

HALILI INN, INCORPORATED, PETITIONER, VS. CRESENCIANO B. TRAJANO, IN HIS CAPACITY AS UNDER-SECRETARY OF LABOR; RAFAEL MARCELLANA, DIOSDADO QUINQUITO, NILO LOBRIDO, SONITA MORIN ...

G.R. No. 98318. May 18, 1993

Ponente: NOCON, J.

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NOCON, J.:

The present petition for certiorari involves cases filed simultaneously with the Bureau of Labor Relations and the Labor Arbiter, wherein the petitioner questions whether the Regional Director has jurisdiction over money claims of workers concurrent with the Labor Arbiter.

Private respondents, Rafael Marcellana, Diosdado Quinquito, Nilo Lobrido, Sonita Morin and Nena Panganiban were roomboys and laundry women, respectively, of petitioner Halili Inn, Inc.

Pursuant to Inspection Authority No. BDO-89-062, the Labor Standard Enforcement Division of the Department of Labor conducted a routine inspection of petitioner's establishment on August 9, 1989. As a result of the inspection, it was discovered that petitioner committed the following violations:

"A. LABOR STANDARDS:

1. Under payment of daily pay of all workers;
2. Under payment of 13th month pay;
3. Non-payment of overtime pay;
4. Non-payment of rest day, premium pay; and
5. Some workers are not included in the payroll.

"B. OCCUPATIONAL SAFETY AND HEALTH STANDARDS:

1. Failure to register establishment with this Department"[1]

While the examination of the record was in progress, private respondents filed a complaint against petitioner, with the Regional Arbitration Branch No. IV, National Labor Relations Commission (NLRC) docketed as RAB Case No. 06-09-10369-89, dated September 15, 1989, for unfair labor practice, overtime pay, holiday pay/rest day, violation of the 13th month pay, violation of wage law, service incentive pay, leave pay, separation pay and for illegal dismissal.

Thereafter, petitioner likewise filed a complaint dated September 21, 1989 against private respondents for abandonment before the same Regional Arbitration Branch docketed as RAB Case No. 06-09-10378-89. This case was, subsequently consolidated with RAB Case No. 06-09-10369-89, before Labor Arbiter Ricardo Jureta,

pursuant to Rule V, Section 4 of the Revised NLRC Rules.

In the course of the conferences held before the Labor Arbiter it was established that the private respondents had an outstanding loan obligation with the Social Security System, Bacolod City, as follows:

1. Rafael Marcella

.....

P 4,000.00

2. Diosdado Quinquito

.....

5,000.00

3. Nilo Lobrido

.....

4,000.00

TOTAL

P13,000.00

Finally, on December 6, 1989, the parties, "engendered by the spirit of Christmas," agreed on an amicable settlement. Petitioner agreed to pay private respondents the following amounts:[2]

1. Rafael Marcellana

.....

P 3,000.00

2. Nilo Lobrido

.....

3,000.00

3. Diosdado Quinquito

.....

2,000.00

4. Sonita Morin

.....

3,000.00

5. Nena Panganiban

.....

3,000.00

TOTAL

P 14,000.00

In addition thereto, petitioner agreed to assume the loan obligations of private respondents with the Social Security System[3] and likewise paid the attorney's fees of private respondents' counsel, Atty. Abenir Chavez, in the amount of P2,000.00.

Notwithstanding the amicable settlement between the parties, Regional Director Carlos L. Boteros issued an Order dated February 20, 1990[4] in the Routine Inspection case (Inspection Authority No. BDO-89-062), ordering petitioner to pay respondents FIFTY THREE THOUSAND NINE HUNDRED NINETY EIGHT PESOS AND 36/100(P53,998.36), broken down as follows:

1. Rafael Marcellana

.....

P 13,109.89

2. Diosdado Quinquito

.....

12,734.41

3. Nilo Lobrido

.....

12,712.18

4. Sonita Morin

.....

7,720.94

5. Nena Panganiban

.....

7,720.94

TOTAL

P 53,998.36

On March 27, 1990, private respondents filed a Motion for a Writ of Execution of the above Order with the Regional Director of Regional Office No. VI, Iloilo City, which motion was granted and the writ issued on April 3, 1990.[5] In the Sheriff's Return of Service, it was found that the parties had amicably settled their cases resulting in the dismissal of RAB Case No. 06-09--10378-89 and RAB Case No. 06-09-10369-89, which involved identical claims and the same parties as in the routine inspection case. He thereby recommends that the routine inspection case be considered closed and terminated.[6]

Hence, in an order dated April 24, 1990, the Regional Director, relying on the Sheriff's Return that the Writ was satisfied issued the following Order, to wit:

"On 20 February 1990, an Order was issued by this Office in favor of the five (5) workers of subject-establishment operating under the name or style Halili Inn Hotel by virtue of a routine inspection conducted therein on 9 August 1989.

No appeal having been perfected within the reglementary period, a Writ of Execution was issued upon motion of complainants, thru counsel. In the course of the service of said Writ, the assigned Sheriff was informed that the case had been settled amicably before the NLRC where other cases between the same parties and same causes of action were filed, and docketed as RAB Cases Nos. 06-09-10369-89 and 06-09-10378-89. Consequent thereto, the NLRC, Bacolod City, dismissed the said cases in its Order dated 28 December 1989.

Pertinent portion of the said amicable settlement showed:

'RECEIVED from Ramon Halili of Halili Inn, Bacolod City, the corresponding amount opposite their names, to wit:

1. Rafael Marcellana

P 3,000.00

2. Nilo Lobrido

3,000.00

3. Diosdado Quinquito

2,000.00

4. Sonita Morin

3,000.00

5. Nena Panganiban

3,000.00

as full payment of all benefits claimed by us as specifically stated in our complaint entitled 'Rafael Marcellana et al. vs. Halili Inn/Ramon Halili' and docketed as RAB VI Case No. 06-09-10369-89 relative to our employment with Halili Inn under Ramon Halili.

Done this 6th day of December 1989, Bacolod City.'

In view of all the foregoing, the assigned Sheriff returned the Writ 'Satisfied.'

WHEREFORE, premises considered, let this case be as it is hereby, ordered closed and terminated from the calendar of cases of this Office.

SO ORDERED."[7]

Private respondents moved for a reconsideration of the aforementioned Order, which was treated in the nature of an appeal and indorsed to the Office of the Secretary of Labor.[8]

Finding merit in the motion, the Order of April 24, 1990 was set aside in the Order of October 16, 1990 by Undersecretary Cresenciano B. Trajano, the dispositive portion of which We quote:

"WHEREFORE, the Order dated April 24, 1990, is hereby SET ASIDE and the Order dated February 20, 1990 is hereby REINSTATED with the modification that the Three Thousand Pesos (P3,000.00) received each by the complainants in the National Labor Relations Commission be deducted from their respective individual monetary award." (Rollo, p. 31)

The Order of October 16, 1990, however, was subsequently modified the Order of April 1, 1991 upon petitioner's motion for reconsideration in that the amount assumed by petitioner for the calamity loans of respondents were deducted from their individual awards.[9]

Petitioner claims that it was its understanding that the amicable settlement forged between Halili Inn, Inc. and private respondents included the Routine Inspection Authority No. BDO-89-062 and for that reason it did not bother to question the Order dated February 20, 1990 of the Regional Director. Petitioner in taking exception to its failure to institute an appeal despite ample opportunities afforded to it, explains:

"We take note further, of the Comment of the Honorable Solicitor General that petitioner did not question the report and recommendation of the Labor Officer of the Regional Director's Office. We beg to disagree, the truth being that on August 15, 1989, petitioner with respondent and counsels were present when petitioner questions (sic) the finding and contest the Routine Inspection, however, we were persuaded to defer the said action, considering that petitioner was likewise negotiating for the amicable settlement of the same.

"It is obvious that petitioner could have availed of the opportunity to appeal the findings of the Regional Director's decision before the Secretary of Labor were it not for the gentlemen's agreement of the parties and counsels that they are not interested in pursuing the case, since negotiations before the National Labor Relations Commission are going on and conclusion of an amicable settlement is only a matter of time. Unfortunately, after the amicable settlement, petitioner's counsel taking his word for it, did not bother to file pleadings before the Regional Director.[10]

The issue then in the present case is whether the Orders dated October 16, 1990 and April 1, 1991 of Undersecretary Trajano, reinstating and modifying the order of February 20, 1990 of the Regional Director are valid, considering that they awarded amounts in excess of P5,000.00 for each employee. There are three (3) pertinent provisions of the Labor Code which address this issue, to wit: Article 128 on the visitorial and enforcement power of the Secretary of Labor; Article 129 on Recovery of wages, simple money claims and other benefits; and Article 217 on the Jurisdiction of the Labor Arbiters, and the Commission.[11]

The leading case on the question of the extent of the jurisdiction of the Regional Director of the Department of Labor and the Labor Arbiter in connection with the money claims of employee, is the case of *Servando's, Inc. v. Secretary of Labor and Employment*,[12] wherein We discussed the interplay of the foregoing provisions. We said:

"A careful consideration of the above-quoted provisions of the Labor Code leads the Court to reiterate its ruling that the exclusive jurisdiction to hear and decide employees' claims arising from employer-employee relations, exceeding the aggregate amount of P5,000.00 for each employee is vested in the Labor Arbiter (Article 217 (a)(6)). This exclusive jurisdiction of the Labor Arbiter is confirmed by the provisions of Article 129 which excludes from the jurisdiction of the Regional Director or any hearing officer of the Department of Labor the power to hear and decide claims of employees arising from employer-employee relations exceeding the amount of P5,000.00 for each employee.

"To construe the visitorial power of the Secretary of Labor to order and enforce compliance with labor laws as including the power to hear and decide cases involving employees' claims for wages, arising from employer-employee relations, even if the amount of said claims exceed P5,000.00 for each employee, would, in our considered opinion, emasculate and render meaningless, if not useless, the provisions of Article 217 (a)(6) and Article 129 of the Labor Code which, as above-pointed out, confer exclusive jurisdiction on the

Labor Arbiter to hear and decide such employees' claims (exceeding P5,000.00 for each employee). To sustain the respondents' position would, in effect, sanction a situation where all employees' claims, regardless of amount, can be heard and determined by the Secretary of Labor under his visitorial power. This does not, however, appear to be the legislative intent.

"We further hold that to harmonize the above-quoted three (3) provisions of the Labor Code, the Secretary of Labor 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 but the power to hear and decide employees' claims exceeding P5,000.00 for each employee should be left to the Labor Arbiter as the exclusive repository of the power to hear and decide such claims. In other words, the inspection conducted by the Secretary of Labor, through labor regulation officers or industrial safety engineers, may yield findings of violations of labor standards under labor laws; the Secretary of Labor may order compliance with said labor standards, if necessary, through appropriate writs of execution but when the findings disclose an employee claim of over P5,000.00, the matter should be referred to the Labor Arbiter in recognition of his exclusive jurisdiction over such claims."

The Court went further to say that such construction is reasonable because:

x x x

"2. Article 129 of the Labor Code expressly provides that 'upon complaint of any interested party,' the Regional Director (and, consequently, the Secretary of Labor to whom appeals from the Regional Director are taken) is empowered to hear and decide simple money claims, i.e. those that do not exceed P5,000.00 for each employee, employing for this purpose a summary procedure. If Article 128(b) of the Labor Code were to be construed as empowering the Secretary of Labor, under his visitorial power, to hear and decide all types or employee's claims, including those exceeding P5,000.00 for each employee, employing for this purpose a summary procedure, then, Article 129 (limiting the Regional Director's jurisdiction to a claim not exceeding P5,000.00) becomes a useless surplusage in the Labor code." [13]

The above doctrine has been reiterated in several other cases [14] and is still the governing case law on the matter. As We said in the case of *Red v. Coconut Products, Ltd. v. Leogardo, Jr.* [15]:

"The Court's recent resolution in the case of *Servando's Incorporated vs. the Secretary of Labor and Employment*, (G.R. No. 85840, June 5, 1991, 198 SCRA 156) reiterated in *Aboitiz Shipping Corporation vs. de la Serna*, (G.R. No. 88538, July 25, 1991, 199 SCRA 568) is controlling in the present case, particularly on the issue of jurisdiction of Labor Arbiters and Regional Directors over money claims of employees against employers. In these said cases, the Court ruled that the original and exclusive jurisdiction to hear and decide employee's money claims arising from employer-employee relations exceeding the aggregate amount of P5,000 for each employee is vested in the Labor Arbiter (Art. 217(a) (b), Labor Code as amended) and this is confirmed by the provisions of Art. 129 of the same Code, which excludes from the jurisdiction of the Regional Director or any hearing officer of the Department of Labor and Employment (DOLE) the power to hear and decide claims of employees arising from employer-employee relations exceeding the amount of P5,000.00 for each employee. [16]

We do not find any reason to deviate from these well settled doctrines, particularly so because in this case, the Regional Director awarded sums exceeding P5,000.00 to each of the private respondents. The Order of April 24, 1990 issued by the Regional Director, setting aside his earlier Order dated February 20, 1990 was properly issued and should not have been disturbed. Neither can there be execution of said Order (February 20, 1990), it being beyond the competence of the Regional Director to award employees' claims exceeding P5,000.00.

WHEREFORE, the Orders of the Undersecretary of Labor Cresenciano B. Trajano, dated October 16, 1990 and April 1, 1991 are SET ASIDE, and the Order of April 24, 1990 of the Regional Director is hereby REINSTATED.

SO ORDERED.

Narvasa, C.J., (Chairman), Padilla, and Regalado, JJ., concur.

[1] Annex "A" of the Petition; Rollo, p. 19.

[2] Original Records, p. 48.

[3] Original Records, p. 37.

[4] Rollo, p. 19.

[5] Original Records, p. 53.

[6] Original Records, p. 55.

[7] Annex "F" of the Petition; Rollo, p. 27.

[8] Original Records, p. 74.

[9] Original Records, p. 137.

[10] Petitioner's Reply, p. 6.

[11] "ART. 128. Visitorial and enforcement power --- (a) The Secretary of Labor or his duly authorized representatives, including labor regulation officers, shall have access to employers records and premises at any time or the day or night whenever work is being undertaken therein, and the right to copy therefrom, to question any employee and investigate any fact, condition or matter which may be necessary to determine violations or which may aid in the enforcement of this Code and of any labor law, wage order or rules and regulations issued pursuant thereto.

(b) The provisions of Article 217 of this Code to the contrary notwithstanding and in cases where the relationship of employer-employee still exists, the Minister of Labor and Employment or his duly authorized representatives shall have the power to order and administer, after due notice and hearing, compliance with the labor standards provisions of this Code and other labor legislation based on the findings of labor regulation officers or industrial safety engineers made in the course of inspection, and to 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 regulation officer and raises issues which cannot be resolved without considering evidentiary matters that are not verifiable in the normal course of inspection.

ART. 129. Recovery of wages, simple money claims and other benefits. -- Upon complaint of any interested party, the regional director of the Department of Labor and Employment or any of the duly authorized hearing officers of the Department is empowered, through summary proceeding and after due notice, to hear and decide any matter involving the recovery of wages and other monetary claims and benefits, including legal interest, owing to an employee or person employed in domestic or household service or househelper under this Code, arising from employer-employee relations: Provided, That such complaint does not include a claim for reinstatement, Provided further, that the aggregate money claims of each employee or househelper does not exceed five thousand pesos (P5,000.00). x x x"

ART. 217. Jurisdiction of Labor Arbiters and the Commission. -- (a) Except as otherwise provided under this Code the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide . . . the following cases involving all workers, whether agricultural or non-agricultural:

x x x

6. Except claims for Employees Compensation, Social Security, Medicare and maternity benefits, all other claims, arising from employer-employee relations including those of persons, in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00) regardless of whether accompanied with a claim for reinstatement.

[12] G.R. No. 85840, 198 SCRA 156 (1991).

[13] *Id.*, at pp. 161-162.

[14] *Bulldog Security Agency v. Undersecretary of Labor*, G.R. No. 93794, July 17, 1991, (Minute Resolution); *Heva v. de la Serna*, G.R. No. 90741, September 11, 1991, (Minute Resolution); *5 D's Liner v. DOLE*, G.R. No. 96705, Oct. 2, 1991, (Minute Resolution); *Baritua v. Secretary of the Department of Labor and Employment*, 204 SCRA 332; *Midland Insurance Corporation v. Hon. Secretary of Labor and Employment*, G.R. No. 95492, 15 Oct. 92.

[15] G.R. No. 72247, 208 SCRA 25 (1992).

[16] 208 SCRA, at 31.

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