

KAPISANANG MANGGAGAWANG PINAGYAKAP, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION AND FRANKLIN BAKER COMPANY OF THE PHILIPPINES, RESPONDENTS.

G.R. No. 60328. July 16, 1987

Ponente: TEEHANKEE, C.J.

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TEEHANKEE, C.J.

The Court grants the petition and, as prayed for also by the Office of the Solicitor General, sets aside the questioned decision of the labor arbiter, which ruled (contrary to the controlling Philippine Apparel Workers Union case[1]) that the negotiated daily wage increase of P1.33 granted and embodied in the parties' collective bargaining agreement of March 7, 1977, retroactive to January 1, 1977, could be credited to and deducted from the P60.00 monthly or P2.00 daily living allowance required by P.D. 1123 (issued on April 21, 1977, to take effect on May 1, 1977), which in effect nullified the hardearned P1.33 daily wage increase negotiated and obtained by petitioners--workers in their collective bargaining agreement. The resolution of respondent commission peremptorily dismissing petitioner's meritorious timely appeal on the mere procedural technicality that it did not furnish the adverse party with a copy of its memorandum of appeal is likewise set aside.

The labor arbiter in rendering the questioned decision relied primarily on Section 1 (k) of the Labor Department's rules and regulations implementing Presidential Decree No. 1123, which provides:

"Section 1. Coverage. — These rules shall apply to all employees except the following:

x x x x x x x x

(k) Those that have granted, in addition to the allowance under P.D. 525, at least 1160.00 monthly wage increase on or after January 1, 1977 provided that those who paid less than this amount shall pay the difference."

This exemption paragraph (k) was, however, declared void by this Court in Philippine Apparel Workers Union vs. National Labor Relations Commission,[2] ruling that:

"x x x, it must be pointed out that the Secretary of Labor has exceeded his authority when he included paragraph (k) in Section 1 of the Rules Implementing P.D. 1123.

"Section 1 of said decree spells out the scope of its benefits, as follows:'Section 1. In the Private Sector. — In the private sector, an across-the-board increase of sixty pesos (P60.00) in emergency allowance as provided in P.D. 525 shall be paid by all employers to their employees effective 1 May 1977. Accordingly, the monthly emergency allowance under P.D. 525 is hereby amended as follows:'a) For workers being paid P50.00 — P110

'b) For workers being paid P30.00 — P90

'c) For workers being paid P15.00 — P75.'

To implement the same, the then Secretary of Labor was authorized in Section 4 of the same decree to issue

appropriate rules and regulations. Such authority is quoted hereunder:

'Section 4. The Secretary of Labor and the Commissioner of the Budget shall issue appropriate rules and regulations to implement this Decree for their respective sectors. Under such rules and regulations, distressed employers whether public or private may be exempted while in such condition in the interest of development and employment.'

"By virtue of such rule-making authority, the Secretary of Labor issued on May 1, 1977 a set of rules which exempts not only distressed employers (see paragraph 1, Section 1, as well as Sections 6, 7, 8 and 9 of said rules) but also 'those who have granted in addition to the allowance under P.D. 525, at least P60.00 monthly wage increase on or after January 1, 1977, provided that those who paid less than this amount shall pay the difference (see paragraph k of said rules).'

"Clearly, the inclusion of paragraph k contravenes the statutory authority granted to the Secretary of Labor, and the same is therefore void, as ruled by this Court in a long line of cases, x x x."

The labor arbiter thus totally ignored petitioner's logical plea "that the said deduction is contrary to the spirit and intent of P.D. 1123 which is to protect the wages against inflation; that the workers belong to the lowest income group; that what the workers obtained through a CBA should be protected and not be deducted from the decreed additional P60.00 monthly (or P2.00 daily) living allowance."

The questioned decision was appealed by petitioner to respondent commission which summarily dismissed the appeal on the ground that the adverse party was not furnished with a copy of its memorandum of appeal.

The secondary issue of whether or not the failure of appellant to serve a copy of his memorandum of appeal upon the appellee would warrant the dismissal of a meritorious appeal has been squarely raised and resolved by this Court in the case of *Estrada vs. National Labor Relations Commission*.^[3] The Court therein ruled that the commission's dismissal of the employee's appeal, on a motion for reconsideration (whereby it set aside its original decision on appeal in favor of the employee on the mere ground of his failure to furnish employer-employee with a copy of his memorandum of appeal), was based on mere procedural technicality and not a jurisdictional defect, as follows:

"Considering that there is no basis for the dismissal of petitioner, it would be inconsistent with the requirement of social justice to terminate his employment on mere grounds of technicality.

x x x x x x x x

Neither can private respondent validly complain that it has been denied its right to due process by having been allegedly deprived of the opportunity to answer petitioner's appeal on account of the latter's failure to furnish the former with a copy of his memorandum of appeal. Since the entire record of the case on appeal is open for review by the NLRC, the absence of an answer or opposition to the appeal would not really have a significant bearing on the adjudication of the case, as would otherwise perhaps constitute a denial of private respondent's right to due process. Besides, private respondent had already the opportunity to answer petitioner's appeal when he filed a motion for reconsideration of the earlier decision of the NLRC. Significantly, however, said respondent never touched on the merits of the case in his aforementioned motion for reconsideration. Instead, it relied solely on technicality to oppose petitioner's appeal which thereby reasonably creates the impression that its case is weak as in fact it is."

Moreover, the dismissal of petitioner's appeal on a purely technical ground is inconsistent with the constitutional mandate on protection to labor. Where the rules are applied to labor cases, the interpretation must proceed in accordance with the liberal spirit of the labor laws. Indeed, the Court has stressed that "where a decision may be made to rest on informed judgment rather than rigid rules, all the equities of the case must be accorded their due

weight x x x labor determinations x x x should be not only secundum rationem but also secundum caritatem." [4]

It certainly would work against reason and compassion to hold that the hard-earned P1.33 daily wage increase finally negotiated and secured by petitioners-workers in the collective bargaining agreement of March 7, 1977 was meant to be wiped out by the later issuance of P.D. 1123 on April 21, 1977 recognizing the need to grant the workers a P2.00 daily cost of living allowance (ECOLA).

What I had written in my separate opinion in the Philippine Apparel case is fully applicable here; *mutatis mutandis*: "Reason and experience rebel against the contrary assertion. If after all, the negotiated wage increases in such a 'munificent' total of P.49.50 for the third year of the CBA (and for a total of only P35.75/month for the 2nd year of the CBA) were to be charged against the P60. — ECOLA increase, the long negotiations for the staggered wage increases for the three-year duration of the CBA would be of no use or meaning, for the workers were already receiving the total P60. — increase from May 1, 1977, without need of the CBA." [5]

In fine, to sustain respondent employer's claim that the negotiated wage increase should be credited against and deducted from the decreed cost of living allowance would be to nullify the wage increase granted and enjoyed by the workers under the collective bargaining agreement. P.D. 1123 did not authorize such a credit and deduction. Aside from the clear intent of the decree, that the living allowance decreed therein is over and above any wage increase contracted and agreed by the parties, it is quite clear that any regulation in plain contravention of the decree must fail, as held in the Philippine Apparel case.

It need only be pointed out that the Philippine Apparel declaration of nullity of the Labor Secretary's questioned exemption regulation is controlling in the case at bar. The Court reaffirmed the same in *American Wire & Cable Workers Union (TUPAS) vs. National Labor Relations Commission* [6] and in *Insular Bank of Asia and America Employees Union (IBAAEU) vs. Inciong*. [7] The Court reiterated in the first cited case that: "Paragraph (k) of the Rules Implementing P.D. 1123 being void, petitioner's claim must be granted as private respondent would no longer have any basis for exemption." The Court stressed in 'the second cited case, invoking the Philippine Apparel case ruling, that "It is elementary in the rules of statutory construction that when the language of the law is clear and unequivocal the law must be taken to mean exactly what it says. x x x. All doubts in the implementation and interpretation of the provisions of this Code, including its implementing rules and regulations, shall be resolved in favor of labor."

ACCORDINGLY, the labor arbiter's questioned decision and respondent commission's questioned resolution dismissing the appeal are hereby set aside and private respondent is hereby ordered to comply fully with the obligation imposed upon it by P.D. 1123 and pay to all its workers the living allowance therein provided separately and distinctly from the wage increase agreed by it and embodied in the collective bargaining agreement of March 7, 1977. This decision is IMMEDIATELY EXECUTORY.

Narvasa, Cruz, Paras, and Gancayco, JJ., concur.

[1] *Phil. Apparel Workers Union vs. NLRC and Philippine Apparel, Inc.*, 106 SCRA 444.

[2] *Idem*; italics supplied.

[3] 112 SCRA 688.

[4] *Meracap vs. International Ceramics Mfg. Co., Inc.*, 92 SCRA 412, 417.

[5] 106 SCRA at page 468.

[6] 130 SCRA 219.

[7] 132 SCRA 663.

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