JURISDICTION OVER DAMAGES IN LABOR CASES

SILVERIO BENNY J. TAN*

INTRODUCTION

The concept of labor cases embraces all labor disputes. These include, first, any controversy or matter concerning terms and conditions of employment, and second, those concerning the association or representation of persons in negotiating, fixing, maintaining, changing or arranging the terms and conditions of employment regardless of whether or not the disputants stand in the proximate relation of employers and employees.[1] These cases are distinguished from cases arising from other contractual relations because of their fundamental impact on society. The relations between capital and labor are so impressed with the public interest that labor contracts must yield to the common good.[2]

The State actively regulates labor relations through a system of prescribed policies enforceable by sanctions. So long as the behavior of the employers or the employees and their trade unions conforms with the prescribed policies, their conduct is privileged, even if it may cause incidental harm.[3] But behavior which violates state policies expressed in the Labor Code and other legislations are subject to administrative sanctions. Violations of more fundamental labor policies (e.g., guarantee of the workers' right to self organization, and the duty of both parties to bargain collectively) are defined as unfair labor practices[4] and are dealt with through special procedures and are subject to special sanctions. Where the act of the employer or the employees constitutes a violation of the general law, liability may arise for damages under civil law, or for penal sanctions under criminal law.[5]

Recoverable damages may come in any of the following forms: (a) actual or compensatory — for pecuniary loss actually suffered; (b) moral — including mental anguish, fright, serious anxiety, besmirched reputation, social humiliation, and similar injury; (c) exemplary or corrective —

* *Chairman,* Student Editorial Board, Philippine Law Journal.

1 Pres. Decree No. 442 (1974), as amended, art. 212(j). Hereinafter referred to as Labor Code.

2 Rep. Act No. 386 (1950), art. 1700. Hereinafter referred to as Civil Code.

3 FERNANDEZ, LABOR RELATIONS LAW 8-9 (1980).

4 Articles 249 and 250 of the Labor Code, as amended by Batas Pambansa Blg. 70 (1980), enumerate acts of employers and of employees respectively which constitute unfair labor practices.

5 FERNANDEZ, *op. cit. supra,* note 3 at 9.

imposed by way of example or correction for the public good; (d) nominal — to vindicate or recognize a right which have been violated and not for indemnification; (e) temperate — which is more than nominal but less than compensatory; and (f) liquidated — those agreed upon by the parties to a contract, to be paid in case of breach thereof.[6]

Money claims in labor cases such as those based on non-payment or underpayment of wages, overtime compensation, separation pay and other benefits provided by law or by collective bargaining agreement are forms of claim for actual or compensatory damages.[7]

There are two ways by which damages may be recovered: as an incident in a labor case, or in an independent action for damages. Applying the general rules on recovery of damages under civil law, moral and exemplary damages may be awarded as incident in a labor case involving a breach of the contract of employment where the defendant acted fraudulently or in bad faith,[8] or where the defendant causes the plaintiff to suffer loss or injury in a manner that is contrary to morals, good customs or public policy.[9] Where the defendant party to an employment contract acted in wanton, fraudulent, reckless, oppressive or malevolent manner, exemplary damages may be awarded.[10]

An ordinary action for damages may be instituted based on (1) quasi-delict or tort arising from unprivileged conduct, or (2) breach of contract.[11] The tortious acts may consist in fraud or misrepresentation, acts of violence, intimidation, harassment, or defamation.[12]

In addition to the general rules on damages in civil law, there are specific provisions of law which prescribe the award of damages in labor cases. For example, Article 28 of the Civil Code provides: "[u]nfair competition in ... labor through the use of force, intimidation, deceit, machination or any other unjust, oppressive or high handed method shall give rise to a right of action by the person who thereby suffers damage." Likewise, under Article 286 of the Labor Code, an employee who, without serving a written notice one month in advance, terminates the employment relationship without just cause may be held liable for damages by the employer.[13]

This paper will concentrate on the problem of jurisdiction over damages in labor cases. This problem is important because there are diverse tribunals or agencies before which a person who suffers injury may seek redress. Special labor tribunals or agencies exist side by side with the regular courts. Since a single act may give rise to many causes of action, a dispute between

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6 CIVIL CODE, arts. 2197, 2199, 2217, 2221, 2224, 2226, 2229.
7 *Cf.* Calderon v. Court of Appeals, G.R. No. 52235, Oct. 28, 1980.
8 CIVIL CODE, art. 2220.
9 CIVIL CODE, art. 21 vis-a-vis art. 2219 (10).
10 CIVIL CODE, art. 2232.
11 FERNANDEZ AND QUIAZON, THE LAW OF LABOR RELATIONS 528 (1963).
12 *Id.*, at 529; CIVIL CODE, arts. 2176, 2219, 2220, 2231.
13 LABOR CODE, art. 286.

an employer and an employee may be prosecuted as a labor dispute, within the exclusive jurisdiction of the labor tribunal or agency, or it may be prosecuted as a tort action, within the general jurisdiction of the regular courts.

Each course of action has different legal implications. Civil actions before regular courts are strictly governed by the technical rules of procedure embodied in the Rules of Court. The quantum of evidence necessary to win a case is preponderance of evidence.[14] And if the cause of action is tort or quasi-delict under the Civil Code, it prescribes in four years.[15] On the other hand, the Rules of Court is not binding in the determination of a labor dispute. Labor tribunals and agencies are enjoined to "use every and all reasonable means to ascertain the facts in each case speedily and objectively and without regard to technicalities of law or procedure."[16] These proceedings are considered non-litigious and summary in nature.[17] The quantum of evidence necessary to carry the case is only substantial evidence.[18] And the cause of action based on the Labor Code prescribes in three years.[19]

Under what circumstances is one the proper course of action than the other? Can the jurisdictions of the labor tribunals and agencies be exercised simultaneously with that of the regular courts? Can they be exercised cumulatively? These are some of the questions raised by the problem of jurisdiction over damages in labor cases.

DEVELOPMENT OF THE RULE

Court of Industrial Relations (CIR)

Since 1936 up to the establishment of the *ad hoc* National Labor Relations Commission on October 16, 1972, the Court of Industrial Relations had jurisdiction "to consider, investigate, decide, and settle all questions, matters, controversies, or dispute arising between, and/or affecting employers and employees or laborers, and regulate the relations between them..."[20]

The Court of Industrial Relations was a special court partaking of the nature of an administrative board vested with executive and judicial functions.[21] The subject matter within its jurisdiction was narrow and confined. Strictly, there was no statutory basis for the CIR to take cognizance of a

[14] RULES OF COURT, Rule 133, sec. 1.
[15] CIVIL CODE, art. 1146.
[16] LABOR CODE, art. 221.
[17] Rules and Regulations Implementing the Labor Code, Book V, Rule XIII, sec. 5. Hereinafter referred to as Implementing Rules.
[18] Ang Tibay v. CIR, 69 Phil. 635, 642 (1940).
[19] Except for unfair labor practice cases which prescribes in one year. LABOR CODE, art. 291 and 292.
[20] Com. Act. No. 103 (1936), sec. 1.
[21] Ang Tibay v. CIR, *supra*, at 639.

claim for civil damages except if they are claimed in form of "affirmative actions" in unfair labor practice cases under the Industrial Peace Act.[22] However, the Supreme Court developed principles which expanded the jurisdiction of the Court of Industrial Relations way beyond the narrow confines and limits of the statutes.[23]

One such principle is the rule against splitting of jurisdiction, otherwise known as the incidental jurisdiction principle. This was explained by the Supreme Court in the case of *Philippine Airlines Employees Association v. Philippine Airlines*[24] quoting from *Corpus Juris Secundum*:[25]

> A grant of jurisdiction implies the necessary and usual incidental powers essential to effectuate it, and every regularly constituted court has power to do all things reasonably necessary for the administration of justice within the scope of its jurisdiction, and for the enforcement of its judgments and mandates, even though the court may thus be called upon to decide matters which would not be within its cognizance as original causes of action.
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> While a court may be expressly granted the incidental powers necessary to effectuate its jurisdiction, a grant of jurisdiction, in the absence of prohibitive legislation, implies the necessary and usual incidental powers essential to effectuate it, and, subject to existing laws and constitutional provisions, every regularly constituted court has power to do all things that are reasonably necessary for the administration of justice within the scope of its jurisdiction, and for the enforcement of its judgments and mandates. So, demands, matters, or questions ancillary or incidental to, or growing out of, main action, and coming within the above principles, may be taken cognizance of by the court and determined, since such jurisdiction is in aid of its authority over the principal matter, even though the court may thus be called on to consider and decide matters which, as original causes of action, would not be within its cognizance.[26]

An oft quoted rationale behind the rule was made by the Court in *Bay View Hotel, Inc. v. Manila Hotel Workers' Union*:[27]

> To draw a tenuous jurisdictional line is to undermine stability in labor litigations. A piecemeal resort to one court and another gives rise to multiplicity of suits. To force the employees to shuttle from one court to

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[22] Caparas, *Damages in Labor Disputes*, ASPECTS OF PHILIPPINE LABOR RELATIONS LAW 1966 147, 172-176 (1966).

[23] Armonio, *CIR Jurisdiction Revisited (1953-65)*, ASPECTS OF PHILIPPINE LABOR RELATIONS LAW 1969 1, 18 (1969).

[24] 120 Phil. 383 (1964). The Main issue in that case — whether or not PAL is a government controlled corporation within the purview of Republic Act No. 1880 — was within the jurisdiction of the Court of First Instance. The question whether plaintiff union's members were entitled to overtime compensation under the Eight Hour Labor Law was merely incidental to said main issue, and only if the latter were decided in the affirmative. In the subsequent case of Amalgamated Laborers' Assn. v. CIR, G.R. No. 23467, March 27, 1968, 22 SCRA 1266 (1968), the Court quoted the same part of the decision reproduced herein to support its conclusion that the CIR has jurisdiction to adjudicate disputes over attorney's fees as a mere incident to the main case over which it has valid jurisdiction.

[25] *Citing* 21 C.J.S. §88. Ancillary and Incidental Jurisdiction, pp. 136-138.

[26] *Ibid.*, Citations omitted.

[27] G.R. No. 21803, Dec. 17, 1966, 18 SCRA 946 (1966).

> another to secure full redress is a situation gravely prejudicial. The time to be lost, effort wasted, anxiety augmented, additional expenses incurred — these are considerations which weigh heavily against split jurisdiction. Indeed it is more in keeping with orderly administration of justice that all the causes of action here be cognizable and heard by only one court; the Court of Industrial Relations.[28]

This incidental jurisdiction principle was first applied to the Court of Industrial Relations in *Gomez v. North Camarines Lumber Co.*[29] Later, noticing the lack of clear and definite understanding of the jurisdiction of the CIR with regard to money claims of employees against their employers, the Supreme Court in *PRISCO v. CIR*[30] reviewed the leading cases on the point to clarify the question.[31] According to the Court:

> Analyzing these cases, the underlying principle, it will be noted in all of them, though not stated in express terms, is that where the *employer-employee relationship* is still *existing* or is *sought to be reestablished* because of its wrongful severance (as where the employee seeks reinstatement), the Court of Industrial Relations has jurisdiction over all claims arising out of, or in connection with employment, such as those related to the Minimum Wage Law and the Eight-Hour Labor Law. *After the termination* of the relationship and *no reinstatement* is sought, such claims become mere money claims, and come within the jurisdiction of the regular courts.[32]

In the paragraph that followed, the Court expressly overruled the *Gomez* rule and declared that "the principle set forth in the next preceding paragraph [is] the one governing all cases of this nature."[33] This rule was reiterated in *Fookien Times Co., Inc. v. CIR*,[34] and in *J. A. Pomeroy & Co., Inc. v. CIR*.[35] In the latter case, the Court declared that the Court of Industrial Relations had no jurisdiction to try and decide cases involving purely collection of separation pay.

It will be noted that, expressions of the Court to the contrary notwithstanding, the *PRISCO v. CIR* case did not set aside the incidental jurisdiction rule in the *Gomez* case but merely clarified it by emphasizing as a *sine qua non* to the jurisdiction of the CIR, the existence of the

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[28] *Ibid.*, at 953.
[29] 104 Phil. 294 (1958).
[30] 108 Phil. 134 (1960).
[31] The Court took account of the following cases:
PAFLU v. Tan, 99 Phil. 854 (1956).
Detective and Protective Bureau Inc. v. Guevara, G.R. No. 8738, May 31, 1957.
Isaac Peral Bowling Alley v. United Employees Welfare Association, 102 Phil. 219 (1957).
Aguilar v. Salumbides, G.R. No. 10124, Dec. 28, 1957.
Roman Catholic Archbishop of Manila v. Yanson, G.R. No. 12341, April 30, 1958.
Elizalde & Co., Inc. v. Yanson, G.R. No. 12345, April 30, 1958.
NASSCO v. Almin, 104 Phil. 835 (1958).
Chua Workers' Union v. City Automotive Co., G.R. No. 11655, April 29, 1959.
Monares v. CNS Enterprises, G.R. No. 11749, May 29, 1959.
[32] PRISCO v. CIR, 108 Phil. 134, 138 (1960).
[33] *Id.*, at 139.
[34] 111 Phil. 426 (1961).
[35] 113 Phil. 140 (1961).

employer-employee relationship or of an attempt to reestablish it in case of its wrongful severance. The *Gomez* case was thus expressly cited in the subsequent cases of *Bay View Hotel, Inc. v. Manila Hotel Workers' Union*[36] and *Rheem of the Philippines, Inc. v. Ferrer*.[37] This rule had been repeatedly followed since then.[38]

With respect to unfair labor practices, the jurisdiction of the Court of Industrial Relations was exclusive, and it also enjoyed the incidental jurisdiction over claims for damages arising from such unfair labor practice cases. These unfair labor practices are treated as a special class of cases because they are violations of fundamental state policies on labor relations.[39] Whereas a violation by an employer of its contractual obligations towards an employee is only a contractual breach to be redressed like an ordinary contract or obligation, unfair labor practices constitute violations of a public right or policy to be prosecuted in the same manner as a public offense.[40]

The mere allegation in the complaint that the plaintiff has suffered damages because of the unwarranted acts of the defendants did not divest the CIR of its jurisdiction over the case involving unfair labor practice.[41] In one case,[42] the Court held that the claim for moral and exemplary

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[36] G.R. No. 21803, Dec. 17, 1966, 18 SCRA 946 (1966).

[37] G.R. No. 22979, Jan. 27, 1967, 19 SCRA 130 (1967).

[38] Serrano v. Serrano, 120 Phil. 24, 27 (1964).
Philippine Airlines Employees Association v. Philippine Airlines, 120 Phil. 383, 389-391 (1964).
Associated Labor Union v. Gomez, G.R. No. 25999, Feb. 9, 1967, 19 SCRA 304 (1967).
Amalgamated Laborers' Association v. CIR, G.R. No. 23467, March 27, 1968, 22 SCRA 1266 (1968).
Centro Escolar University v. Wandaga, G.R. No. 25826, April 3, 1968, 23 SCRA 11 (1968).
Progressive Labor Association v. Atlas Consolidated Mining Corp., G.R. No. 27585, May 29, 1970, 33 SCRA 349 (1970).
Leoquinco v. Canada Dry Bottling Co. Employees Assn., G.R. No. 28621, Feb. 22, 1971, 37 SCRA 535 (1971).
Associated Labor Union v. Cruz, G.R. No. 28978, Sept. 22, 1971, 41 SCRA 12 (1971).
Cebu Portland Cement Co. v. Cement Workers Union, G.R. No. 30174, May 31, 1972, 45 SCRA 337 (1972).
Goodrich Employees Association v. Flores, G.R. No. 30211, Oct. 5, 1976, 73 SCRA 297 (1976).
Holganza v. Apostol, G.R. No. 32953, March 31, 1977, 76 SCRA 190 (1977).
Maria Cristina Fertilizer Plant Employees Assn. v. Tandayag, G.R. No. 29217, 33935, May 11, 1978, 83 SCRA 56 (1978).

[39] The state has adopted the collective framework in labor relations, under which, the adoption, protection and promotion of labor's right to self-organization, and collective bargaining as the mode of interest accomodation and conflict resolution are fundamental policies. To achieve the desired industrial peace these policies must be respected and complied with. It is to induce such respect and compliance that the concept of unfair labor practices was adopted. See FERNANDEZ, *op. cit. supra*, note 3 at 124.

[40] National Labor Union v. Insular-Yebana Tobacco Corp., 112 Phil. 821, 827-828 (1961).

[41] Progressive Labor Association v. Atlas Consolidated Mining Development Co., *supra*.

[42] Associated Labor Union v. Central Azucarera de la Carlota, G.R. No. 25649, June 30, 1975, 64 SCRA 564 (1975).

damages allegedly caused by the unfair labor practices committed by the employer should have been ventilated in the unfair labor practice case filed in the CIR. Since the CIR did not award such damages, the claim was barred and cannot be raised anew before the Court of First Instance.[43] Likewise, the judgment of the CIR ordering the reinstatement of a dismissed employee barred his subsequent action in the Court of First Instance for the recovery of damages due to the dismissal.[44]

The single case to the contrary was disposed of by the Supreme Court in *Associated Labor Union v. Central Azucarera de la Carlota*[45] citing *Cebu Portland Cement Co. v. Cement Workers Union*[46] in this wise:

> ... a question of "damages for acts which arose out of, or were connected with, an industrial dispute should be determined by the Industrial Court to the exclusion of the regular Court of First Instance." (Cebu Portland Cement Co. v. Cement Workers Union [ ] apparently overruling Bugay v. Kapisanan ng mga Manggagawa sa Manila Railroad Company[47] [ ] which held that the CIR had no jurisdiction to grant moral damages in an unfair labor practice case).[48]

B. *National Labor Relations Commission under Presidential Decree No. 21.*

Less than a month after the proclamation of Martial Law, Presidential Decree No. 21 was promulgated which created an *ad hoc* National Labor Relations Commission (NLRC) vesting it with full powers to resolve labor-management conflicts. In a letter dated January 30, 1973, the Chairman of the NLRC defined the jurisdiction of the Commission over money claims, as follows:

> ... before the advent of martial law, all the money claims cases, including those for separation pay, were cognizable by the regular court. However, with the issuance of Presidential Decree No. 21, dated 14 October 1972, vesting on this Commission original and exclusive jurisdiction over, among other cases, all matters involving employer-employee relations including all disputes and grievances which may otherwise lead to strikes and lock-outs under Republic Act No. 875 [Industrial Peace Act], such provision is to be interpreted to mean to include even separation pay and other money claims cases. Consequently, the jurisdiction of the regular courts over such cases before Presidential Decree No. 21 is now deemed to have been implicitly transferred to this Commission. The only possible exception would be a case of this nature already pending before a regular court when said Decree was issued, such cases to remain for resolution with said court. This is so in the cases pending before the CIR at the time of the Decree.
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> The rationale behind Presidential Decree No. 21 which was prepared by the Department of Labor, is to relieve the dockets of the regular courts

[43] *Id.*, at 567.
[44] Valencia v. Portland Cement Co., 106 Phil. 732 (1959).
[45] G.R. No. 25649, June 30, 1975, 64 SCRA 564 (1975).
[46] Cebu Portland Cement Co. v. Cement Workers Union, G.R. No. 30174, May 31, 1972, 46 SCRA 337 (1972).
[47] 114 Phil. 396 (1962).
[48] Associated Labor Union v. Central Azucarera de la Carlota, *supra*, at 567-568.

> [of] labor cases intended to expedite their disposition by consolidating the authority in one specialized forum, now the NLRC. This is also intended to avoid the splitting of jurisdiction between this Commission and the regular courts.[49]

While the *ad hoc* NLRC had broader jurisdiction than the CIR with respect to money claims of employees against their employers, the jurisdiction of the *ad hoc* NLRC did not cover inter-union and intra-union disputes which under the Industrial Peace Act were cognizable by the CIR. Therefore, the Court of Industrial Relations continued to exercise jurisdiction over inter-union and intra-union disputes until its abolition on October 31, 1974.[50]

Presidential Decree No. 21 was in effect when the cause of action in *Quisaba v. Sta. Ines-Melale Veneer & Plywood, Inc.*[51] took place. In that case, Quisaba, a company internal auditor who was "constructively" dismissed, sued the company in the Court of First Instance of Davao for the recovery of termination pay, moral and exemplary damages plus attorney's fees on account of his unjust dismissal. He did not ask for reinstatement nor back salaries. The representative of the *ad hoc* NLRC in Davao City was of the opinion that the Commission had no jurisdiction over suits for moral, exemplary and other related damages arising out of employer-employee relationship. On certiorari, the Supreme Court held that the *ad hoc* NLRC had no jurisdiction over Quisaba's claim for damages because it was predicated on the "manner" of Quisaba's dismissal and the effects thereof, and not on his dismissal *per se*. According to the Court, the case was "intrinsically concerned with a *civil* (not a labor) dispute; it has to do with an alleged violation of Quisaba's right as a member of society, and does not involve an existing employer-employee relation within the meaning of Section 2(1) of Presidential Decree No. 21. The Complaint [was] thus properly and exclusively cognizable by regular courts of justice, not by the [*ad hoc*] National Labor Relations Commission."[52]

C. *Under the Labor Code*

1. Money Claims: Administrative Agencies v. Regular Courts.

On May 1, 1975; Presidential Decree No. 442 was promulgated, instituting a Labor Code which revised and consolidated labor and social legislations. An effort to clarify the law on money claims in labor cases can be seen from the provisions of the Code on this subject and the subsequent amendments thereto. Presidential Decree No. 570-A, dated November 1, 1974, inserted a second paragraph to Article 331[53] which provides: "Pending

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[49] Quoted in ATIENZA, *Experiences of the National Labor Relations Commission in Resolving Conflicts*, LABOR RELATIONS LAW IN TRANSITION 44, 49 (1975).

[50] Canlas v. Mindanao Federation of Labor, N.L.R.C. Case No. 509, April 22, 1975.

[51] G.R. No. 38088, Aug. 30, 1974, 58 SCRA 771 (1974).

[52] *Ibid.*, at 774-775. Citations omitted.

[53] Also renumbered as article 332. The article is now numbered 293 under the present amended Labor Code.

the final determination of the merits of the money claims filed with the appropriate entity, no civil action arising from the same cause of action shall be filed with any court."

This amendment definitely gives administrative agencies the preference in the determination of money claims. But the effects of the amendment is circumscribed by the limitation of the injunction to civil actions arising from the *same cause of action.* It must be noted that the CFI only assumes jurisdiction in cases where the cause of action is based on tort, abuse of right, fraud and other causes of action not cognizable by the CIR *per se.* The regular courts do not claim jurisdiction over disputes between employers and employees, or cases involving breach of a collective bargaining agreements over which cases the industrial court had jurisdiction.

But, as noted before, a single act can give rise to several causes of action. For example, an employer who, with bad faith, dismisses an employee can be held liable for such unlawful dismissal under the Labor Code. At the same time, he can be held liable for quasi-delict because of his bad faith action. Two causes of action arose from the same act of the employer in dismissing the employee. Following the letters of the amendment introduced by Presidential Decree No. 570-A to the provision on institution of money claims, nothing bars the employee from filing an action for damages based on quasi-delict against the employer while the money claim is pending before the Labor Arbiter. This would defeat the purpose of the amendment which was precisely to prevent multiplicity of suits.

Perhaps the inaccurate wordings of the law must not be used to defeat its purpose. The court should therefore construe "same cause of action" in the above cited provision to mean "the same act or omission." This can effectively prevent the filing of a suit based on other causes of action, *e.g.,* quasi-delict or breach of contract, while the money claim which may be based on law (*e.g.,* security of tenure, duty to bargain collectively, obligations pertaining to labor standards such as minimum wage, overtime pay, night shift differential, and other benefits granted by the Labor Code) or on contract (contract of employment, or the collective bargaining agreement) has already been filed.

The amendments under Presidential Decree No. 570-A did not, *per se,* prevent the institution of an action for damages before the regular courts based on causes of action other than those invoked in the money claims before the administrative agencies, *after* the latter had finally decided the money claims on the merits. The subsequent action is of course stamped with the evils of multiplicity of suits and must therefore be avoided. This can only be done by requiring all causes of action and corresponding remedies to be pleaded together in the money claim at the first instance

before the administrative agencies. And any cause of action not pleaded therein will be barred.[54]

It appears that the promulgation of the Labor Code did not resolve the jurisdictional conflict in money claims. The Code created several administrative bodies and other entities and vested them with different, albeit overlapping, jurisdictions. Thus, there are provisions such as Article 217 which vests exclusive jurisdiction upon Labor Arbiters on certified money claims. Article 249 on the other hand considers it an unfair labor practice to refuse to comply with the voluntary arbitration award on contract implementation or interpretation. Then, Article 263 vests upon voluntary arbitrators exclusive and original jurisdiction over contract disputes. Article 293 permits the filing of civil actions in regular courts regarding money claims. Collective bargaining agreements contain provisions on wages and payment of overtime compensation. Should a dispute arise from these provisions the voluntary arbitrator has jurisdiction. Finally, Article 129 permits NLRC's intervention upon the certification of the regional office of the Ministry of Labor and Employment.[55]

2. Administrative Agencies

The Labor Code created a complex administrative machinery under the Department of Labor (now Ministry of Labor and Employment) for the adjustment, accommodation, and settlement of the conflicting interests and claims arising from the employment relationship and all other matters incidental thereto. The component units of the administrative machinery includes: the Labor Arbiters, the Regional Director and the Labor Relations Division in the Regional Offices of the Ministry of Labor, the Bureau of Labor Relations, the National Labor Relations Commission and the Minister of Labor.

Special Agencies

There are agencies for special types of employment and other matters. The Bureau of Employment Services has original and exclusive jurisdiction over all matters or cases involving employer-employee relations, including money claims, arising out of or by virtue of any law or contracts involving Filipino workers for overseas employment, except seamen.[56] On the other hand, the National Seamen Board have original and exclusive jurisdiction over all matters or cases, including money claims, involving employer-

[54] This rule was applied in Associated Labor Union v. Central Azucarera de la Carlota, G.R. No. 25649, June 30, 1975, 64 SCRA 564, 567 (1975). The Court made reference to Sec. 49(b), Rule 39 of the Rules of Court which provides: "In other cases the judgment or order is, with respect to the matter directly adjudged or *as to any other matter that could have been raised in relation thereto,* conclusive between the parties ... litigating for the same thing and under the same title and in the same capacity." (Emphasis added).

[55] Cacanindin, *Experiences of the Court of Industrial Relations in Resolving Conflicts,* LABOR RELATIONS LAW IN TRANSITION 98, 121-122 (1975). All article numbers cited herein are those of the present Labor Code as amended.

[56] LABOR CODE, art. 15(b).

employee relations, arising out of or by virtue of any law or contracts involving Filipino seamen for overseas employment.[57] The Social Security System and the Government Service Insurance System have original and exclusive jurisdiction to settle any dispute arising from the Title of the Labor Code on Employees Compensation and State Insurance Fund, with respect to coverage, entitlement to benefits, collection and payment of contributions and penalties thereon, or any matter related thereto, subject to appeal to the Employees Compensation Commission.[58]

Labor Arbiters

Labor Arbiters are important administrative officials with broad arbitral powers who serve as the trial judges in many labor disputes. They originally constitute the regional branches of the National Labor Relations Commission (NLRC)[59] and were under the functional and administrative supervision of the Commission. But Presidential Decree No. 1391 (dated May 29, 1978) integrated all Labor Arbiters in the regions into the Regional Offices of the Ministry of Labor, placing them under the direct administrative control and supervision of the Regional Directors. Henceforth, the Labor Arbiters constituted the arbitration branch of the Regional Offices.[60] It should be noted that the National Labor Relations Commission created under the Labor Code is largely an appellate body.[61] The only instance when the Commission exercises exclusive original jurisdiction is in a certified case under Presidential Decree No. 723, as amended.[62]

The provision of the Labor Code concerning the jurisdiction of the Labor Arbiter has been amended no less than four times.[63] One such

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[57] LABOR CODE, art. 20(b).
[58] LABOR CODE, art. 180 as amended.
[59] LABOR CODE, art. 214 before it was amended by Pres. Decree No. 1391.
[60] Rules Implementing Pres. Decree No. 1391, sec. 1.
[61] LABOR CODE, art. 217(b).
[62] Policy Instructions No. 6, para. 7.
[63] The original provision in Pres. Decree No. 442 provides:

Article 265. *Jurisdiction of the Commission* — The Commission shall have exclusive appellate jurisdiction over all cases decided by the Labor Arbiters and compulsory arbitrators.

The Labor Arbiters shall have exclusive jurisdiction to hear and decide the following:

(a) Unfair labor practice cases;

(b) Unresolved issues in collective bargaining, including wages, hours of work and other terms and conditions of employment which are usually settled through collective bargaining duly certified by the Bureau of Labor Relations in accordance with the provisions of this Code;

(c) Claims involving non-payment or underpayment of wages, overtime compensation, separation pay, maternity leave and other money claims arising from employer-employee relations; except claims arising from workmen's compensation, social security and medicare benefits. The power of the Court of Agrarian Relations to hear and decise representation cases in relation to agricultural workers is hereby transferred to the Bureau;

(d) Violations of labor standard laws;

(e) Cases involving household services; and

(f) All other cases or matters arising from employer-employee relations unless expressly excluded by this Book.

amendment was introduced on December 16, 1975 by Presidential Decree No. 850 which amended (and renumbered) that provision to read:

> Article 217. *Jurisdiction of Labor Arbiters and the Commission* —
> (a) The Labor Arbiters shall have exclusive jurisdiction to hear and decide the following cases involving workers, whether agricultural or non-agricultural:
> 1) Unfair labor practice cases;
> 2) Unresolved issues in collective bargaining including those which involve wages, hours of work, and other terms and conditions of employment duly indorsed by the Bureau of Labor Relations in accordance with the provisions of this Code;
> 3) All money claims of workers involving nonpayment or underpayment of wages, overtime or premium compensation, maternity or service incentive leave, separation pay and other money claims arising from employer-employee relation, except claims for employee's compensation, social security and medicare benefits and as otherwise provided in Article 128 of this Code;
> 4) Cases involving household services; and
> 5) All other cases arising from employer-employee relation unless expressly excluded by this Code.
> (b) The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters, compulsory arbitrators, and voluntary arbitrators in appropriate cases provided in Article 263 of this Code.

Under this grant of jurisdiction, the National Labor Relations Commission recognized the power of the labor arbiters to award moral damages. In *Bengzon v. Sta. Ines-Melale Veneer and Plywood Corp. and Hyde*[64] the complainant Atty. Lourdes Bengzon, legal counsel and liaison officer of the respondent company, was terminated from service while she was on a leave of absence attending FIDA International and LAWASIA conferences abroad. The company Vice-President Robert Hyde signed the notice of termination which was grounded on an alleged need to retrench. Bengzon filed a complaint for illegal dismissal. The Labor Arbiter, in a decision dated November 18, 1977, ordered the respondent company and respondent Hyde to pay the complainant jointly and severally the sum of ₱2,500.00 as separation pay plus ₱300,000.00 as moral and exemplary damages. The two respondents in their appeals questioned the jurisdiction of the Labor Arbiter and the Commission to adjudicate and award moral and exemplary damages. The Commission citing the above quoted Article 217 of the

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This provision was renumbered article 266 by Pres. Decree No. 570-A (dated November 1, 1974) and amended by inserting the phrases "cases involving all workers, whether agricultural or non-agricultural" after the phrase "[t]he Labor Arbiter shall have exclusive jurisdiction to hear and decide the following:"; The words "Bureau of Labor Relations" was replaced with "regional offices of the Department of Labor" in subparagraph (b); the phrase "all money claims of workers" was inserted in lieu of the first word "claims" in sub-paragraph (c); and the last sentence in the same sub-paragraph (c) was deleted.

Further aendments were introduced by Pres. Decree No. 850 (dated December 16, 1975), Pres. Decree No. 1367 (dated May 1, 1978), and the latest being (revised) Pres. Decree No. 1691 (dated May 1, 1980).

64 NLRC Cases Nos. RB-IV-3168-75 and RB-IV-7560-76, *enbanc*, Feb. 21, 1978. 4 PHIL. L. GAZ. No. 9, p. 30 (1978).

Labor Code, particularly sub-paragraphs (3) and (5) of paragraph (a) thereof, held:

> Evidently, the law in no uncertain terms placed within the ambit of the jurisdiction of the Labor Arbiters and the Commission the power to hear and decide all money claims arising from employer-employee relations, save the specified exceptions. It therefore logically follows that since the present claim for damages is admittedly a money claim which arose from the employer-employee relations between the respondents and the complainants, and is not one among the exceptions provided in the aforequoted law, jurisdiction over it is vested in the Labor Arbiters and in the Commission as well.[65]

The Commission likewise cited Supreme Court decisions to support its ruling. Since the complainant's dismissal was attended with bad faith on the part of the respondents and was done in an oppressive manner, the award of moral and exemplary damages was sustained by the Commission (with modification that Hyde was absolved from any liability based on another legal ground).

In *Manalabe v. Hilton International,*[66] a managerial employee who was demoted to the position of a laundry trainee claimed moral and exemplary damages. The Labor Arbiter dismissed the case for lack of jurisdiction. On appeal to the NLRC, the Commission ordered his reinstatement with full backwages and remanded the case to the Labor Arbiter for hearing on the claim for moral and exemplary damages.

The question whether or not the Labor Arbiter has jurisdiction to award damages was squarely raised before the Supreme Court in *Garcia v. Martinez.*[67] In that case, a dismissed employee (Velasco) filed an action for actual, moral and exemplary damages against his employer (Garcia) on account of his "arbitrary and illegal termination". The action was filed with the Court of First Instance of Davao. The employer contends that the CFI had no jurisdiction over the case and that the NLRC was the appropriate forum for that kind of claim. The employee, on the other hand, relied on Article 21 of the Civil Code and the ruling in *Quisaba v. Sta. Ines-Melale Veneer & Plywood, Inc.*[68] case to support his stand that the CFI had original and exclusive jurisdiction over his claim for damages.

On certiorari, the Supreme Court held that the case falls within the exclusive jurisdiction of the Labor Arbiter and the NLRC. Citing the grant of jurisdiction under Article 217 of the Labor Code (as amended by Presidential Decree No. 850), the Court declared that "[t]he provisions of paragraph 3 and 5 of Article 217 are broad and comprehensive enough to cover Velasco's claim for damages allegedly arising from his unjustified

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[65] *Ibid.*, p. 34.

[66] Quadra, *Trends of National Labor Relations Commission (NLRC) Decisions,* THE DYNAMICS OF LABOR RELATIONS LAW 155, 175 (1978).

[67] G.R. No. 47629, Aug. 3, 1978, 84 SCRA 577 (1978).

[68] G.R. No. 38088, Aug. 30, 1974, 58 SCRA 771 (1974).

dismissal by Garcia. His claim was a consequence of the termination of their employer-employee relation."[69]

The Court noted the factual similarity between the above case and the *Quisaba* case, but held that the Quisaba ruling was not applicable because the laws involved in the two cases are different.[70] According to the Court, "it is evident that the jurisdiction of the *ad hoc* NLRC is of lesser magnitude than that of the existing NLRC and the Labor Arbiters that replaced the defunct Court of Industrial Relations (CIR)."[71] "If the CIR in the exercise of its jurisdiction had the prerogative to award damages[72] [ ] there is no justification for denying that power to the present NLRC."[73] The trial court was therefore directed to dismiss the civil case in question without prejudice to its being refiled with the office of the Labor Arbiter.

It is significant to note that the dismissed employee was not seeking reinstatement, and under the established rule applied to the defunct CIR, the claim for damages was a purely civil claim cognizable by the regular courts. The rule established by the *Garcia v. Martinez* case is, therefore, broader than the rule applied to the Court of Industrial Relations. The Labor Arbiter's jurisdiction over claims for separation pay was of course expressly provided for in Article 217 (a)(3) of the Labor Code as amended by Presidential Decree No. 850.

The decision in *Garcia v. Martinez* was set aside in the second motion for reconsideration filed by respondent Velasco.[74] But the reconsideration was based on the fact that the case could not be refiled with the Labor Arbiter because the latter had already been deprived of any jurisdiction to hear claims for moral damages by Presidential Decree No. 1367, which took effect on May 1, 1978. The original *Garcia v. Martinez* rule was in fact reiterated in the subsequent case of *Bengzon v. Inciong*,[75] where the Court said that from the provisions of Article 217 (prior to the amendment introduced by Presidential Decree No. 1367), "[t]here is [ ] a manifest intent of the Labor Code to expand the jurisdiction of the National Labor Relations Comission.... to accommodate all cases involving employer-employee relations."[76] By ordering the Secretary of Labor to decide the appeal from the award of moral and exemplary damages made by the Labor Arbiter (and affirmed by the NLRC), the Supreme Court, in effect,

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[69] Garcia v. Martinez, *supra* at 580.

[70] The applicable law in the Quisaba case was Pres. Decree No. 21, while in the Garcia v. Martinez Case it was Pres. Decree No. 442, as amended by Pres. Decree No. 850.

[71] Garcia v. Martinez, *supra* at 581.

[72] Maria Cristina Fertilizer Plant Employees Assn. v. Tandayag, G.R. No. 29217, May 11, 1978, 83 SCRA 56 (1978).

[73] Garcia v. Martinez, *supra* at 582.

[74] G.R. No. 47629, May 28, 1979, 90 SCRA 331 (1979). Hereinafter referred to as the reconsidered Garcia v. Martinez to distinguish it from the original decision in that case dated August 3, 1978.

[75] G.R. No. 148706-07, June 29, 1979, 91 SCRA 248 (1979).

[76] *Ibid.*, at 254.

recognized the jurisdiction of the Labor Arbiter to decide claims for damages in that case. Notwithstanding the change in the law introduced by Presidential Decree No. 1367, the Court allowed the administrative agencies to decide the case on the rule that: where a court has already obtained and is exercising jurisdiction over a controversy, its jurisdiction to proceed to the final determination of the case is not affected by new legislation placing jurisdiction over such proceedings in another tribunal.[77] In the *Bengzon* case, the Labor Arbiter had already rendered a decision awarding the damages in question, when the amendatory Decree was issued.

Rule Under Presidential Decree No. 1367.

For a time, the question of jurisdiction was rendered moot because of Presidential Decree No. 1367, dated May 1, 1978, which further amended Article 27 of the Labor Code. Paragraph (a) of said Article was amended to read:

> (a) The Labor Arbiters shall have exclusive jurisdiction to hear and decide the following cases involving all workers, whether agricultural or non-agricultural:
>
> 1) Unfair labor practice cases;
>
> 2) Unresolved issues in collective bargaining, including those which involve wages, hours of work, and other terms and conditions of employment; and
>
> 3) All other cases arising from employer-employee relations duly indorsed by the Regional Directors in accordance with the provisions of this Code; provided, that the *Regional Directors shall not indorse* and *Labor Arbiters shall not entertain claims for moral or other forms of damages.*[78]

The preamble of the Decree provided a vague explanation: "... on the basis of several years of experience gained in the implementation of the Labor Code, it becomes necessary to incorporate therein further innovation in labor law enforcement and labor dispute settlement to align the labor administration system to the changing conditions under the New Society and to make it even more responsive and effective instrument of justice."

Evidently, the intent of the amendment was to solve the traditional jurisdictional problem by giving regular courts exclusive jurisdiction over damages other than compensatory damages (in the form of backwages and the like) to the exclusion of the administrative agencies. But by also deleting the provision on money claims in Article 217, the amendment created more confusion. Which tribunal has jurisdiction over claims for separation pay? Under the established rule governing the Court of Industrial Relations, the claim for separation pay was within the jurisdiction of the regular courts. Was it the intention of the amendment to go back to that

[77] *Ibid.*, at 256, citing Iburan v. Labes, 87 Phil. 234 (1950); Insurance Co. of North America v. United States Lines Co., G.R. No. 21021, May 27, 1966, 17 SCRA 301 (1966).

[78] Emphasis added.

rule by deleting the provision on claim for separation pay from the jurisdiction of the Labor Arbiter? Why was the whole provision on "money claims of workers involving nonpayment or underpayment of wages, overtime or premium compensation, maternity or service incentive leaves, . . ., and other money claims arising from employer-employee relation" likewise deleted?

Notwithstanding these questions, however, and regardless of the wisdom of splitting jurisdiction, or causes of action arising from the same act, Presidential Decree No. 1367 did solve the problem of jurisdiction over damages in labor cases insofar as the conflict between regular courts and administrative agencies was concerned. In the words of the Supreme Court: "said amendment decisively lays at rest the conflict of jurisdiction between Courts and labor agencies over claims for damages, a question which has reached this Tribunal ever so often in the past."[79] Labor Arbiters would have jurisdiction over claims for compensatory damages in form of backwages, overtime pay and the like. But only the regular courts can take cognizance of a case involving claims for moral and exemplary damages, even if it arose out of the same act or omission which forms the basis of the labor dispute.

The law as it stood under Presidential Decree No. 1367 was applied by the Court in the Resolution of the second motion for reconsideration in *Garcia v. Martinez*.[80] In its original decision in that case, the Supreme Court granted the petition for prohibition against the respondent Court of First Instance which took jurisdiction of an action for damages filed by a dismissed employee against his employer on account of the alleged unlawful dismissal. The Supreme Court directed the CFI to dismiss the case in question without prejudice to its being refiled with the Office of the Labor Arbiter. That original decision was dated August 3, 1978. Because of the amendment by Presidential Decree No. 1367 which took effect on May 1, 1978, the Supreme Court, on a second motion for reconsideration, held that the lack of jurisdiction of the CFI was cured by the issuance of the amendatory decree which was in the nature of a curative statute with retrospective application to a pending proceeding. The Decision of the Court dated August 3, 1978 was therefore set aside, the petition dismissed, and the CFI was directed to conduct further proceedings for the disposition of the case.

This rule in the reconsidered *Garcia v. Martinez* that the provision of Presidential Decree No. 1367 eliminating the power of Labor Arbiters to award moral and other forms of damages is curative and retrospective in nature was applied in *Calderon v. Court of Appeals*.[81] In that case, the Supreme Court sustained the decision of the Court of Appeals which held

[79] Reconsidered Garcia v. Martinez, *supra*.
[80] G.R. No. 47629, May 28, 1979, 90 SCRA 331 (1979).
[81] G.R. No. 52235, Oct. 28, 1980.

that the initial lack of jurisdiction of the Court of First Instance of Rizal over an action for damages was cured by the issuance of Presidential Decree No. 1367. The action for damages was filed by an executive vice president (who had resigned) against the employer Luzon Brokerage Corporation and the Calderons (principal stockholders of the Corporation) for alleged oppressive act of refusing to pay his claims for salaries, allowances, representation, and other reimbursable expenses.

But beyond the application of the reconsidered *Garcia v. Martinez* rule, the Supreme Court reiterated the *Quisaba* rule[82] which expanded the choice available to employees as to the means of recovering damages from employers. In the *Quisaba* case, the complaint of the dismissed employee was grounded not on his dismissal *per se* (he did not ask for reinstatement nor backwages), but on the manner of his dismissal and its consequent effects. According to the Court in that case:

> If the dismissal was done anti-socially or oppressively, as the complaint alleges, then the respondents violated Article 1701 of the Civil Code which prohibits acts of oppression by either capital or labor against the other, and Article 21, which makes a person liable for damages if he wilfully causes loss or injury to another in a manner that is contrary to morals, good customs or public policy, the sanction for which, by way of moral damages is provided in Article 2219, No. 10.[83]

The Court concluded that the case was "intrinsically concerned with a civil (not a labor) dispute, it has to do with an alleged violation of Quisaba's right as a member of society, and does not involve an employer-employee relation..."[84]

This line of reasoning was quoted and adopted in the *Calderon* case where the Supreme Court further said:

> ...the claim for salaries and allowances is in the nature of actual or compensatory damages not only because private respondent has resigned but more so because it refers to a primary loss suffered by private respondent resulting from an alleged breach of an obligation arising from contract, express or implied. The salaries and allowances claimed are but the natural and probable consequences of the breach of that obligation. They are intertwined. Thus, it would be impossible for the trial Court to determine the question of whether or not actual damages should be awarded and how much, without delving into the question of breach of an obligation owing by one party to the other. Similarly, in respect of moral damages, they cannot be recovered unless they are the proximate result of another's wrongful act or omission, translated herein as the alleged unlawful act of non-payment. Stated otherwise, there is only one delict or wrong committed and that is the fraudulent refusal to pay, the actual and moral damages resulting therefrom being part of a simple course of action.[85]

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[82] See note 51, *supra.*
[83] Quisaba v. Sta. Ines-Melale Veneer & Plywood, Inc., *supra,* note 51 at 774.
[84] *Ibid.*
[85] Calderon v. Court of Appeals, G.R. No. 52235 Oct. 28, 1980.

The Court therefore concluded that the alleged oppressive act of non-payment was "intrinsically a civil dispute within the jurisdiction of regular Courts to resolve and beyond that of Labor Arbiters."

The *Quisaba* rule, reiterated in the *Calderon* case, which gave the regular courts exclusive jurisdiction over an action for damages filed by a dismissed employee against the employer predicated on the "oppressive manner" in which the dismissal was made is diametrically opposed to the original *Garcia v. Martinez* rule, reiterated in the *Bengzon* case, where the Labor Arbiter had exclusive jurisdiction in an action for damages filed by a dismissed employee against the employer even though the action was predicated on the "oppressive manner" of the dismissal, and the fact that the employer-employee relation no longer existed. These cases should be seen in the light of their respective circumstances. The *Quisaba* case was decided when Presidential Decree No. 21 was still the law. And as pointed out in the original *Garcia* decision, the jurisdiction of the ad hoc NLRC under Presidential Decree No. 21 was not as broad as the jurisdiction of the Labor Arbiter and NLRC under the Labor Code (up to the amendment introduced by Presidential Decree No. 850). Likewise, the *Calderon* case was decided when the law was amended by Presidential Decree No. 1367 expressly depriving Labor Arbiters of jurisdiction over claims for moral and other forms of damages. In addition, the employee in the *Calderon* case had claims for certain shares of stocks allegedly promised to him by the Company President. This particular claim was beyond the jurisdiction of the Labor Arbiter and to avoid splitting of jurisdiction, the Court of First Instance was given jurisdiction over the case. On the other hand, the original *Garcia v. Martinez* case was decided under the Labor Code as amended by Presidential Decree No. 850 which granted Labor Arbiters with very broad jurisdiction over cases arising from the employer-employee relationship.

Rule Under Presidential Decree No. 1691 and Batas Pambansa Blg. 70

On May 1, 1980, the state of the law immediately prior to Presidential Decree No. 1367 was revived. Article 217 of the Labor Code was amended once more, this time by Presidential Decree No. 1691,[86] to read as follows:

[86] There are two versions of Presidential Decree No. 1691. The first version, *inter alia*, retained the proviso that "Labor Arbiters shall not entertain claims for moral or similar forms of damages." The second version deleted this particular proviso. When Mr. Crisolito Dionido, a colleague of the writer, asked for a copy of said decree from the Ministry of Labor, he was given the second version of the decree. That copy given by the Ministry had the express qualification "revised" appearing on its face. One Commissioner of the NLRC confirmed the existence of the two versions. What is anomalous is that both versions are equally authentic because both bear the Presidential signature. The Labor Ministry (according to a high official of the Ministry who, however, refused to be quoted) has taken the stand that the second version (the revised version) is the official version of Presidential Decree No. 1691. This seems to be the better view for the following reasons: First, the revised version is obviously the later expression of legislative intent (notwith-

> Art. 217. *Jurisdiction of Labor Arbiters and the Commission* —
> (a) The Labor Arbiters shall have original and exclusive jurisdiction to hear and decide the following cases involving workers, whether agricultural or non-agricultural:
> 1. Unfair labor practice cases;
> 2. Unresolved issues in collective bargaining, including those that involved wages, hours of work, and other terms and conditions of employment;
> 3. *All money claims of workers*, including those based on non-payment or underpayment of wages, overtime compensation, *separation pay*, and *other benefits provided by law or appropriate agreement*, except money claims for employee's compensation, social security, medicare and maternity benefits;
> 4. Cases involving household services; and
> 5. All other claims arising from employer-employee relations unless expressly excluded by this Code.
> (b) The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters, compulsory arbitrators, and voluntary arbitrators. (Emphasis added).

By reinstating, with slight modification, the provision on "all money claims" the state of the law concerning those money claims was clarified. Furthermore, by deleting the proviso that expressly prohibited Labor Arbiters from entertaining claims for moral or other forms of damages, Presidential Decree No. 1691 removed the legal obstacle to the application of the original *Garcia v. Martinez* ruling concerning the broad jurisdiction of the Labor Arbiter in cases involving claims for damages.

The jurisdiction of the Labor Arbiter under Presidential Decree No. 1691 is virtually the same as, if not broader than, his jurisdiction under Presidential Decree No. 850.[87] The only significant differences are: Under Pres. Decree No. 1691, jurisdiction over claims for maternity benefits has been removed from the Labor Arbiter. On the other hand, reference to indorsement by the Bureau of Labor Relations of issues to be heard and decided by the Labor Arbiter has been deleted by the same amendatory Decree, and the jurisdiction of the Labor Arbiter over the enumerated cases is expressly qualified as "original and exclusive". Conciliable cases

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standing the fact that both versions are dated May 1, 1980). This is supported by the fact that the public came to know of the existence of the second version only later, while the first version was already published in a commercial legal magazine. It can also be inferred from the reference to it as "revised". Secondly the provisions of the revised version is in harmony with the provisions of Batas Pambansa Blg. 70, which was enacted on May 1, 1980 — the date of the Decree. On the other hand, the provisions of the first version conflicts with the provisions of said Batas Pambansa Blg. 70. Thus, the revised version of the Decree will be considered as the true and official copy of Presidential Decree No. 1691 for purposes of this paper.

It is of course surprising why the two decrees would have the same decree number. This has created confusion in the law because the provisions of the two decrees (or versions of the same degree) are not the same, and are even contradictory with each other. Instead of issuing a "revised" decree with the same decree number and date of issuance as the first, it would have served the cause of clarity and stability in law if a subsequent decree was issued superseding the first one. Remedial legislation to clarify this matter is certainly in order.

[87] See pp. 288-290, *supra*.

which were previously under the jurisdiction of the defunct Conciliation Section of the Regional Office for the prerequisite conciliation or amicable settlement process (before they were indorsed to the Labor Arbiter for compulsory arbitration) are now directly assigned to the Labor Arbiter for joint conciliation and compulsory arbitration.[88] And when a case is assigned to the Labor Arbiter, he resolves all issues raised therein. Under the amendments therefore the whole case, and not merely issues involved therein, is assigned to be resolved by the Labor Arbiter.[89] This is in contrast to the previous rule that the Labor Arbiter can entertain only issues certified by the Regional Director, and he had no jurisdiction to decide issues not so certified.[90] Presidential Decree No. 1691 therefore expanded the jurisdiction of the Labor Arbiter. This revives the efficacy of the original *Garcia v. Martinez* rule.

The rule that the Labor Arbiter has jurisdiction over claims for damages arising from unfair labor practices has been given statutory expression under Batas Pambansa Blg. 70, also dated May 1, 1980. This Act restored the concept that unfair labor practices are not just a violation of the civil rights of both labor or management but also a criminal offense against the state, subject to prosecution and punishment.[91] Among the amendments introduced by this Act was: "... the civil aspects of all cases involving unfair labor practice which may *include claims for damages* and other affirmative relief, shall be under the jurisdiction of the Labor Arbiters.... Recovery of *civil liability* in the administrative proceedings shall bar recovery under the Civil Code."[92]

Notwithstanding the use of general terms like "civil aspects" and "damages" in Batas Pambansa Blg. 70, it is apparent that the intention

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[88] Policy Instructions No. 37, para. 1. Estrella, *Remedies and Procedure at the Trial Level—Regional Offices of the Ministry of Labor*, CRITICAL AREAS IN THE ADMINISTRATION OF LABOR JUSTICE 1, 5 (1979).

[89] Policy Instructions No. 37, para. 3.

[90] See Implementing Rules, Book V, Rule XIII, sec. 2.

[91] LABOR CODE, art. 248 as amended by sec. 2 of Batas Pambansa Blg. 70 (1980). Under the Industrial Peace Act (Republic Act No. 875), unfair labor practice was both a criminal offense and an administrative offense. The Proceedings in unfair labor practice cases was in the nature of a public prosecution analogous to criminal prosecution. However, the criminal aspect of unfair labor practices was rarely resorted to. Only the administrative or civil aspect was often availed of. This concept of unfair labor practices was modified when the Labor Code was instituted in 1974. Under the Code, unfair labor practice was considered merely as an administrative offense to be processed like any ordinary labor disputes, and was no longer a criminal offense. But this change in concept brought more harm than good. In the words of the explanatory note to Parliamentary Bill No. 386 (which became Batas Pambansa Blg. 70): "Emboldened by the law's liberality, nay, inadequacy, irresponsible, sometimes vindictive employers, many of them aliens, ride high brazenly committing such unfair labor practices. Legitimate unions and labor organizations, most especially the weak and newly-organized, easily get busted with impunity, harassed or discriminated against, and terms and conditions of employment retrogressing to substandard level instead of improving all on account of the lack of effective deterrents to and penal sanctions against such pernicious practices." Hence, "to effectuate the equal, desirable balance between capital and labor," the penal concept of unfair labor practices was restored by Batas Pambansa Blg. 70.

[92] *Ibid.* Emphasis added.

of the Batasan was for claims for moral, exemplary, and other damages in unfair labor practice cases to fall under the jurisdiction of the Labor Arbiter. This conclusion is supported by the provision that "[r]ecovery of civil liability in the administrative proceedings shall bar recovery under the Civil Code." The concept of civil liability in criminal law includes indemnification for consequential damages,[93] which in fact covers moral damages. This concept has been adopted into the unfair labor practice system reintroduced by Batas Pambansa Blg. 70, and the above quoted injunction was included to emphasize the policy against double recovery.[94]

The rule on the jurisdiction of the Labor Arbiter over damages may be stated, thus: all claims for damages, including moral and exemplary damages, arising from any act which constitute an unfair labor practice is under the exclusive jurisdiction of the Labor Arbiters.[95] All money claims of workers and all other claims for damages arising from employer-employee relations, unless expressly excluded by the Labor Code (This caveat is necessary because there are disputes, and consequently claims, arising from the employer-employee relations which are under the jurisdiction of the other administrative arms of the Ministry of Labor and Employment. This will be discussed below) are likewise within the exclusive jurisdiction of of the Labor Arbiters.[96] The claimant or complainant must file a formal claim or complaint in the Regional Office alleging the ground for moral and/or exemplary damages, otherwise, such claim will be barred or deemed waived.[97]

3. *Other Adjudicatory Arms*

Although their jurisdiction is broad, the Labor Arbiters constitute only one among the three arms of the Regional Offices which serve as the "front line echelon" of the Ministry of Labor and Employment. The two other arms are the Office of the Regional Director and the Med-Arbitration Section of the Labor Relations Division.[98]

Regional Director

The Office of the Regional Director has exclusive original jurisdiction over the following cases: a) labor standards cases arising from violations of labor standards laws discovered in the course of inspection or complaints where employer-employee relations still exist; b) Termination cases involving application for clearance to dismiss or shut down and the opposition, if any, thereto, or complaints of illegal dismissal; c) Preventive

[93] *See* Act No. 3815 (REV. PENAL CODE), art. 107 (1930).

[94] The plaintiff cannot recover damages twice for the same act or omission of the defendant. *Cf.* CIVIL CODE, art. 2177.

[95] Batas Pambansa Blg. 70, sec. 2.

[96] *See* Garcia v. Martinez, *supra,* note 67.

[97] *See* Association of Labor Union v. Central Azucarera de la Carlota, G.R. No. 25649, June 30, 1975, 64 SCRA 564 (1974); Quadra, *op. cit. supra,* note 65 at 175.

[98] Estrella, *op. cit. supra,* note 88 at 3.

suspension cases; d) Strike or lockout cases; and e) Foreign involvement in trade union activities.[99]

In the exercise of his jurisdiction, can the Regional Director entertain claims for damages incidental to disputes within his exclusive original jurisdiction?

A termination case may originate from a complaint for illegal dismissal. If the dismissal is not supported by a clearance from the Minister of Labor or his representative, the Director is empowered to issue a reinstatement order with full backwages from the time of dismissal up to the time of actual reinstatement and without loss of other rights existing prior to the termination. Where there is a preventive suspension prior to the clearance for termination and the Director lifts the suspension, such lifting of suspension generally is equivalent to reinstatement with full backwages covering the period of suspension.[100]

In *Logartos v. Solinap*[101] a complaint for illegal dismissal was filed with the Regional Director. In addition, claims for unpaid benefits, such as emergency allowance, premium and overtime compensation were included in the same complaint. The jurisdiction of the Regional Director to decide the latter claims was challenged before the Secretary of Labor. It was held that jurisdiction over the illegal dismissal gave the Regional Director incidental jurisdiction over the other issues from the same employment relationship.

> The fact that there are additional claims for living allowance, rest day pay, and overtime pay will not divest the Regional Director of jurisdiction over the instant claim. The main motion is for illegal dismissal while the claims for living allowance, rest day pay, and overtime pay are merely incidental to the main cause of action. Well-established is the principle that all matters related to the labor dispute should be determined in the same proceedings to avoid multiplicity of suits and thus expedite the administration of labor justice. Besides, the dismissal of the claim for living allowance, rest day pay, and overtime pay is tantamount to non-certification of said issues which the Regional Director is legally empowered to do so.[102]

This supports the proposition that the Regional Director has jurisdiction to award compensatory damages in the form of backwages, overtime pay, living allowances and the like.

Supposing the dismissal was characterized with bad faith and wanton attitude, may the Regional Director award moral and exemplary damages against the erring employer? There is no authoritative rule on this matter as yet. Nothing in the law prevents the Director from making such award. But the jurisdiction of the Regional Director is not as broad as that of the

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[99] Policy Instructions No. 6, para. 1.
[100] Policy Instructions No. 10.
[101] 2 TALA INDUS. REL. BULL. 40-41 (1977).
[102] Quoted in FERNANDEZ, *op. cit. supra*, note 3 at 512.

Labor Arbiter, and it is not founded on any express statutory grant but is found only in Policy Instructions issued by the Minister of Labor. It must be noted that the award of damages is essentially a judicial function. In the absence of express statutory grant of such power, or any clear grant of quasi-judicial power which can serve as solid support for its exercise, the power to award damages cannot lightly be inferred.

The powers being exercised by the Regional Director are essentially administrative in character. This is supported by the fact that if the Director finds a termination case not suitable for summary investigation or that intricate questions of law are involved, he may assign the case directly to a Labor Arbiter for compulsory arbitration.[103] Even the adjudicatory element in orders for reinstatement and award of backwages is limited because the issues involved are narrowly confined and the award of backwages is almost mechanical.[104] Furthermore, labor standards cases are certified by the Regional Director to the Labor Arbiter where any of the following issues are evident from the facts relevant to the case or are raised by any of the parties, (1) questions of law; (2) claims involving an amount exceeding ₱100,000 or 40% of the paid-up capital of the employer, whichever is lower; or (3) evidentiary matters not disclosed or verified in the normal course of inspection.[105]

According to Policy Instruction No. 7, certain labor standards cases are under the exclusive original jurisdiction of the Regional Director to take those cases out of the arbitration system. The purpose, according to that Policy Instruction, is to assure the worker the rights and benefits due him under Labor Standards law without having to go through arbitration. "The worker need not litigate to get what legally belongs to him. The whole enforcement machinery of the Department (Ministry) of Labor exists to insure its expeditious delivery to him free of charge." In the light of this policy instruction, it is clear that the function of the Regional Director with respect to labor standards cases is enforcement and not quasi-judicial/arbitration.

As an administrative officer essentially, it is submitted that the Regional Director cannot award damages other than compensatory damages in the specific form of backwages, and the like. The policy against splitting of jurisdiction and multiplicity of suits by itself cannot authorize the exercise of an essentially judicial power by an essentially administrative officer.

Med-Arbiters

The Labor Code places inter-union and intra-union conflicts within the original and exclusive jurisdiction of the Bureau of Labor Relations

103 Policy Instructions No. 6, para. 6(c); Estrella, *op. cit. supra*, note 88 at 7.
104 Implementing Rules, Book V, Rule XIV, secs. 2 and 8.
105 Policy Instructions No. 6, para. 6(b).

and the Labor Relations Division in the Regional Offices.[106] But as implemented, inter-union and intra-union conflicts are placed under the exclusive original jurisdiction of the Med-Arbiter Section of the Regional Offices.[107] Other cases within the exclusive original jurisdiction of the Med-Arbiters include: Representation cases, union registration, revocation or cancellation cases, and CBA certification.[108]

Med-Arbiters are the trial officers of the Bureau of Labor Relations and the Labor Relations Division of the Regional Offices. They have full powers to hear, conciliate, mediate and decide cases.[109] Thus, they issue notices and summons, conduct hearings, and conferences of the parties, promulgate decisions or orders on issues before them, and rule on motions for reconsideration and other interlocutory pleadings.[110] The Med-Arbiters are also authorized to issue injunctions to restrain any acts involving or arising from any case pending with them which if not restrained forthwith may cause grave or irreparable damage to any of the parties to the case or seriously affect social or economic stability.[111] Unless appealed to the Bureau of Labor Relations within the prescribed period, the decision or order of the Med-Arbiters becomes final and executory.[112]

Intra-union and inter-union cases are said to be "the messiest", the most difficult and most complex of all labor disputes.[113] Does the Med-Arbiter have the authority to award damages in these cases?

In *Bugay v. Kapisanan ng mga Manggagawa sa MRR*,[114] The Supreme Court held that the union member who was illegally deprived of his membership had a cause of action for damages. In that case, the expulsion of the union member was illegal because of the irregularities in the investigation of his case. It was found that the member was not given the opportunity to defend himself and his expulsion was not submitted to the different chapters of the union as required by its constitution and by-laws. As a result of the expulsion, he was subjected to humiliation and mental anguish with the consequent loss of his good name and reputation. This entitled him to an award of moral damages.

But the Court held in *Bugay* case that the CIR had no jurisdiction to award moral damages. Although the Court is of the view that the resolution of the intra-union disputes are within the exclusive jurisdiction of the labor agencies concerned, yet, claims for damages, actual, moral and exemplary, arising from intra-union conflicts founded on civil wrongs, such

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106 LABOR CODE, art. 226.
107 Policy Instructions No. 6, para. 3; Rules of Procedure of the Bureau of Labor Relations and the Labor Relations Division, Rule II, sec. 2 and 3.
108 *Ibid.*
109 Implementing Rules, Book V, Rule I, sec. 1(ff).
110 Estrella, *op. cit supra*, note 88 at 9.
111 Implementing Rules, Book V, Rule XVI, sec. 4.
112 Estrella, *op. cit. supra*, note 88 at 9.
113 *Ibid.*
114 114 Phil. 396 (1962).

as fraud, force, bad faith or wanton attitude, pertain to the regular courts.[115] In a later case the Court reconciled these two seemingly contradictory propositions by saying that "where it would be impossible for ordinary courts to decide the complaint for damages without resolving the basis thereof, to wit, the legality of the election of union officers, the hearing of the complaint for damages should be suspended pending the resolution of said prejudicial question in industrial court." [116]

Will this rule apply to the Med-Arbiters? Med-Arbiters enjoy broad quasi-judicial and arbitral powers over inter-union and intra-union disputes. Over these cases, the powers of the Med-Arbiters is practically the same as the powers of Labor Arbiters with respect to cases within their jurisdiction. If the Labor Arbiter, pursuant to the original *Garcia v. Martinez* rule, can award moral and exemplary damages in cases arising from labor disputes within his jurisdiction, it may be argued that the same principle of incidental jurisdiction should be applied to Med-Arbiters with respect to inter-union and intra-union cases, which are within their exclusive original jurisdiction.[117]

One objection to this proposition is the fact that the Med-Arbiters are merely creations of administrative orders. They do not have express statutory foundation. Unlike the Labor Arbiters which are expressly provided for, and granted jurisdiction by, the Labor Code, the Med-Arbiters are not mentioned at all in the Code. Med-Arbiters are only creations of the Implementing Rules of the Labor Code issued by the Secretary (Minister) of Labor.[118]

This objection is fatal to the proposition granting the Med-Arbiters incidental jurisdiction to award damages. An officer created by a mere administrative official cannot be conferred with an essentially judicial power — and such is the power to award damaegs. There must be an express legislative grant.[119] The creation of Courts and the conferment of judicial or quasi-judicial power are essentially legislative functions which cannot be delegated to any other agency of the government.[120] Although it may be argued that the President exercised legislative powers under mar-

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[115] FERNANDEZ, *op. cit. supra*, note 3 at 268.

[116] Guevara v. Gopengco, G.R. No. 39126, Sept. 30, 1975, 67 SCRA 236, 241 (1975).

[117] This qualification is important because there are inter-union and intra-union disputes which constitute unfair labor practice cases and are, therefore, not within the jurisdiction of the Med-arbiter but fall under the jurisdiction of the Labor Arbiter. An example is when a union restrains or coerces employees in the exercise of their right to self-organization. (LABOR CODE, art. 250(a) as amended by B.P. Blg. 70).

[118] Eduvala, *Remedies and Procedure at the Trial Level—The Bureau of Labor Relations and Med-Arbiters*, in CRITICAL AREAS IN THE ADMINISTRATION OF LABOR JUSTICE 22 (1980).

[119] Miller v. Mardo, 112 Phil. 292 (1961); Corominas v. Labor Standards Commission, 112 Phil. 551 (1963).

[120] *Ibid.*

tial law,[121] such exercise of legislative power is personal to him and may not be delegated to other executive officials under him.

The position of the Med-Arbiters is different from that of the Labor Arbiters because the latter were expressly created by law and were expressly conferred with broad jurisdiction over labor disputes. Under these circumstances, the policy against split jurisdiction and multiplicity of suits cannot justify the Med-Arbiter's exercise of the power to award damages.

Bureau of Labor Relations

Although the Labor Code grants the Bureau of Labor Relations concurrent original jurisdiction with the Labor Relations Division of the Regional Offices over inter-union and intra-union cases, the Bureau does not exercise this original jurisdiction except in restructuring cases, and union registration, revocation or cancellation cases arising from restructuring cases.[122] It will be noted that these cases within the original jurisdiction of the Bureau now are largely administrative in nature. The question of damages do not arise in them. The Bureau, however, exercises appellate jurisdiction over all cases decided by the Med-Arbiters. Since it exercises only appellate jurisdictions in these cases, the Bureau cannot award damages. First, the basis of its appellate decisions are merely records from the Med-Arbiters, and since the latter have no jurisdiction to award damages, such records would be devoid of any relevant matters which can serve as basis for the Bureau to award damages. If the Bureau can award damages, the anomalous situation will arise where the parties cannot make any allegations concerning damages because the Med-Arbiter hearing the case does not have jurisdiction to award damages, yet if they appeal from the decision of the Med-Arbiter, the appellate body can award damages although it has no basis in the records to make the award. On the other hand, it would be absurd for the Med-Arbiter to entertain the issue of damages, over which he has no jurisdiction, so that the Bureau would have a basis on the records of the case to award damages in case the decision is appealed to the Bureau. The argument rather supports the proposition that the Bureau of Labor Relations cannot award damages in the exercise of its appellate jurisdiction.

Minister of Labor

The Ministry of Labor and Employment is the government arm charged with the primary responsibility of administering and enforcing the Labor Code. This vital and powerful office is headed by the Minister of Labor under whose signature, or upon whose authority, the necessary implementing rules and regulations are promulgated. In addition to his extensive rule-making and enforcement powers, the Minister of Labor also

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[121] *Cf.* Aquino v. COMELEC, G.R. No. 40004, Jan. 31, 1975, 62 SCRA 275 (1975).

[122] Policy Instructions No. 6, para. 4.

exercises quasi-judicial powers. The following cases are under his original jurisdiction:

1) Certifiable cases, in his capacity as the duly authorized representative of the President, under Section 1 of Presidential Decree No. 823, as amended;

2) Emergency cases under Section 10 of Presidential Decree No. 823;

3) Exemption from Presidential Decree No. 525 and Presidential Decree No. 851 cases;

4) Deportation cases; and

5) Cancellation or revocation of private fee-charging agencies cases.[123]

In the first group of cases, the Minister does not actually hear or decide the case but merely certifies the dispute to the National Labor Relations Commission for compulsory arbitration when it is in the interest of national security or public safety, public order, the protection of public health or morals, or the protection of the rights and freedom of others.[124]

In cases falling under groups 3, 4 and 5, the Minister exercises functions which are more administrative than quasi-judicial in character. In all these cases, there is no occasion for an award of damages.

Under Section 10 of Presidential Decree No. 823, as amended by Presidential Decree No. 849, where the Regional Offices, the Bureau of Labor Relations, the National Labor Relations Commission or the voluntary arbitrators have not been able to resolve a labor dispute within the reglementary period, the Minister of Labor is authorized to assume jurisdiction, and summarily decide, said dispute if it poses an emergency or is critical to the national interest. Where the labor dispute involves a notice of strike or lockout, the Minister may, at any time, assume jurisdiction and summarily decide it. Because of the summary nature of the settlement made by the Minister under this Section, it is submitted that no award of moral and exemplary damages can be made. The issue of moral and exemplary damages will have to be litigated separately. Since the Labor Arbiters and voluntary arbitrators lose their jurisdiction over the case upon the assumption of jurisdiction by the Minister, the claim for moral and exemplary damages can be filed before the regular courts. Although this is technically splitting jurisdiction, the overriding consideration here is that no aggrieved party should be left without any remedy. The court must, however, confine itself strictly to the issue of moral and exemplary damages.

Originally, the Secretary (Minister) of Labor exercised appellate jurisdiction over cases decided by the National Labor Relations Commission, but Presidential Decree No. 1391, dated May 29, 1978 eliminated this appeal from the NLRC to the Secretary (Minister). The same Decree also

123 Policy Instructions No. 6, para. 5.
124 Pres. Decree No. 828, sec. 1, as amended by Pres. Decree No. 849.

made the Secretary (Minister) of Labor and, in his absence or by virtue of his authority, the undersecretary (Deputy Minister) of Labor, the Chairman of the National Labor Relations Commission.

Voluntary Arbitrator

The voluntary arbitrator or panel of voluntary arbitrators named in the collective bargaining agreement (CBA) or selected by the parties have exclusive and original jurisdiction to settle or decide all disputes, grievances or matters arising from the implementation or interpretation of collective bargaining agreements which have gone through the grievance procedure.[125]

In connection with this, the Labor Code requires every collective bargaining agreement to designate in advance an arbitrator or a panel of arbitrators or includes a provision making the selection of such arbitrator or panel of arbitrators from the list provided by the Bureau definite and certain when the need arises.[126]

Can voluntary arbitrators award damages, including moral and exemplary damages, in the exercise of their jurisdiction? It is submitted that they can. The statutory grant of "exclusive and original jurisdiction" to voluntary arbitrators "to hear and decide all disputes, grievances, or matters arising from the implementation or interpretation" of a CBA is certainly broad enough to cover jurisdiction over claims for moral and exemplary damages.

The almost plenary power of the voluntary arbitrators over disputes concerning implementation or interpretation of the CBA is supported by the provision of the Code that the Labor Arbiter or the Bureau of Labor Relations shall not entertain such disputes, grievances or matters and any decision of the Labor Arbiter or the Bureau concerning such dispute will be null and void as an excess of jurisdiction.[127] Furthermore, the Code expressly provides that voluntary arbitration awards or decisions are final, inappealable and executory.[128]

Compulsory Arbitrator

The National Labor Relations Commission or any Labor Arbiter have the power to seek the assistance of other government officials and qualified private citizens to act as compulsory arbitrators on cases referred to them.[129] A compulsory arbitrator may be appointed under the following circum-

[125] LABOR CODE, art. 263; Implementing Rules, Book V, Rule XI, sec. 1.
[126] LABOR CODE, art. 263; Implementing Rules, Book V, Rule IX, sec. 2(b).
[127] LABOR CODE, art. 263; Implementing Rules, Book V, Rule XI, secs. 1 and 2.
[128] Implementing Rules, Book V, Rule XI, sec. 4. The exception to this is when the voluntary arbitration award or decision on money claims involving an amount exceeding ₱100,000 or forty percent (40%) of the paid-in capital of the respondent employer whichever is lower, in which case the award or decision may be appealed to the NLRC on the ground of abuse of discretion or gross incompetence. (LABOR CODE, art. 263, last paragraph).
[129] LABOR CODE, art. 220; Implementing Rules, Book V, Rule XVI, sec. 6.

stances: (1) Whenever a factual issue requires the assistance of an expert; and/or (2) when dictated by geographical considerations and similar circumstances.[130]

Can the Labor Arbiter refer, and the compulsory arbitrator hear and decide, issues involving claims for moral and exemplary damages? Since the jurisdiction of the compulsory arbitrator is co-extensive with that of the Labor Arbiter,[131] in the sense that any issue or matter within the jurisdiction of the Labor Arbiter may be referred to the compulsory arbitrator, and considering that the circumstances provided by the implementing Rules under which such referral can be made does not prohibit or exclude reference of issues involving moral and exemplary damages, it is submitted that the answer to the query must be in the affirmative.

National Labor Relations Commission

The National Labor Relations Commission established under the Labor Code is essentially an appellate tribunal. It has exclusive appellate jurisdiction over all cases decided by Labor Arbiters, compulsory arbitrators, and voluntary arbitrators in appropriate cases provided for in the Code.[132] In the exercise of its appellate jurisdiction, the Commission can review, revise, reverse, modify or affirm any judgment or order of the Labor Arbiter, compulsory arbitrator, or voluntary arbitrator in the appealed cases, including any award of moral and exemplary damages.

The Commission may also award moral and exemplary damages in the exercise of its original jurisdiction over cases certified to it pursuant to Presidential Decree No. 823, as amended.

CONCLUDING NOTE

The law concerning jurisdiction over damages in labor cases is largely unsettled because of the fluidity of the structure and jurisdiction of specialized labor agencies. The frequent amendments to labor relations laws and the periodic restructuring of the Labor Ministry left the court and the labor agencies with no sound foundation from which to settle the jurisdiction problem. Furthermore, the court's decisions on the matter have been characterized by inconclusiveness and non-uniformity. The complex administrative machinery established under the Labor Code serves to compound the problem of overlapping jurisdictions. There is, therefore, a need for corrective legislations to clarify and settle the rules in this very important area of labor law.

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130 Implementing Rules, Book V, Rule XVI, sec. 6.

131 Khan, *Jurisdictional Problems Under the Labor Code*, LABOR RELATIONS LAW UNDER THE LABOR CODE 1, 16 (1976).

132 LABOR CODE, art. 217(b), as amended by revised Pres. Decree No. 1691, sec. 3.