

**JOSE COROMINAS, JR., AND COROMINAS & CO. INC.,
PETITIONERS, VS. LABOR STANDARD COMMISSION, ET AL.,
RESPONDENTS.**

G.R. No. 14837. June 30, 1961

Ponente: LABRADOR, J.

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LABRADOR, J.:

The above-entitled cases involve the same issue of law, the validity of Reorganization Plan No. 20-A, dated December 10, 1956. In each and everyone of them the validity of the decision of a Regional Office of the Department of Labor, created under the provisions of said Reorganization Plan No. 20-A, is in question, it being contended that the grant of jurisdiction to a regional office to decide claims for wages, back wages, underpayment of wages, overtime and separation pay, etc. in said Reorganization Plan No. 20-A is null and void.

In G. R. No. L-14837, respondent Arturo Delaniel brought a complaint against petitioners Jose Corominas, Jr. and Corominas & Co. with Regional Office No. 3 of the Department of Labor, respondent claiming to be a driver of petitioners from January 6, 1955 to August 31, 1956, for which services he was not given both overtime and separation pay. He prayed for judgment for the amount due him for overtime service rendered and for separation pay. Judgment having been rendered in favor of Delaniel by the hearing officer of the regional office, appeal therefrom was prosecuted to the Labor Standards Commission, which reduced the amount of the judgment to P1,184.28, with legal interest and attorney's fees. A "motion to quash" the decision was denied, and, instead, the Commissioner of Labor Standards ordered its execution. Thereupon petitioners filed this petition for certiorari with prohibition before us, alleging that Reorganization Plan No. 20-A is null and void; that the Labor Standards Commission and Regional Office No. 3 have no authority and jurisdiction to take cognizance of the claims for overtime and separation pay of respondent Delaniel, in view of which it is prayed that the decision be declared null and void and the sheriff be enjoined from executing the same.

In G. R. No. L-15483, defendant-appellant Jose Calupitan had filed a claim for underpayment and separation pay against plaintiff-appellee Manila Central University Hospital, also with Regional Office No. 3 of the Department of Labor. The Manila Central University Hospital moved to dismiss the complaint, but its motion was denied, and so said Regional Office proceeded to hear the evidence. Thereupon the Hospital filed a petition with the Court of First Instance of Manila, alleging that the Regional Office has no jurisdiction to try the case and that the grant of judicial powers thereto by the Reorganization Survey Commission is null and void, and praying, therefore, that the officers of said Regional Office be declared to have no power and authority to hear and decide the case. The Court of First Instance held that Reorganization Plan No. 20-A is null and void, and, therefore, enjoined the officers of the regional office from enforcing the decision already rendered in the case. Against this decision of the Court of First Instance, Jose Calupitan and the Hearing Officers, defendants-appellants herein, have appealed to this Court.

In G. R. No. L-13940, Wong Chun filed a complaint with the Court of First Instance of Manila, alleging that the

decision rendered by Regional Office No. 3 of the Department of Labor in Regional Case No. 520, whereby Diego Carlim, a roomboy in Plaza Hotel, was awarded the sum of P2,342.60, as separation and overtime pay, and attorney's fees, is null and void, for the reason that said Regional Office had arrogated unto itself the judicial powers of courts of justice; and that there is undue delegation of legislative powers to the Reorganization Commission by Republic Act No. 997, etc. The Court of First Instance of Manila held that, even though the Reorganization Survey Commission had no power or authority to promulgate Plan No. 20-A, still petitioner Wong Chun failed to raise the question before the Labor Standards Commission, and cannot now raise the said question before the Court. So the court dismissed the complaint, Wong Chun has appealed the order of dismissal to this Court.

In G. R. No. L-15015, one Fabian Cañete, one of the respondents-appellants herein, filed a complaint against Balrodgan Co., Ltd. and Mauro B. Ganzon, for recovery of unpaid wages, underpayment of wages, and overtime pay for Sundays and legal holidays. The case was. originally referred to the Labor Operations Section of the Department of Labor, then later formally filed with Regional Office No. 3 of said Department. A decision having been rendered in favor of Cañete by the Hearing Officer of the Regional Office, and the decision having been approved by the Administrator of said Regional Office and ordered executed, petitioners herein filed a petition for certiorari with the Court of First Instance of Manila, praying that the respondents Cañete and officers of the Regional Office be enjoined from proceeding with the levy or execution of the decision against the properties of petitioners. Judgment was rendered by the lower court in favor of petitioners herein, holding that Reorganization Plan No. 20-A is null and void because the Reorganization Commission had no authority to promulgate the same, that the said Commission had no jurisdiction to deprive the justice of the peace courts and the Courts of First Instance of their jurisdiction over money claims, and, therefore, Regional Office No. 3 acted without authority to hear and decide the case and enforce its decision. The case now on appeal before us is against this decision of the Court of First Instance of Manila.

The provision of Reorganization Plan No. 20-A which establishes the regional offices of the Department of Labor is Section 24 thereof, which reads as follows:

"24. There are established Regional Offices to function as administrative and coordinative units each to be under a Regional Administrator who shall be responsive for all labor services and activities in his region, subject to direct authority only from the Office of the Secretary through a Director of Field Operations. The Regional Administrator shall be assisted by such staff as may be required which shall include one or more Hearing Officers. The Regional Administrator and such other personnel for the Regional Offices as may be authorized shall be appointed in accordance with existing civil service law and rules."

The powers of these regional offices are defined in Sections 25 and 20 (a) of Plan No. 20-A, which are as follows:

"25. Each Regional Office shall have original and exclusive jurisdiction over all cases affecting all money claims arising from violations of labor standards on working conditions, including but not restrictive to: unpaid wages, underpayment, overtime, separation pay, and maternity leave of employees/laborers; and unpaid wages, overtime, separation pay, vacation pay, and payment for medical services of domestic help."

"20. * * * (a) Any provision of law or rules of court to the contrary notwithstanding, money claims of employees, laborers, and domestic help may be filed and heard in the Regional Office where the respondent or any of the respondent resides or may be found, or where the claimant or any of the claimants resides, at the election of the claimant."

Their decisions are reviewable by the Labor Standards Commission (Sec. 20 [b]), thus:

"20. * * * (b) A decision of a Regional Office shall become final if no appeal is taken to the Commission within fifteen days after the party concerned has been notified thereof; and a decision of the Commission shall

become final within thirty days after notice to the party concerned, unless within that period said party gives notice to the Commission of his desire to have the case taken to the Court, in which even the case shall be forwarded by the Commission to the proper Court of First Instance as if on appeal from a justice of the peace or a municipal court. All proceedings thereafter shall be governed by the same laws and rules which apply to ordinary civil cases brought to the Court of First Instance, including those on appeal."

In the cases now before Us, no objection is made against the establishment in the Plan of regional offices. The objection lies in the grant thereto of powers and duties, not heretofore exercised by labor officials or offices, especially its original and exclusive jurisdiction over the cases specified in the above-quoted section 25 of the Reorganization Plan. In the four cases under consideration, the Regional Office took cognizance of claims for overtime and separation pay (G. R. No. L-14837), underpayment and separation pay (G. R. No. L-15483), separation and overtime pay (G. R. No. L-13940), and unpaid wages, underpayment of wages and overtime pay for Sundays and legal holidays (G. R. No. L-15015). None of the claims is for the payment of compensation under the Workmen's Compensation Law; each and everyone of them involves money claims arising from violations of the Minimum Wage Law, Labor standards, working conditions, etc.

At the time of the approval of Reorganization Plan No. 20-A, the law granting jurisdiction over such money claims is the Minimum Wage Law (Republic Act No. 602), Sections 15 (d and e) and 16 of which reads as follows:

"SEC. 15. Penalties and Recovery of Wage Due Under This Act. * * *

(d) The Secretary may bring an action in any competent court to recover the wages owing to an employee under this Act, with legal interest. Any sum thus recovered by the Secretary on behalf of an employee pursuant to this subsection shall be held in a special deposit account and shall be paid, on order of the Secretary, directly to the employee or employees affected. Any such sums not paid to in employee because he cannot be located within a period of three years shall be covered into the Treasury as miscellaneous receipts.

(e) Any employer who underpays an employee in violation of this Act shall be liable to the employee affected in the amount of the unpaid wages with legal interest. Action to recover such liability may be maintained in any competent court by anyone or more employees on behalf of himself or themselves. * * *."

SEC. 16. 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 courts on any action, under this Act shall be in accordance with applicable law."

It will be seen from a comparison of the above quoted provisions of Sections 15 and 16 of the Minimum Wage Law with those of Section 25 of Reorganization Plan No. 20-A, also above quoted, that whereas money claims were under Republic Act No. 602 brought by the Secretary of Labor on behalf of a laborer or laborers, or by the laborers themselves, before "a competent court"—before a Justice of the Peace Court if the amount involved is not more than P5,000, or before a Court of First Instance, if it exceeds P5,000—under Reorganization Plan No. 20-A money claims would have to be brought before the Regional Offices of the Department of Labor, whatever the amount of the demand may be. But what is most striking in Section 25 of the Reorganization Plan No. 20-A is its grant of "exclusive and original jurisdiction over money claims" of laborers. Add to this fact, the circumstance that Section 31 of the Reorganization Plan expressly provides that "All acts, executive orders, and regulations or parts thereof inconsistent with any of the provisions of this Plan are amended and/or repealed." The consequences of the above provisions, especially the grant of original and exclusive jurisdiction to Regional Offices over all money claims, is to remove from courts of justice the power to hear and decide said money claims, a power which

is vested in them by law, which powers are affirmed in the provisions of Republic Act No. 602. So that the question that poses inquiry is, Is the transfer of such jurisdiction over money claims from courts of justice to the Regional Offices, authorized by the provisions of Republic Act No. 997, which created the Government Survey and Reorganization Commission? In all the cases at bar, the judges below have answered the question in the negative.

The provisions of Republic Act No. 997, the Act creating the Reorganization Commission, which define the scope of the power and authority of the Reorganization Commission are Sections 2, 3, and 4, which read as follows:

"SEC. 2. (a) The reorganization to be carried out under this Act shall have the following objectives:

- (1) To promote the better execution of the laws, and the more effective management of the government; and expeditious administration of public business;
- (2) To promote economy to the fullest extent consistent with the efficient operations of the government; and
- (3) To increase the efficiency of the operation of the government to the fullest extent possible." * * *

"SEC. 3. To carry out the purposes of this Act, there is hereby created the Government Survey and Reorganization Commission, hereinafter known as the 'Commission', which shall conduct a study and investigation of the present organization and methods of operation of all departments, offices, bureaus, agencies, and instrumentalities of the Executive Branch of the Government, and determine what change or changes are necessary to accomplish the objectives set forth in subsection (a) section two of this Act."

* * * *

"SEC. 4. To accomplish the objectives set forth in subsection (a), section two of this Act, the Commission is authorized:

- (1) to group, coordinate or consolidate departments, bureaus, offices, agencies, instrumentalities and functions of government;
- (2) to abolish departments, offices, agencies or functions which may not be necessary for the efficient of the government service, activities and functions;
- (3) to eliminate overlapping and duplications of services, activities and functions of the government;
- (4) to transfer functions, appropriations, equipment, property, records, and personnel, from one department, bureau, office, agency, or instrumentality to another;
- (5) to create, classify, combine, split or abolish positions;
- (6) to standardized salaries, materials and equipment; and
- (7) to do whatever is necessary and desirable to effect economy and promote efficiency in the government; Provided, however, That in the reorganization to be effected by this Act, no office or agency or function of the government shall be made to continue beyond the period authorized by law or beyond the time when it would have terminated if the reorganization had not been made."

A cursory study of these provisions of Republic Act No. 997 will show that nowhere therein is there a grant of authority to the Government Survey and Reorganization Commission to grant powers, duties and functions to offices or entities to be created by it, which are not already granted to the offices or officials of the Department of Labor. Section 4 above quoted authorizes the elimination of overlapping services, activities and functions and the consolidation of agencies or instrumentalities exercising said duties and functions. There is no grant of power to allocate to the bodies and offices to be created or set up functions, powers and duties not then already vested in

the various offices and officials of the Department of Labor. Section 3 limits the powers of reorganization by the Commission to the offices, bureaus and instrumentalities of the Executive Branch of the Government only. So that it was not the intention of Congress, in enacting Republic Act No. 997, to authorize the transfer of powers and jurisdiction granted to the courts of Justice, from these to the officials to be appointed or offices to be created by the Reorganization Plan. Congress is well aware of the provisions of the Constitution that judicial powers are vested "only in the Supreme Court and in such courts-as the law may establish." The Commission was not authorized to create courts of justice, or to take away from these their jurisdiction and transfer said jurisdiction to the officials appointed or offices created under the Reorganization Plan. The Legislature could not have intended to grant such powers to the Reorganization Commission, an executive body, as the Legislature may not and cannot delegate its power to legislate or create courts of justice to any other agency of the Government. (*Chinese Flour Importers' Assoc. vs. Price Stabilization Board*, 89 Phil., 439; *Surigao Consolidated vs. Collector of Internal Revenue*, 94 Phil., 492; 50 Off. Gaz., [3] 1018; *U. S. vs. Shreveport*, 287 U. S. 77, 77 L. Ed. 175 and *Johnson vs. San. Diego*, 42 p. 249, cited in 11 Am. Jur. 921-922.)

It is clear, therefore, that in vesting regional offices with the original and exclusive jurisdiction over money claims, the Commission overstepped the limits of its powers as conferred by Republic Act No. 997, which is merely that of reorganizing the departments, bureaus, and offices of the Executive Branch of the Government.

In consequence, we are constrained to hold and declare that the provision of Reorganization Plan No. 20-A, particularly Section 25, which grants to the regional offices original and exclusive jurisdiction over money claims of laborers, is null and void, said grant having been made without authority by Republic Act No. 997. In all of the cases at bar the respective judges of first instance have reached the same conclusion that we have, as to the invalidity of the grant to the regional offices of exclusive and original jurisdiction over money claims by Section 25 of Reorganization Plan No. 20-A. But in G. R. No. L-13940, although the same conclusion was arrived at by the judge below, he added that since said invalidity was not raised before the Labor Standards Commission, to which body decisions of the regional office are to be appealed, the said legal question may not be raised before it in the action to enjoin the decision of the regional office. This ruling is incorrect; the judgment of any court or body having no jurisdiction can be attacked at any time and in any court. Objection to the validity is not waived by failure to raise it in the court or body which had no jurisdiction. So the judge below should have granted the petition for injunction.

Wherefore, judgment is hereby rendered in G. R. No. L-14837, granting the petition for certiorari, declaring the decision rendered by the Labor Standards Commission modifying that of Regional Office No. 3, null and void, and enjoining the sheriff from enforcing the same; in G. R. No. L-15483, affirming the decision of the Court of First Instance of Manila, and declaring the decision of Regional Office No. 3 as null and void; in G. R. No. L-13940, setting aside the decision of Regional Office No. 3, in favor of Diego Carlum, and the order of the Court of First Instance dismissing the action to annul said decision; and in G. R. No. L-15015, affirming the decision of the Court of First Instance of Manila; declaring that Regional Office No. 3 had no authority to take cognizance of the claims of Fabian Cañete. No findings as to costs.

Bengzon, C.J., Padilla, Concepcion, Reyes, J.B.L., Barrera, Paredes, Dizon, De Leon, and Natividad, JJ., concur.

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