondent union BTEA-KILUSAN and former drivers of the Blaylock Trans-port Services,[10] who are within the coverage of the decision of the Secretary of Labor, and requesting petitioner to report its action on the matter directly to the Chairman, NLRC, Manila. Subsequently, Santiago A. Guerrero received a letter dated September 24, 1974[11] from Col. Levi L. Basilla, PC (GSC), Camp Olivas, San Fernando, Pampanga, requesting compliance with the Order dated July 19, 1974 of the NLRC in NLRC Case No. 214. In his reply letter dated October 4, 1974, Guerrero informed Col. Basilla that he had substantially complied with the decision of the Secretary of Labor affirming the NLRC Resolution of October 31, 1974 in NLRC Case No. 214, and that any apparent non-compliance therewith was attributable to the individual complainants who failed to submit themselves for processing and examination as requested by the authorities of the U.S. Naval Base in Subic, Zambales, preparatory to their absorption by petitioner.

On January 18, 1975, Acting Executive Secretary Roberto V. Reyes, pursuant to Section 10 of Presidential Decree No. 21, directed the Chief of Constabulary to arrest the executive officers of petitioner.[12] On February 20, 1975, petitioner informed Secretary Reyes that it has substantially complied with the NLRC Resolution of October 31, 1975 as out of those listed by the Regional Labor Director, only a few passed the examination given and some of those who passed failed to comply with the final requirements of the U.S. Naval Base Authority; that only those who passed and complied with the requirements of the U.S. Naval Base Authority were extended appointments as early as December 16, 1974, but none of them, for evident lack of interest, has reported for work.[13] In his 1st Indorsement dated March 26, 1975, Secretary Zamora required the Secretary of Labor to verify petitioner's allegations.[14] On the same date, respondent Labor Arbiter Francisco M. de los Reyes, upon a motion for execution filed by respondent union, issued an Order stating that "upon the finality thereof and by way of implementing any writ of execution that might be issued in this case, further hearings shall be held to determine the members of respondent union who are entitled to reinstatement in accordance with the basic guidelines finally determined in this case." [15]

On June 20, 1975, respondent Labor Arbiter De los Reyes ordered the reinstatement of 129 individuals "to their former or substantially equivalent positions without loss of seniority and other rights and privileges." [16]

On July 16, 1975, respondent BTEA-KILUSAN filed a Motion for Issuance of Writ of Execution with respondent Labor Arbiter,[17] but this was objected to by petitioner contending that the Labor Arbiter has no jurisdiction over NLRC Case No. 214 and, therefore, his proceedings and orders resulting therefrom are null and void.[18]

On September 1, 1975, the Provincial Director of the Zambales Labor Office, pursuant to the directive of the Secretary of Labor,[19] and the NLRC Resolution dated October 31, 1975[20] submitted a detailed information to the Assistant Secretary of the Department of Labor on petitioner's compliance "to enable the Department of Labor to formally close" NLRC Case No. 214.[21]

On September 25, 1975, respondent Labor Arbiter, acting on the motion for execution filed by respondent union BTEA-KILUSAN, and finding that both the Orders, dated March 26 and June 20, 1975, have not been appealed pursuant to Article 223 of the Labor Code, declared said Orders final and executory and directed petitioner Guerrero's Transport Services, Inc. to reinstate the 129 complainants and to pay them the amount of P4,390.00 each, or a total of P592,110.00 as back wages covering the period from August 22, 1974 to September 20, 1975.[22]

On September 26, 1975, respondent Labor Arbiter issued a writ directing the respondent Deputy Sheriff of Manila to levy on the moneys and/or properties of petitioner,[23] and on the same date respondent Sheriff immediately

serve said writ on petitioner who was given a period of five (5) days within which to comply therewith.

It was on this factual environment that petitioner instituted the present petition for certiorari and prohibition with preliminary injunction on October 1, 1975. Petitioner asserts that the afore-mentioned Orders were issued by respondent Labor Arbiter without jurisdiction.

As prayed for, this Court, on October 6, 1975, issued a temporary restraining order and required the respondents to file an answer within ten (10) days from notice.

On October 11, 1975, respondent Labor Arbiter De los Reyes and Sheriff Jose Cruz filed their Comment by way of answer to the petition, explaining the legal justifications of their action on the premises.

Upon motion filed on October 11, 1975 by respondent union BTEA-KILUSAN for reconsideration and to lift the temporary restraining order of October 6, 1975, this Court, on October 15, 1975, lifted said restraining order and set the case for hearing on Monday, October 20, 1975 at 3:00 p.m.

At the hearing of this case on October 20, 1975, a Compromise Agreement was arrived at by the parties wherein they agreed to submit to the Office of the Secretary of Labor the determination of members of the respondent union BTEA-KILUSAN who shall be reinstated or absorbed by the herein petitioner in the transportation service inside the naval base, which determination shall be considered final. This Court approved this agreement and enjoined "all the parties to strictly observe the terms thereof." This agreement is deemed to have superseded the Resolution of the National Labor Relations Commission of October 31, 1973, as affirmed by the Secretary of Labor on December 27, 1973.

Pursuant to this agreement which was embodied in the Resolution of this Court of October 24, 1975, Secretary of Labor Blas F. Ople issued an Order dated November 13, 1975, the pertinent portion of which reads as follows:

"The issue submitted for resolution hinges on the credibility of the alleged applications. Considering that the employees are economically dependent on their jobs, they have all the reasons and zealousness to pursue their jobs within the legitimate framework of our laws. The applicant are no strangers to the pains and difficulties of unemployment. Because of these factors we cannot ignore the affidavits of proof presented by the employees concerned as against the declaration of the herein respondent. Firmly entrenched is the rule in this jurisdiction that doubts arising from labor disputes must be construed and interpreted in favor of the workers.

"RESPONSIVE TO THE FOREGOING, the National Labor Relations Commission through Arbiter Francisco delos Reyes is hereby directed to implement the absorption of the 175 members of the Baylock Transport Employees Association (BTEA-KILUSAN)) into the Guerrero Transport Services, subject to the following terms and conditions:

- 1) that they were bona fide employees of the Blaylock Transportation Service at the time its concession expired;
- 2) that the applicants shall pass final screening and approval by the appropriate authorities of the U.S. Base concerned.

"The applicants to be processed for absorption shall be those in the list of 46 submitted by OIC Liberato Cariño on 2 August 1974, and the list of 129 determined by Arbiter delos Reyes as embodied in the Writ of Execution issued on 25 September 1975.

"The Regional Director of Regional Office No. III, San Fernando, Pampanga, shall make available to the parties the facilities of that Office in the implementation of the aforesaid absorption process." [24]

On November 24, 1975, in compliance with the aforesaid directive of the Secretary of Labor, Labor Arbiter

Francisco M. de los Reyes conducted a hearing to receive evidence as to who were the bona fide employees of the former concessionaire at the "time of its concession expired". Thereafter, Labor Arbiter De los Reyes issued an Order, dated November 25, 1975, listing in Annex "A" thereof, 174 employees who were bona fide employees of the private respondent, and transmitting a copy of said Order to the Base Commander, U.S. Naval Base, Olongapo City, with the request for the immediate screening and approval of their applications in accordance with applicable rules of said command. The pertinent portion of said Order reads as follows:

"As far as this Labor Arbiter is concerned, his only participation in this case refers to that portion of the Secretary of Labor's Order directing him to implement' * * * the absorption of the 175 members of the Blaylock Transport Employees Association (BTEA-KILUSAN) into the Guerrero Transport Services,' subject to certain terms and conditions. Hence, any question of 'prematurity' as espoused by respondent's counsel may not be entertained by this Labor Arbiter.

"Going now to the applicants who should be entitled to absorption, the Honorable Secretary of Labor specified that the same should be composed of the 46 submitted by OIC Liberato Cariño on 2 August 1974 and the 129 applicants determined by this Labor Arbiter. Of the latter, only 128 will be named. A perusal of said list show that the name 'Renato Cariaga' has been doubly listed. For convenience, these two listings have now been consolidated and alphabetically arranged and as an integral part of this Order has been made as Annex 'A' (pp. 1 to 6).

"For purposes of implementation, the initial step to be undertaken is for the submission of the name of the applicants to the U.S. Navy authorities concerned, which means the U.S. Naval Base at Olongapo City for the screening and approval by the appropriate authorities.

"Regarding the determination of whether the applicants are bonafide employees of the Blaylock Transportation Service at the time its concession expired, the parties appear to be in agreement that the records of this case will eventually show whether the applicants are such employees. Further, we feel that such employment will likewise appear in the records of the U.S. Naval Base at Olongapo City since persons connected with the Base like the applicants, have to undergo processing by naval authority.

"WHEREFORE, in view of the foregoing considerations, copies of this Order together with Annex 'A' hereof are hereby transmitted to the Base Commander, U.S. Naval Base, Olongapo City with the request for the immediate screening and approval of said applicants, in accordance with applicable rules of that command."[25]

Pursuant to Section 6 of Article I of the Philippine U.S. Labor Agreement of May 27, 1968, the United States Armed Forces undertook, consistent with military requirements, "to provide security for employment, and, in the event certain services are contracted out, the United States Armed Forces shall require the contractor or concessioner to give priority consideration to affected employees for employment." (Italics supplied.)

A treaty has two (2) aspects - as an international agreement between states, and as municipal law for the people of each state to observe. As part of the municipal law, the aforesaid provision of the treaty enters into and forms part of the contract between petitioner and the U.S. Naval Base authorities. In view of said stipulation, the new contractor is, therefore, bound to give "priority" to the employment of the qualified employees of the previous contractor. It is obviously in recognition of such obligation that petitioner entered into the afore-mentioned Compromise Agreement.

As above indicated, under the Compromise Agreement as embodied in the Resolution of this Court dated October 24, 1975, the parties agreed to submit to the Secretary of Labor the determination as to who of the members of the respondent union BTEA-KILUSAN shall be absorbed or employed by the herein petitioner Guerrero's Transport Services, Inc., and that such determination shall be con-sidered as final. In connection therewith, the Secretary of

Labor issued an Order dated November 13, 1975, directing the National Labor Relations Commission, through Labor Arbiter Francisco de los Reyes, to implement the absorption of the 175 members[26] into the Guerrero's Transport Services, subject to the following conditions, viz.: (a) that they were bona fide employees of the Blaylock Transport Service at the time its concession expired; and (b) that they should pass final screening and approval by the appropriate authorities of the U.S. Naval Base concerned. According to private respondent, however, Commander Vertplaetse of the U.S. Navy Exchange declined to implement the order of the Labor Arbiter, as it is the petitioner who should request for the screening and approval of the applicants.

Considering that the afore-mentioned Compromise Agreement of the parties, as approved by this Court, is more than a mere contract and has the force and effect of any other judgment, it is, therefore, conclusive upon the parties and their privies.[27] For it is settled that a compromise has, upon the parties, the effect and authority of res judicata and is enforceable by execution upon approval by the court.[28] Since the resolution of the NLRC of October 31, 1973 required the absorption of the applicants subject to the conditions therein contained, and there being no showing that such conditions were complied with, the Labor Arbiter exceeded his authority in awarding back wages to the 129 complainants.

ACCORDINGLY, judgment is hereby rendered ordering petitioner to employ members of respondent labor union BTEA-KILUSAN referred to in the Order of the Secretary of Labor dated November 13, 1975 who satisfy the criteria enunciated, viz.: (a) those who were bona fide employees of the Blaylock Transport Services at the time its concession expired; and (b) those who pass the final screening and approval by the appropriate authorities of the U.S. Naval Base. For this purpose, petitioner is hereby ordered to submit to and secure from the appropriate authorities of the U.S. Naval Base at Subic, Zambales the requisite screening and approval, the names of the afore-mentioned members of respondent union.

The Order dated September 25, 1975 of respondent Labor Arbiter Francisco M. de los Reyes, awarding back wages to the 129 complainants in the total amount of P592,110.00, is hereby set aside. No pronouncement as to costs.

Barredo, Aquino, and Martin, JJ., concur.

Fernando, J., concurs in a separate opinion.

Concepcion, Jr., J., is on leave.

Martin, J., was designated to sit in the Second Division.

[1] Appendix "A", Petition, SC Rollo, pp. 19-20.

[2] Created under the provisions of Presidential Decree No. 21, effective October 15, 1972.

[3] Article I, Section 6, of the RP-US Base Labor Agreement provides:

"Consistent with their military requirements, the United States Armed Forces shall endeavor to provide security for employment and, in the event certain activities or services are contracted out, the United States Armed Forces shall require the contractor or concessionaire to give priority consideration to affected employees for employment."

[4] Appendix "B", Petition, SC Rollo, pp. 22-23.

[5] Appendix "C", Ibid., pp. 24-26.

[6] Appendix "D", Ibid., pp. 27-31.

- [7] Appendix "E", Ibid., 32-40.
- [8] Appendix "F", Ibid., p. 41.
- [9] Appendix "H", Ibid., p. 44.
- [10] Appendix "H-1", Ibid., p. 45.
- [11] Appendix "I", Ibid., p. 46.
- [12] Appendix "K", Ibid., p. 69.
- [13] Appendix "L", Ibid., pp. 70-72.
- [14] Appendix "M", Ibid., p. 73.
- [15] Appendix "N", Ibid., pp. 74-79.
- [16] Appendix "P", Ibid., pp. 81-85.
- [17] Appendix "Q", Ibid., pp. 86-88.
- [18] Appendix "R", Ibid., pp. 89-94.
- [19] Appendix "O", Ibid., p. 80.
- [20] Appendix "C", Ibid., pp. 24-26.
- [21] Appendix "S", "S-1" to "S-5", Ibid., pp. 95-100.
- [22] Appendix "T", Ibid., pp. 101-106-A.
- [23] Appendix "U", Ibid., pp. 107-110.
- [24] SC Rollo, pp. 194-196.
- [25] Ibid., pp. 200-207.
- [26] Actually 174, for the name of "RENATO CARIAGA" has been doubly listed.
- [27] *Piano vs. Cayanong, et al.*, 117 Phil. 415, 420.
- [28] Article 2037, Civil Code; *Republic vs. Estenzo*, 25 SCRA 122; *Serrano vs. Miave, et al.*, 13 SCRA 461.

CONCURRING

FERNANDO, J.:

The opinion of the court penned by Justice Antonio in his usual comprehensive and lucid manner manifests fealty to the mandates of the law. It is entitled to full concurrence. The parties, duly presented by counsel, entered on a compromise. Its terms are thus binding on them. They should be adhered to. Accordingly, there must be compliance with what was ordained by the Secretary of Labor in his order of November 13, 1975. So it has been decided by us. We have no choice on the matter. Unfortunately for respondent Labor Union, no provisions was made for backpay. That was an omission that ought to have been remedied before the compromise was entered into. This Court, however sympathetic it may be to the claims of labor, cannot go further than what was assented to by the parties themselves. So the law prescribes.

Nonetheless, the writer is impelled to write this brief concurrence because of his belief that while this Court is precluded from granting additional relief to the members of respondent Labor Union who, in the meanwhile, had been laid off, still their situation is not necessarily devoid of any hope for improvement. The present Labor Code stresses administrative rather than judicial redress. It has the advantage of greater flexibility, of more discretion on the part of the Secretary of Labor. That could be utilized on their behalf. Certainly, from what appears of record, the course of conduct pursued by petitioner left much to be desired, and not only from their standpoint. It yields the impression, to me at least, that there was no fidelity to the basic policy on labor as prescribed by the present Constitution. Petitioner commenced its operation on January 1, 1973. It refused to employ the members of respondent Union, prompting the latter to file a complaint with the National Labor Relations Court against it and one Santiago Guerrero to compel them to employ its members pursuant to Article I, Section 2 of the RP-US Bases Agreement dated May 27, 1973, the present Constitution came into effect. Time and time again, this Court has correctly stressed how far the present Constitution has gone in seeing to it that the welfare of the economically underprivileged receive full attention. All that has to be done is to refer to the expanded scope of social justice^[1] and the specific guarantees intended to vitalize the rights of labor.^[2] Security of tenure is one of the basic features. Had that provision been lived up to, the members of respondent Labor Union would not be in the sad plight they are in at present.

It is to be admitted that what complicated matters is that the service to be rendered is inside the U.S. Naval Base of Olongapo City. Accordingly, the intervention of the authorities therein cannot be avoided. That is quite understandable. At the same time, in line with what was held in *Reagan v. Commissioner of Internal Revenue*^[3] and *People v. Gozo*,^[4] the jurisdiction vested in this government over every inch of soil of its territory compels the conclusion that its laws are operative even inside a military base or naval reservation except as limited by the Military Bases Agreement. Moreover, the interpretation of such a provision should be most restrictive to assure that there be the least derogation of the rights of territorial sovereign.^[5] The thought cannot be entertained that the naval authorities concerned would be insensible to the fundamental public policy of according the utmost consideration to the claims of labor. This observation is made with the hope that if paid attention to, respondent Labor Union, through the efforts of the administrative officials, could still reasonably hope that the financial burden long sustained by its members could be eased--all in accordance with law.

[1] According to Article II, Section 6 of the present Constitution "The State shall promote social justice to ensure the dignity, welfare, and security of all the people. Toward this end, the State shall regulate the acquisition, ownership, use, enjoyment, and disposition of private property, and equitably diffuse property ownership and profits."

[2] According to Article II, Section 9 of the present Constitution: "The State shall afford protection to labor, promote full employment and equality in employment, ensure equal work opportunities regardless of sex, race, or creed, and regulate the relations between workers and employers. The State shall assure the rights of workers to self-organization, collective bargaining, security of tenure, and just and humane conditions of work. The State may provide for compulsory arbitration."

[3] L-26379, December 27, 1969, 30 SCRA 968.

[4] L-36409, October 26, 1973, 53 SCRA 476.

[5] Cf. *Commissioner of Internal Revenue v. Guerrero*, L-20812 September 22, 1967, 21 SCRA 180.

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