

BILL MILLER, PETITIONER AND APPELLEE, VS. ATANACIO A. MARDO AND MANUEL GONZALES, RESPONDENTS AND APPELLANTS.*G.R. No. 15138. July 31, 1961*

Ponente: BARRERA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-15138/>**BARRERA, J.:**

These appeals, although originating from different Courts of First Instance, are here treated together in this single decision because they present but one identical question of law, namely, the validity of Reorganization Plan No. 20-A, prepared and submitted by the Government Survey and Reorganization Commission under the authority of Republic Act No. 997, as amended by Republic Act No. 1241, insofar as it confers jurisdiction to the Regional Offices of the Department of Labor created in said Plan to decide claims of laborers for wages, overtime and separation pay, etc.

In G. R. No. L-15138, Manuel Gonzales filed with Regional Office No. 3 of the Department of Labor, in Manila, a complaint (IS-1148) against Bill Miller (owner and manager of Miller Motors) claiming to be a driver of Miller from December 1, 1956 to October 31, 1957, on which latter date he was allegedly arbitrarily dismissed, without being paid separation pay. He prayed for judgment for the amount due him as separation pay plus damages. Upon receipt of said complaint, Chief Hearing Officer Atanacio Mardo of Regional Office No. 3 of the Department of Labor required Miller to file an answer. Whereupon, Miller filed with the Court of First Instance of Baguio a petition (Civil Case No. 759) praying for judgment prohibiting the Hearing Officer from proceeding with the case, for the reason that said Hearing Officer had no jurisdiction to hear and decide the subject matter of the complaint. The court then required the Hearing Officer and Gonzales to answer and, as prayed for, issued a writ of preliminary injunction. The latter filed their separate motions to dismiss the petition, on the ground of lack of jurisdiction, improper venue, and non-exhaustion of administrative remedies, it being argued that pursuant to Republic Acts Nos. 997 and 1241, as implemented by Executive Order No. 218, series of 1956 and Reorganization Plan No. 20-A, regional offices of the Department of Labor have exclusive and original jurisdiction over all cases affecting money claims arising from violations of labor standards or working conditions. Said motions to dismiss were denied by the court. Answers were then filed and the case was heard. Thereafter, the court rendered a decision holding that Republic Acts No. 997 and 1241, as well as Executive Order No. 218, series of 1956 and Reorganization Plan No. 20-A issued pursuant thereto, did not repeal the provision of the Judiciary Act conferring on courts of first instance original jurisdiction to take cognizance of money claims arising from violations of labor standards. The question of venue was also dismissed for being moot, the same having been already raised and decided in a petition for certiorari and prohibition previously filed with this Court in G. R. No. L-14007 Mardo, etc. vs. De Veyra, etc.) which was dismissed for lack of merit in our resolution of July 7, 1958. From the decision of the Court of First Instance of Baguio, respondents Hearing Officer and Gonzales interposed the present appeal now before us.

In G. R. No. L-16781, Cresencio Estaño filed with Regional Office No. 3 of the Department of Labor, a complaint (RO 3 Ls. Case No. 874) against Chin Hua Trading Co. and/or Lao Kang Suy and Ke Bon Chiong, as Manager

and Assistant Manager thereof, respectively, claiming to have been their driver from June 17, 1947 to June 4, 1955, for which service he was not paid overtime pay (for work in excess of 8 hours and for Sundays and legal holidays) and vacation leave pay. He prayed for judgment for the amount due him, plus attorney's fees. Chin Hua Trading, et al. filed their answer and, issues having been joined, hearing thereof was started before Chief Hearing Officer Atanacio Mardo and Hearing Officer Jorge Benedicto. Before trial of the case could be terminated, however, Chin Hua Trading, et al., filed with the Court of First Instance of Manila a petition for prohibition with preliminary injunction (Civil Case No. 36826), to restrain the hearing officers from proceeding with the disposition of the case, on the ground that they have no jurisdiction to entertain the same, as Reorganization Plan No. 20-A and Executive Order No. 218, series of 1956, in relation to Republic Act No. 997, as amended by Republic Act No. 1241, empowering them to adjudicate the complaint, is invalid or unconstitutional. As prayed for, a preliminary injunction was issued by the court. After due hearing, the court rendered a decision holding that Reorganization Plan No. 20-A is null and void and, therefore, granted the writ of prohibition making permanent the preliminary injunction previously issued. From this decision, the claimant and the hearing officers appealed to the Court of Appeals, which certified the case to us, as it involves only questions of law.

In G. R. No. L-15377 appellant Numeriana Raganas filed with the Court of First Instance of Cebu a complaint (Civil Case No. R-5535) against appellees Sen Bee Trading Company, Macario Tan and Sergio Tan, claiming that she was employed by appellees as a seamstress from June 5, 1952 to January 11, 1958, for which service she was underpaid and was not given overtime, as well as vacation and sick leave pay. She prayed for judgment on the amount due her for the same, plus damages. To said complaint, appellees filed a motion to dismiss, on the ground that the trial court has no jurisdiction to hear the case as it involves a money claim and should, under Reorganization Plan No. 20-A be filed with the Regional Office of the Department of Labor; and there is pending before the regional office of the Department of Labor, a claim for separation, vacation, sick and maternity leave pay filed by the same plaintiff (appellant) against the same defendants (appellees). Acting on said motion, the court dismissed the case, relying on the provision of Sec. 25, Article VI of Reorganization Plan No. 20-A and on our resolution in the case of NASSCO vs. Arca, et al., (G. R. No. L-12449, May 6, 1957). From this order, appellant Raganas appealed to the Court of Appeals, but said court certified the case to us.

In G. R. No. L-16660, Vicente B. Romero filed with Regional Officer No. 2 of the Department of Labor a complaint (Wage Case No. 196-W) against Sia Seng, for recovery of alleged unpaid wages, overtime and separation pay. Sia Seng filed an answer. At the date set for hearing, the latter did not appear despite due notice to him and counsel. Upon his petition, Romero was allowed to present his evidence. Thereafter, a decision was rendered by the Hearing Officer in favor of Romero. Upon the latter's motion for execution, the records of the case were referred to Regional Labor Administrator Angel Hernando for issuance of said writ of execution, he being the officer charged with the duty of issuing the same. Hernando, believing that Sia Seng should be given a chance to present his evidence, refused to issue the writ of execution and ordered a re-hearing. As a consequence, Romero filed with the Court of First Instance of Isabela a petition for mandamus (Case No. Br. II-35) praying that an order be issued commanding respondent Regional Labor-Administrator to immediately issue a writ of execution of the decision in Wage Case No. 196-W. To this petition, respondent Regional Labor Administrator filed a motion to dismiss, on the ground that it states no cause of action, but action thereon was deferred until the case is decided on the merits. Sia Seng filed his answer questioning the validity of the rules and regulations issued under the authority of Reorganization Plan No. 20-A. After hearing, the court rendered a decision ordering, inter alia, respondent Regional Labor Administrator to forthwith issue the corresponding writ of execution, as enjoined by Section 48, of the Rules and Regulations No. 1 of the Labor Standards Commission. From this decision of the Court of First Instance, Sia Seng and Regional Labor Administrator Hernando appealed to us. Appellant Sia Seng urges in his appeal that the trial court erred in not dismissing the petition, in spite of the fact that the decision

sought to be enforced by appellee Romero was rendered by a hearing officer who had no authority to render the same, and in failing to hold that Reorganization Plan No. 20-A was not validly passed as a statute and is unconstitutional.

In G. R. No. L-17056, Mariano Pabillare instituted in Regional Office No. 3 of the Department of Labor a complaint (IS-2168) against petitioner Fred Wilson & Co., Inc., alleging that petitioner engaged his services as Chief Mechanic, Air Conditioning Department, from October 1947 to February 19, 1959, when he was summarily dismissed without cause and without sufficient notice and separation pay. He also claimed that during his employment he was not paid for overtime rendered by him. He prayed for judgment for the amount due him for such overtime and separation pay. Petitioner moved to dismiss the complaint, on the ground that said regional office "being purely an administrative body, has no power, authority, nor jurisdiction to adjudicate the claim sought to be recovered in the action." Said motion to dismiss having been denied by respondent Hearing Officer Meliton Parducho, petitioner Fred Wilson & Co., Inc. filed with the Court of First Instance of Manila a petition for certiorari and prohibition, with preliminary injunction (Civil Case No. 41954) to restrain respondent hearing officer from proceeding with the case, and praying, among others, that Reorganization Plan No. 20-A, insofar as it vests original and exclusive jurisdiction over money claims (to the exclusion of regular courts of justice) on the Labor Standards Commission or the Regional Offices of the Department of Labor, be declared null and void and unconstitutional. As prayed for, the court granted a writ of preliminary injunction. Respondents Hearing Officer and Pabillare filed answer and the case was heard. After hearing, the court rendered a decision declaring that "by the force of Section 6 of R. A. No. 997, as amended by R. A. 1241, Plan No. 20-A was deemed approved by Congress when it adjourned its session in 1956' (Res. of May 6, 1957 in National Shipyards Steel Corporation vs. Vicente Arca, G. R. No. L-12249.) It follows that the questioned reorganization Plan No. 20-A is valid."

Petitioner Fred Wilson & Co., Inc. appealed directly to us from this decision.

The specific legal provision invoked for the authority of the regional offices to take cognizance of the subject matter involved in these cases is paragraph 25 of Article VI of Reorganization Plan No. 20-A, which is hereunder quoted:

"25. Each regional office shall have original and exclusive jurisdiction over all cases falling under the Workmen's Compensation law, and 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 and laborers; and unpaid wages, overtime, separation pay, vacation pay and payment for medical services of domestic help."

Under this provision, the regional offices have been given original and exclusive jurisdiction over

- (a) all cases falling under the Workmen's Compensation law;
- (b) all cases affecting money claims arising from violations of labor standards on working conditions, unpaid wages, underpayment, overtime, separation pay and maternity leave of employees and laborers; and
- (c) all cases for unpaid wages, overtime, separation pay, vacation pay and payment for medical services of domestic help.

Before the effectivity of Reorganization Plan No. 20-A, however, the Department of Labor, except the Workmen's Compensation Commission with respect to claims for compensation under the Workmen's Compensation law, had no compulsory power to settle cases under (b) and (c) above, the only authority it had being to mediate merely or arbitrate when the parties so agree in writing. In case of refusal by a party to submit to such settlement, the remedy is to file a complaint in the proper court.[1]

It is evident, therefore, that the jurisdiction to take cognizance of cases affecting money claims such as those sought to be enforced in these proceedings, is a new conferment of power to the Department of Labor not theretofore exercised by it. The question thus presented by these cases is whether this is valid under our Constitution and applicable statutes.

It is true that the Republic Act No. 1241, amending Section 4 of Republic Act 997, which created the Government Survey and Reorganization Commission, the latter was empowered—

"(2) To abolish departments, offices, agencies, or functions which may not be necessary, or create those which may be necessary for the efficient conduct of the government service, activities, and functions." (Emphasis supplied.)

But these "functions", which could thus be created obviously refer merely to administrative, not judicial functions. For the Government Survey and Reorganization Commission was created to carry out the reorganization of the Executive Branch of the National Government (See Section 3 of the R. A. No. 997, as amended by R. A. No. 1241), which plainly did not include the creation of courts. And the Constitution expressly provides that "the Judicial power shall be vested in one Supreme Court and in such inferior courts as may be established by law." (Sec. 1, Art. VIII of the Constitution). Thus, judicial power rests exclusively in the judiciary. It may be conceded that the legislature may confer on administrative boards or bodies quasi-judicial powers involving the exercise of judgment and discretion, as incident to the performance of administrative functions.[2] But in so doing, the legislature must state its intention in express terms that would leave no doubt, as even such quasi-judicial prerogatives must be limited, if they are to be valid, only to those incidental to or in connection with the performance of administrative duties, which do not amount to conferment of jurisdiction over a matter exclusively vested in the courts.[3]

If a statute itself actually passed by the Congress must be clear in its terms when clothing administrative bodies with quasi-judicial functions, then certainly such conferment can not be implied from a mere grant of power to a body such as the Government Survey and Reorganization Commission to create "functions" in connection with the reorganization of the Executive Branch of the Government.

And so we held in *Corominas, et al. vs. Labor Standards Commission, et al.* (and companion cases, *supra*, p. 551.);

"* * * 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' Ass. 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.) (Italics supplied.)

But it is urged, in one of the cases, that the defect in the conferment of judicial or quasi-judicial functions to the Regional Offices, emanating from the lack of authority of the Reorganization Commission, has been cured by the non-disapproval of Reorganization Plan No. 20-A by Congress under the provisions of Section 6 (a) of Republic Act No. 997, as amended. It is, in effect, argued that Reorganization Plan No. 20-A is not merely the creation of

the Reorganization Commission, exercising its delegated powers, but is in fact an act of Congress itself, a regular statute directly and duly passed by Congress in the exercise of its legislative powers in the mode provided in the enabling act.

The pertinent provision of Republic Act No. 997, as amended, invoked in favor of this argument reads as follows:

"SEC. 6. (a) The provisions of the reorganization plan or plans submitted by the President during the Second Session of the Third Congress shall be deemed approved after the adjournment of the said session, and those of the plan or plans or modifications of any plan or plans to be submitted after the adjournment of the Second Session, shall be deemed approved after the expiration of the seventy session days of the Congress following the date on which the plan is transmitted to it, unless between the date of transmittal and the expiration of such period, either House by simple resolution disapproves the reorganization plan or any modification thereof. The said plan of reorganization or any modification thereof may, likewise, be approved by Congress in a concurrent Resolution within such period."

It is an established fact that the Reorganization Commission submitted Reorganization Plan No. 20-A to the President who, in turn, transmitted the same to Congress on February 14, 1956. Congress adjourned its sessions without passing a resolution disapproving or adopting the said reorganization plan. It is now contended that, independent of the matter of delegation of legislative authority (discussed earlier in this opinion), said plan, nevertheless, became a law by non-action on the part of Congress, pursuant to the above-quoted provision.

Such a procedure of enactment of law by legislative inaction is not countenanced in this jurisdiction. By specific provision of the Constitution—

"No bill shall be passed or become a law unless it shall have been printed and copies thereof in its final form furnished the Members at least three calendar days prior to its passage by the National Assembly (Congress), except when the President shall have certified to the necessity of its immediate enactment. Upon the last reading of a bill no amendment thereof shall be allowed, and the question upon its final passage shall be taken immediately thereafter, and the yeas and nays entered on the Journal." (Sec. [21-2], Art. VI).

"Every bill passed by the Congress shall, before it becomes a law, be presented to the President. If he approves the same, he shall sign it, but if not, he shall return it with his objections to the House where it originated which shall enter the objections at large on its Journal and proceed to reconsider it. If, after such reconsideration, two-thirds of all the Members of such House shall agree to pass the bill, it shall be sent, together with the objections, to the other House by which it shall likewise be reconsidered, and if approved by two-thirds of all the members of that House, it shall become a law. In all such cases, the votes of each House shall be determined by yeas and nays, and the names of the Members voting for and against shall be entered on its journal. If any bill shall not be returned by the President as herein provided within twenty days (Sundays excepted) after it shall have been presented to him, the same shall become a law in like manner as if he has signed it, unless the Congress by adjournment prevent its return, in which case it shall become a law Unless vetoed by the President within thirty days after adjournment." (Sec 20 [1], Art. VI of the Constitution).

A comparison between the procedure of enactment provided in Section 6 (a) of the Reorganization Act and that prescribed by the Constitution will show that the former is in distinct contrast to the latter. Under the first, consent or approval is to be manifested by silence or adjournment or by "concurrent resolution". In either case, the contemplated procedure violates the constitutional provisions requiring positive and separate action by each House of Congress. It is contrary to the "settled and well-understood parliamentary law (which requires that the two houses are to hold separate sessions for their deliberations, and the determination of the one upon a proposed law is to be submitted to the separate determination of the other." (Cooley, Constitutional Limitations, 7th ed., p. 187).

Furthermore, Section 6 (a) of the Act would dispense with the "passage" of any measure, as that word is commonly used and understood, and with the requirement of presentation to the President. In a sense, the section if given the effect suggested in counsel's argument, would be a reversal of the democratic processes required by the Constitution, for under it, the President would propose the legislative action by submitting the plan, rather than approve or disapprove the action taken by Congress. Such a procedure would constitute a very dangerous precedent opening the way, if Congress is so disposed, because of weakness or indifference, to eventual abdication of its legislative prerogatives to the Executive who, under our Constitution, is already one of the strongest among constitutional heads of state. To sanction such a procedure will be to strike at the very root of the tri-departmental scheme of our democracy.

Even in the United States in whose Federal Constitution there is no counterpart, to the specific method of passing laws prescribed in Section 21 [2] of our Constitution) and in England (under whose parliamentary system the Prime Minister, real head of the Government, is a member of Parliament), the procedure outlined in Section 6 (a) hereinbefore quoted, is but a technique adopted in the delegation of the rule-making power, to preserve the control of the legislature and its share in the responsibility for the adoption of proposed regulations.[4] The procedure has never been intended or utilized or interpreted as another mode of passing or enacting any law or measure by the legislature, as seems to be the impression expressed in one of these cases.

On the basis of the foregoing considerations, we hold and declare that Reorganization Plan No. 20-A, insofar as it confers judicial power to the Regional Offices over cases other than those falling under the Workmen's Compensation Law, is invalid and of no effect.

This ruling does not affect the resolution of this Court in the case of National Steel & Shipyards Corporation vs. Arca, et al., G. R. No. L-12249, dated May 6, 1957, considering that the said case refers to a claim before the Workmen's Compensation Commission, which exercised quasi-judicial powers even before the reorganization of the Department of Labor.

Wherefore

- (a) The decision of the Court of First Instance of Baguio involved in case G. R. No. L-15138 is hereby affirmed, without costs;
- (b) The decision of the Court of First Instance of Manila questioned in case G. R. No. L-16781 is hereby affirmed, without costs;
- (c) The order of dismissal issued by the Court of First Instance of Cebu appealed from in case G. R. No. L-15377 is set aside and the case remanded to the court of origin for further proceedings, without costs;
- (d) In case G. R. No. L-16660, the decision of the Court of First Instance of Isabela, directing the Regional Labor Administrator to issue a writ of execution of the order of the Regional Office No. 2, is hereby reversed, without costs; and
- (e) In case G. R. No. L-17056, the decision rendered after hearing by the Court of First Instance of Manila, dismissing the complaint for annulment of the proceedings before the Regional Office No. 3, is hereby reversed and the preliminary injunction at first issued by the trial court is revived and made permanent, without costs. So ordered.

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

[1] Potente vs. Saulog, 105 Phil., 525; Figueroa vs. Saulog, 105 Phil., 1012, Santos vs. Caparas, 105 Phil., 992; La

Union Labor Union vs. Philippine Tobacco Flue-Curing and Redrying Corporation, G. R. No. L-14087, June 30, 1960.

[2] CJS 866.

[3] Zurich General Accidental & Liability Ins. vs. Industrial Accident Commission, 218 P. 563, 191 Cal. 770.

[4] Landis, the Administrative Process (1938) p. 76, et seq.

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.