

ARTICLES

AUTHORITY OF LABOR ARBITERS TO GRANT MORAL DAMAGES JERRY P. TREÑAS	1
THE BARGAINING UNIT AND THE CONFIDENTIAL EMPLOYEE ROLANDO S. DE GUZMAN	19
THE LEGAL EFFECTS OF THE LIFTING OF MARTIAL LAW ON THE POWER OF THE PRESIDENT TO LEGISLATE DANTE MIGUEL V. CADIZ	17
HIGHLIGHTS OF THE NATIONAL SECURITY CODE SANTIAGO T. GABIONZA, JR.	25
RIGHTS AND STATUS OF COMMON LAW SPOUSES UNDER PHILIPPINE LAW AND JURISPRUDENCE CHRISTOPHER L. LIM	33
TAX INQUIRIES, SURVEILLANCE, WARRANTLESS SEARCHES AND SEIZURES: THEIR CONSTITUTIONAL LIMITATIONS CESAR L. VILLANUEVA	41
CAN CRUEL AND UNUSUAL PUNISHMENT EXIST BY REASON OF SUBHUMAN PRISON CONDITIONS VOLTAIRE ROSALES	55
IS P.D. 1396, CREATING THE MINISTRY OF HUMAN SETTLEMENTS, TAINTED WITH CONSTITUTIONAL INFIRMITY ALAN FLORES PAGUIA	61
PENAL CLAUSE AND USURY LAW ANDRES B. SORIANO	67
CASE COMMENT	
FACILITIES MANAGEMENT CASE: A DUBIOUS DOCTRINE ON FOREIGN CORPORATIONS NICANOR A. MANALO, JR.	73
CASE SURVEY	
COVERING THE PERIOD FROM MAY, 1980 to JANUARY, 1981 PEARL T. LIU ALAN F. PAGUIA	79

AUTHORITY OF LABOR ARBITERS TO GRANT MORAL DAMAGES

JERRY P. TREÑAS, L.I.B. '82

I. Introduction:

The state shall afford protection to labor, promote full employment and equality in employment, ensure equal work opportunities regardless of sex, race, or creed and regulate the relations between workers and employers. The state shall assure the rights of workers to self-organization, collective bargaining, security of tenure, and just and humane conditions of work. The state may provide for compulsory arbitration.¹

As a corollary to the social justice provision of the 1935 Constitution and in order that the principles of social justice may not just be a medley of words, the 1935 Constitution provided the means towards its realization. . . The present section has incorporated the provisions of the 1935 Constitution.²

The Labor Code of the Philippines adopted the same section for its declaration of basic policy.

The State, therefore, has taken upon itself the responsibility of affording protection to labor, promoting employment and human resources development and insuring industrial peace based on social justice.³

Furthermore, it is provided that all doubts in the implementation and interpretation of the provisions of the Labor Code, including its implementing rules and regulations, shall be resolved in favor of labor.⁴

It is obvious that the Constitution and the Labor Code both recognize the existence of a legal bias in favor of labor. Theoretically speaking, labor is a specially protected class in present Philippine society.

It is in this light that this article will attempt to view present legislations and jurisprudence with respect to the authority of labor arbiters to grant moral damages.

¹Section 9, Article II, New Constitution of the Philippines; Article 3, Chapter I, The Labor Code of the Philippines.

²Bernas, The 1973 Philippines Constitution, p. 98.

³Preamble, PD 442, The Labor Code of the Philippines.

⁴Article 4, Chapter I, The Labor Code of the Philippines.

II. The Labor Code Provisions and Jurisprudence

The provision of the Labor Code on the jurisdiction of Labor Arbiters has been regularly amended. Originally, the Code provided:

Article 217. Jurisdiction of Labor Arbiters and the Commission

- (a) The Labor Arbiter 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 duly endorsed by the Bureau in accordance with the provisions of this Code;
 - 3) All money claims of workers involving non-payment or underpayment of wages, overtime or premium compensation, maternity or 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 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 in appropriate cases provided in Article 263 of this Code.⁵

Under the above cited provision, the Supreme Court decided the case of *Garcia vs. Martinez*⁶ which upheld the jurisdiction of Labor Arbiters to grant moral damages. In said case, Velasco, Jr. filed a complaint with the Court of First Instance of Davao, alleging that his services, as station manager of radio station DXER, was terminated "in a manner oppressive to labor, without giving him any reason therefore" and in violation of his right to security of tenure; that his functions were transferred to an officer-in-charge without any formal turnover and he was divested of his desk and that his appointment as station manager was "arbitrarily and illegally terminated" and that he suffered actual and moral damages,

⁵ Article 217, PD 442, The Labor Code of the Philippines.

⁶ 84 SCRA 579, No. L-47629, August 3, 1978.

attorney's fees and litigation expenses. Garcia, the lessee of the radio station, filed a motion to dismiss on the ground that the lower court had no jurisdiction over the claim for damages.

The Supreme Court through Justice Aquino held that the case fell within the exclusive jurisdiction of the Labor Arbiter and the National Labor Relations Commission (NLRC). The Court held that the provisions of paragraphs 3 and 5 of Article 217 were broad and comprehensive enough to cover Velasco's claim for damages allegedly arising from his unjustified dismissal by Garcia. The claim for damages was a consequence of the termination of an employer-employee relation.

The Court further held that: "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). It is noteworthy that the cases pending in the CIR and its unexpended funds, properties, and records were transferred to the new NLRC (Arts. 299 and 300, Labor Code). The CIR was characterized as a special court partaking of the nature of an administrative board vested with executive and judicial functions (*Ang Tibay v. Court of Industrial Relations*, 69 Phil. 635, 639). The present NLRC is an administrative board partaking of the nature of a special labor tribunal. Aside from its adjudicative jurisdiction, the NLRC can hold a person in contempt and impose penalties. The Labor Arbiters and the NLRC can execute their decisions by issuing writs of execution enforceable by the Sheriff (Arts. 218 and 224, Labor Code). If the CIR in the exercise of its jurisdiction had the prerogative to award damages (*Maria Cristina Fertilizer Plant Employee Assn. v Tandyag*, No. L-29217, May 11, 1978), there is no justification for denying that power to the present NLRC."⁷

In the case of *Lourdes Benzon vs. Sta. Ines-Melale Veneer & Plywood, Inc., and Robert V. Hyde*,⁸ the Labor Arbiter ordered individual respondent Robert V. Hyde to pay complainant Lourdes Benzon P300,000.00 as moral and exemplary damages. When the decision was appealed to the Commission, the decision of the Labor Arbiter was set aside and the case was remanded for further proceedings since it was shown that no jurisdiction was acquired over the person of Robert V. Hyde because of the failure before the start of the proceedings to properly serve him summons and a copy of the complaint and as such no valid decisions could have been legally rendered binding him. The Commission, it would appear, would have affirmed the decision of the Labor Arbiter were it not for a technicality: non-service of summons.

In another case, *Virgilio Manalabe vs. Hilton International*⁹ the Commission upheld the authority of the Labor Arbiter to award moral and exemplary damages arising from unfair labor practice.

⁷ *Supra*, pp. 581-582.

⁸ NLRC Case No. RB IV-3168-75, March 31, 1976.

⁹ NLRC Case No. RB IV-1746-75, September 7, 1976.

It would seem that the authority of Labor Arbiters to grant moral damages arising from unfair labor practices was clearly established under the original provisions of the Labor Code. However, on May 1, 1978, the President promulgated P.D. No. 1367 amending Article 217 of the Labor Code to read as follows:

- (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.¹⁰

The same Article was further amended by P.D. No. 1691 issued on May 1, 1980. It now reads as follows:

Article 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 all workers, whether agricultural and non-agricultural:
- 1) Unfair labor practice cases;
 - 2) Unresolved issues in collective bargaining including those that involve wages, hours of work and other terms and conditions of employment;
 - 3) All money claims of workers, including those based on non-payment of underpayment of wages, overtime compensation, separation pay and other benefits provided by law or appropriate agreement, except claims for employees compensation, social security, medicare and maternity benefits;

¹⁰PD No. 1367, Section 1.

- 4) All other claims arising from employer-employee relations, unless expressly excluded by this Code; Provided, that Labor Arbiters shall not entertain claims for moral or similar forms of damages.¹¹

Article 217 of the Labor Code now prohibits the Labor Arbiters from taking cognizance over claims for "moral or similar forms of damages". The Supreme Court had occasion to decide a case on the matter. In *Garcia vs. Martinez*¹² upon the second motion for reconsideration based on P.D. No. 1367 which took effect on May 1, 1978 providing that "the Regional Directors shall not indorse and Labor Arbiters shall not entertain claims for moral and other forms of damages", the Court through Justice Aquino held: "It appears that at the time this case was decided the lower court had jurisdiction over Velasco's complaint although at the time it was filed said court was not clothed with such jurisdiction. The lack of jurisdiction was cured by the issuance of the amendatory decree which is in the nature of a curative statute with retrospective application to a pending proceeding like Civil Case No. 9657 (82 C.J.S. 1004)".

The authoritativeness of this decision would have remained were it not for Batas Pambansa Bilang 70 approved on May 1, 1980 which amended certain provisions of Labor Code including those on unfair labor practice.

Article 248 was amended to read as follows:

Concept of unfair labor practice and procedure for prosecution thereof – Unfair labor practices violate the constitutional right of workers and employees to self organization, are inimical to the legitimate interest of both labor and management, including their right to bargain collectively and otherwise deal with each other in an atmosphere of freedom and mutual respect, disrupt industrial peace and hinder the promotion of healthy and stable labor-management relations.

Consequently, unfair labor practices are not only violations of the civil rights of both labor and management but are also criminal offenses against the state which shall be subject to prosecution and punishment as herein provided.

Subject to the exercise by the President (Prime Minister) or by the Minister of Labor of the powers vested in them by Articles 264 and 265 of this Code, *the civil aspects of all cases involving unfair labor practices which may include claims for damages and other affirmative relief, shall be under the jurisdiction of the labor arbiters.* They shall resolve such cases within thirty (30) working days from the time they are submitted for decision.¹³ (underscoring supplied)

The question now arises: P.D. No. 1691 while granting exclusive original jurisdiction to Labor Arbiters over unfair labor practices cases has prohibited the Labor Arbiters from entertaining claims for moral or similar forms of damages. Batas Pambansa Bilang 70, on the other hand, grants jurisdiction to Labor Arbiters

¹¹PD No. 1691, Section 3.

¹²90 SCRA 332, No. L-47629, May 28, 1979.

¹³Batas Pambansa Bilang 70, Section 2.

over the civil aspects of cases involving unfair labor practices, including claims for damages and other affirmative reliefs. May Labor Arbiters, then, award moral damages as long as they arise from unfair labor practices?

III. Conclusion

It is submitted that under the present laws, the Labor Arbiters may grant moral damages as long as they arise from unfair labor practices. P.D. No. 1691 grants exclusive and original jurisdiction to Labor Arbiters over unfair labor practice cases. This grant excludes any other judicial body from taking cognizance over unfair labor practice cases. The amendment made by Batas Pambaisa Blg. 70 grants Labor Arbiters the authority to decide over claims for "damages and other affirmative reliefs" arising from unfair labor practices. This grant is so broad as to include moral and other forms of damages.

The Supreme Court has ruled in previous cases that "it is settled that where the plaintiffs cause of action for damages arose out of, or was necessarily intertwined with the alleged unfair labor practice committed by the union, the jurisdiction properly belonged to the Court of Industrial Relations.¹⁴ It should be noted that the CIR was the predecessor of the NLRC and the Labor Arbiters.

In another case, the Court held: "If the demand for damages traceable to a labor dispute arising from an alleged unfair labor practice is to be passed upon by the regular courts of justice instead of leaving the matter to the industrial tribunal, such a situation would in effect amount to a splitting of jurisdiction which is clearly prejudicial to the interest of justice."¹⁵

To draw a tenuous jurisdiction 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 employee to shuttle from one court to another to secure full redress, is a situation gravely prejudicial to him. The time lost, the effort wasted, the anxiety augmented, additional expenses incurred — these are considerations which weigh heavily against split jurisdiction.¹⁶

¹⁴Associated Labor Union vs. Central Azucarera de la Carlota, L-25649, June 30, 1975, 64 SCRA 564; Progressive Labor Association vs. Atlas Consolidated Mining and Development Corporation, L-27585, May 29, 1970, 33 SCRA 349; Goodrich Employees Association vs. Flores, L-30211, October 5, 1976, 73 SCRA 297; Holganza vs. Apostol, L-32953, March 31, 1977, 76 SCRA 190 as cited in Maria Cristina Fertilizer Plant Association vs. Tandayag L-29217, May 11, 1978, 83 SCRA 56.

¹⁵Progressive Labor Association vs. Atlas Consolidated Mining and Development Corporation, 33 SCRA 349; Leoquenio V. Canada Dry Bottling Co., 37 SCRA 535; Associated Labor Union vs. Cruz, 41 SCRA 12.

¹⁶Gomez vs. North Camarines Lumber Company, Inc., L-11945, August 18, 1958.

Justice Moran in *Marquez vs. Martinez*¹⁷ held that "It is a cherished rule of procedure that a court should always strive to settle the entire controversy in a single proceeding leaving no root or branch to bear the seeds of future litigation."

Having in mind the legal bias in favor of labor, it is therefore submitted that Labor Arbiters based upon the present provisions of the Labor Code may take cognizance of cases involving moral damages arising from unfair labor practices. However, as specifically provided by Article 217 of the Labor Code, as amended by P.D. No. 1691, "the Labor Arbiters may not entertain claims for moral or similar forms of damages" in instances not arising from unfair labor practices.

¹⁷73 Phil. 74.