

STORCK PRODUCT MFG., CORP., PETITIONER, VS. HON. SECRETARY OF LABOR AND EMPLOYMENT, DOLE REGIONAL DIRECTOR MAXIMO LIM AND 100 EMPLOYEES OF STORCK PRODUCT MFG. CORP., RESPONDENTS.

Ponente: TAYAG, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/f7d482d0b8b4/>

TAYAG, J.:

This is a Petition for Certiorari under Rule 65 of the Rules of Court filed by the petitioner Storck Product Mfg., Corp., (“STORCK” for brevity) which seeks to annul, reverse and set aside the following:

- Order of Director Maximo Lim of the Department of Labor and Employment, Regional Office IV-A dated October 14, 2004, directing Petitioner . . .

“to pay its affected employees within ten (10) days from receipt the aggregate amount of Four Hundred Eight Thousand Pesos (P408,000.00) representing underpayment of wages and other salary related benefits.”

- the Order of Secretary of the Department of Labor and Employment dated April 16, 2005 dismissing Respondent-Appellant's Appeal, the dispositive portion of which provides that:

“WHEREFORE, the Appeal filed by Storck Product Mfg. Inc. is hereby dismissed for lack of merit. The Order dated October 14, 2004 of the Regional Director, directing appellant to pay the one hundred (100) Appellees, the aggregate amount of Four hundred Eight Thousand Pesos (P408,000.00) representing their wage differentials and Holiday pay is affirmed.”

- the Order of the Acting Secretary of Labor and Employment dated October 19, 2005, denying Respondent-Appellant's Motion for Reconsideration, the dispositive portion of which provides that:

“WHEREFORE, the Motion for Reconsideration filed by Storck Product Mfg., Corp., is hereby denied for lack of merit. Our Order dated April 26, 2005, affirming the Order dated October 14, 2004 of the Regional Director directing the Appellant to pay the one hundred (100) appellees, the aggregate amount of Four Hundred Eight Thousand Pesos (408,000.00) representing their wage differentials and holiday pay is Affirmed.”

Allegedly, the above-mentioned three (3) Orders were issued by respondents Regional Director Maximo Lim, Secretary of Labor and Employment Patricia Sto. Tomas and Acting Secretary of Labor Manuel Imson, respectively with grave abuse of discretion amounting to acting without and/or in excess of jurisdiction.

The antecedent facts of the case are as follows:

On July 10, 2003, appellee Jeffrey Corcuera filed a complaint against appellant for underpayment of wages, non-payment of holiday pay, non-payment of overtime pay, non-payment of night shift differential premium and non-remittance of SSS premiums.

On July 16, 2003, the Regional Office conducted an inspection at the premises of the appellant, where the following violations were noted:

- Record keeping-payrolls and daily time records are kept at the main office;
- Underpayment of wages;
- Non-payment of holiday pay;
- Inadequate personal protective equipment;
- No policy on Anti-Sexual Harassment;
- No Committee on Decorum and Investigation; and
- Copy of the Republic Act 7877 not posted/disseminated.

The above-findings are contained in the Notice of Inspection Results, which was received by and explained to appellant's personnel staff Resty Cipres. In the said Notice, appellant was directed to effect restitution within five (5) days from receipt of the Notice or to submit to the Regional Office any questions relating to the said findings. Appellant failed to comply with the directive despite due notice. Likewise, during the course of inspection, the Labor Enforcement Officer uncovered that based on the payrolls covering the period from May 26, 2003 to June 1, 2003 presented by the appellant, there were ninety-nine (99) employees of the latter who were either unpaid or underpaid.

On August 7, 2003, the Regional Director issued a Subpoena Duces Tecum, directing the appellant to produce the following: 1) Payrolls with corresponding daily time records covering the period from July 2000 to date for examination; 2) Proof of restitution to the affected employees; 3) Proof of provision of personal protective device; and 4) Proof of having HIV-AIDS Preventive Program, Anti Sexual Harassment Act posted and organized Committee on Decorum and Investigation. Appellant instead submitted the Release and Quitclaim of appellees Mylene A. Canales and Ruccel Billones.

On 14 October 2004, the Regional Director issued an Order in favor of herein private respondents (Rollo, pp. 49-52).

Herein petitioner STORCK filed its appeal at the Regional Office of DOLE. Said Regional Office endorsed the same to the office of public respondent Secretary of Labor. In the said appeal, petitioner STORCK principally alleged that the Regional Director committed grave abuse of discretion in awarding salary differentials, considering that it is the Labor Arbiter which has jurisdiction over the case. Petitioner further contended therein that the Regional Director had no basis in granting the monetary claims of the herein private respondents. However, the Secretary of the Department of Labor and Employment, on 26 April 2006 Order (Rollo, pp. 20-23), dismissed the said appeal for lack of merit.

Thereafter, a Motion for Reconsideration was filed by herein petitioner. Unfortunately for the herein petitioner STORCK, the same was also denied.

Hence, this Petition for Certiorari was filed by herein petitioner assigning the following grounds:

I

PUBLIC RESPONDENTS SECRETARY OF LABOR AND EMPLOYMENT AND ACTING SECCRETARY OF LABOR AND EMPLOYMENT RESPECTIVELY ACTED WITH GRAVE ABUSE OF DISCRETION WHEN IT ACTED ON AND EVEN DECIDED ON THE APPEAL A QUO WHEN IT HAS NO LEGAL; BASIS TO ACT ON IT, MUST LEST DECIDE ON THE SAID APPEAL.

II

PUBLIC RESPONDENTS REGIONAL DIRECTOR MAXIMO LIM, SEC. OF LABOR AND EMPLOYMENT PATRICIA STO. TOMAS AND ACTING SEC. OF LABOR AND EMPLOYMENT MANUEL IMSON ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION SUSTAINING THE FINDINGS OF PUBLIC RESPONDENT DIRECTOR MAXIMO LIM THAT ORDERED THAT PETITIONER IS LIABLE FOR UNDERPAYMENT OF WAGES AND ANOTHER BENEFITS IN FAVOR OF THE EMPLOYEES NAMED IN ORDER.

III

PUBLIC RESPONDENTS REGIONAL DIRECTOR MAXIMO LIM SEC. OF LABOR AND EMPLOYMENT PATRICIA STO. TOMAS AND ACTING SEC. OF LABOR AND EMPLOYMENT MANUEL IMSON ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO ACTING WITHOUT OR IN EXCESS OF JURISDICTION IN HOLDING THAT PETITIONER SHOULD PAY THE AFFECTED EMPLOYEES THE AWARD MENTIONED THEREAT.

(Rollo p. 6)

Petitioner principally argues that public respondent Secretary of Labor acted with grave abuse of discretion amounting to lack or excess of jurisdiction in taking cognizance of its appeal considering that it did not intend to appeal before the Office of public respondent but before the National Labor Relations Commission (NLRC) taking into consideration Art. 129 since pursuant to R.A. 7730, appeals from the orders or resolutions issued by the Regional Directors by virtue of their visitorial powers under Article 128 of the Labor Code, as amended, should be decided or resolved by the NLRC.

Petitioner further contends that the findings of the Regional Office has no factual basis considering that there was nothing in Order of the aforesaid office which would show how did the same computed the amount of the liability. Moreover, petitioner contends that the ninety-nine (99) other private respondents should not been included as party-litigants since there was only one employee who initiated the complaint before the Regional Office.

This contention is bereft of merit.

It is noteworthy that this case originally stemmed out from a complaint inspection conducted by the Labor Employment and Enforcement Officers under the visitorial powers of the Secretary of Labor and Employment by virtue of Article 128 of the Labor Code, as amended.

Article 128 (b) of the Labor Code, as amended provides that:

“Notwithstanding the provisions of Articles 129 and 217 of this Code to the contrary, and in the cases where the relationship of employer-employee still exists, the Secretary of Labor and Employment and his duly authorized representatives shall have the power to issue compliance orders to give effect to the labor standards provisions of this Code and other labor legislation based on the findings of labor employment and enforcement officers or industrial safety engineers made in the course of inspection. The Secretary duly authorized representatives shall issue writs of execution to the appropriate authority for the enforcement of their orders, except in cases where the employer contests the findings of the labor employment and enforcement officer and raises issues supported by documentary proofs which were not considered in the course of inspection.

An order issued by the duly authorized representative of the Secretary of Labor and Employment under this Article may be appealed to the latter. In case said order involves a monetary award, an appeal by the employer may be perfected only upon the posting of a cash or surety bond issued by a reputable bonding company duly accredited by the Secretary of Labor and Employment in the amount equivalent to the monetary award in the order appealed from.”

The above-mentioned provision particularly refers to visitorial and enforcement power lodged on the Secretary of Labor and his duly authorized representatives, including labor regulation officers. Under this provision, the Secretary of Labor (or his duly authorized representatives) should be held as possessed of his plenary visitorial powers to order the inspection of all establishments where labor is employed, to look into all possible violations of labor laws and regulations. If and when said inspection yield findings of violations of labor standards under labor laws, as in this case, the Secretary of Labor or its duly authorized representatives may take cognizance in order to direct compliance therewith.

Clearly therefore, the instant case being an offshoot of an inspection complaint, the Order dated 14 October 2004 of the Director, Department of Labor and Employment Regional Office No. IV-B is appealable to the office of public respondent Secretary of Labor.

The contention of petitioner that public respondent should not have taken jurisdiction over its appeal as the same specifically stated that the assailed order of the Regional Director is being appealed before the National Labor Relations Commission (NLRC) pursuant to Art. 129 of the Labor Code, as amended, is untenable.

This Court believes that the provisions of Article 129 of the Labor Code find no application in the present case considering that, as stated above, the instant case stemmed out from a complaint inspection duly filed with the Regional Office of the Department of Labor and Employment (DOLE) for alleged violations of labor standards.

Article 129 of the Labor Code, as amended, refers to adjudicatory powers of the Regional Directors or any duly authorized hearing officer of DOLE so much so that any decision/order of said representatives, in the exercise of adjudicatory power, shall be appealed to the NLRC. But the instant case does not pertain to the exercise of adjudicatory power by said labor officers but to the exercise of their visitorial and enforcement power.

It must be emphasized that there is a whale of difference between the aforesaid articles of the Labor Code. While Article 128 speaks of the Visitorial Enforcement Powers of the Secretary of Labor and Employment or her duly authorized representative, Article 129, as stated, refers to the Adjudication Power of the Regional Director or any duly authorized hearing officer of DOLE. The nature and subject of the proceedings under Article 128 speak of inspection of establishments and the issuance of orders to compel compliance with labor standards, wage orders and other labor laws and regulations thus, the presence of employer-employee relationship is a condition sine qua non. On the other hand, Article 129 confers upon Regional Directors of the Department of Labor and Employment adjudicative powers, that is, the power to try and decide, or her or determine any claim for recovery of wages, simple (small) money claims, and other benefits (*Brokenshire Memorial Hospital, Inc. vs. The Hon. Minister of Labor and Employment*, G.R. No. 74621, 7 February 1990, 182 SCRA 5). The said provision deals with small money claims of employees or persons employed in domestic or household service arising from severed employer-employee relations. Thus, an order issued under Article 129 is to the NLRC.

Thus, public respondent Secretary of Labor committed no grave abuse of discretion amounting to lack or excess of jurisdiction when she took cognizance of the appeal filed by herein petitioner from the Order dated 14 October 2004 of the Regional Directory Atty. Maximo B. Lim, CESO III considering that jurisdiction over the aforesaid appeal is conferred by law upon the office of the public respondent Secretary of Labor.

Said the Supreme Court, “grave abuse of discretion implies such capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction or in other words, where the power is exercised in an arbitrary manner by reason of passion, prejudice or personal hostility, and it must not be so patent or gross as to amount to an evasion of a positive duty or to a virtual refusal to perform the duty enjoined or to act at all in contemplation of law.” (*Land Bank of the Philippines vs. CA, et. al.*, G.R. 129368, August 25, 2003).

The record of the present case is bereft of any showing that public respondent Secretary of Labor acted in a capricious and despotic manner in rendering the assailed Order/s or that she issued the said Order/s by reason of passion, prejudice or personal hostility towards herein petitioner.

With respect to the second ground raised in this petition, petitioner contends that the findings of the Regional Office has no factual basis considering that there was nothing in the order of the aforesaid office which would show how did the same computed the amount of the liability. Petitioner further questions the basis of the monetary award granted to its ninety-nine (99) other employees considering that there was only one who filed a complaint for violation of labor standards laws.

Record shows that after an inspection was conducted at petitioner's premises, a Notice of Inspection Results was furnished and explained to its representative. Such notice contains the labor standards violations committed by petitioner. Some of the violations were for underpayment of wages and non-payment of holiday pay.

The aforesaid notice directed petitioner to effect restitution within five (5) days from receipt of the same or to submit before the Regional Office any question relating to the said findings. Despite such directive, petitioner neither effected restitution nor submitted questions before the Regional Office.

So as to give another chance to petitioner to refute the findings of the labor inspector, the Regional Office conducted a summary hearing. However, petitioner failed to appear on the scheduled hearing to present controverting evidence.

Because of such inaction of petitioner, the Regional Director has no other recourse but to adopt the findings of the labor inspector, which was based on available evidence, which was obtained through interviews, conducted with private respondents. The failure of the petitioner to appear or to submit controverting evidence constitutes a waiver to refute the findings of the labor inspector. As such, the same became final and conclusive. Petitioner's inaction and silence at the time when they ought to speak is an admission that indeed the findings of the labor inspector which was adopted by the Regional Director is indeed true.

Thus, petitioner cannot now question the aforesaid findings as it is its own folly, which estopped from doing the same.

Anent petitioner's contention that the other ninety-nine (99) employees should not have been included in the complaint filed by a single employee, the same is bereft of merit.

This Court agrees with the public respondent stating that when a complaint inspection is filed, the designated labor inspection does not only concerns himself with the allegation of the complainant but is tasked to thoroughly inquire into and verify whether or not the employer is complying with existing labor standards and shall cover all workers similarly situated. The rationale of this statement is best enunciated by the Supreme Court in the case of *Maternity Children's Hospital vs. Secretary of Labor* (174 SCRA 632 [1989]) which states:

“The justification for the award to this group of employees who were not signatories to the complaint is that the visitatorial and enforcement powers given to the Secretary of Labor is relevant to and exercisable over establishments, not over the individual members/employees, because what is sought to be achieved by its exercise is the observance of, and/or compliance by, such firm/establishment with the labor standards regulations. Necessarily, in case of an award resulting from a violation of labor legislation by such establishment, the entire members/employees should benefit therefrom.”

The foregoing clearly shows that no grave abuse of discretion has been committed by public respondents in issuing the assailed Orders as the same are in accordance with law and existing jurisprudence.

WHEREFORE, premises considered the instant Petition is hereby DISMISSED for lack of merit. Accordingly, the assailed Orders are hereby AFFIRMED.

Consequently, petitioner's prayer for the issuance of Temporary Restraining Order and/or Preliminary Injunction is DENIED.

No costs.

SO ORDERED.

Salazar-Fernando, (Chairperson) and Tijam, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.