THE JURISDICTION OF THE DEPARTMENT OF LABOR AND THE GOMEZ CASE

*Angel M. Castaño**

The jurisdiction of the Department of Labor discussed here, which might be said to be involved in the case of *Reynaldo Gomez vs. North Camarines Lumber Company*, G. R. No. L-11945, promulgated August 18, 1958 (hereinafter referred to for brevity as the *Gomez* case), is the power of its Regional Offices and the Labor Standards Commission to hear and decide money claims, including overtime compensation and/or termination pay. The question to be answered here is — How is this jurisdiction of the Department of Labor affected by the Supreme Court decision in the *Gomez* case?

Off the bat, I am tempted to answer that the aforementioned Supreme Court decision has not affected whatsoever the jurisdiction of the Department of Labor over money claims, including overtime compensation and/or termination pay. But, this is stating the conclusion before the premise, and is not unlike putting the cart before the horses, so to say. And so, allow me to proceed with the discussion of the matter in a more ordinary fashion.

To begin with, what is the jurisdiction of the Department of Labor over money claims on which the *Gomez* case may have, if at all, any bearing? This is the jurisdiction which is vested upon its Regional Offices and Labor Standards Commission by Reorganization Plan No. 20-A, approved by Congress pursuant to Republic Act No. 997, as amended by Republic Act No. 1241, otherwise known as the Reorganization Act of 1954. The pertinent provisions of the said Reorganization Plan which was implemented effective January 16, 1957 by Executive Order No. 218, Series of 1956, are hereinbelow quoted as follows:

"18. There is created a Labor Standards Commission, hereinafter referred to in this Article as the Commission, to serve as a quasi-judicial and quasi-legislative body. The Commission, which has three members, shall be attached to the Bureau for a close working relationship, the Director being ex-officio Chairman. The other two members are to be appointed by the President with the consent of the Commission on Appointments.

"19. The Commission shall have jurisdiction to review, revise, reverse, modify or affirm on appeal decisions of a Regional Office affecting unpaid

* Secretary of Labor.

wages, underpayment, **overtime, separation pay,** and maternity leave of employees/laborers and unpaid wages, **separation** pay and vacation pay of domestic help, all hereinafter denominated as money claims only for brevity.

"The Commission shall have jurisdiction to review, revise, modify, or approve all rules and regulations, once approved by the Secretary of Labor and duly published once a week for three consecutive weeks in any newspaper of general circulation, shall become effective after fifteen days from the date of the last publication.

"20. The Commission is authorized to promulgate rules and regulations governing its internal functions as a quasi-judicial body, including the power of each member to decide appealed cases from a Regional Office, allowance for appeal from the decision on one member of the Commission in banc, and the manner of filing money claims before Regional Offices, the procedure in which the same shall be heard, decided, and appealed except those that are herein otherwise provided for:

> "(a) Any provision of law or rules of court to the contrary notwithstanding, money claims of employees, laborers, and domestic help may be filed and heard in the Regional Office where the respondent or any of the respondents resides or may be found, or where the claimant or any of the claimants resides, at the election of the claimant.
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> "(b) A decision of a Regional Office shall become final if no appeal is taken to the Commission within fifteen days after the party concerned has been notified thereof; and a decision of the Commission shall become final within thirty days after notice to the party concerned, unless within that period said party gives notice to the Commission of his desire to have the case taken to the Court, in which event the case shall be forwarded by the Commission to the proper Court of First Instance as if on appeal from a justice of the peace or a municipal court. All proceedings thereafter shall be governed by the same laws and rules which apply to ordinary civil cases brought to the Court of First Instance, including those on appeal.
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> "(c) A decision of a Regional Office or of the Commission from which no appeal has been taken, and which has become final and executory, shall be enforced like a final decision of a court of justice by writ of execution issued by the Regional Administrator concerned or by the Commission, as the case may be, which writ of execution shall be carried out by the Sheriff or other proper official in the same manner as writs of execution issued by the Courts.
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> x x x x"

"25. Each Regional Office shall have original and exclusive jurisdiction over all cases falling under the Workmen's Compensation Law, and cases affecting all money claims arising from violations of labor standards on working conditions, including but not restrictive to: unpaid wages, underpayment, **overtime, separation pay,** and maternity leave of employees/laborers; and unpaid wages, **overtime, separation pay,** vacation pay, and payment for medical services of domestic help." (Underscoring supplied)

It is clear from the aforequoted provisions that the Regional Offices of the Department of Labor have each original and exclusive jurisdiction over money claims of workers, among which are included overtime compensation and separation or termination pay as hereinabove indicated. From the decision thereon of the Regional Office concerned, appeal lies to the Labor Standards Commission; thence to the corresponding Court of First Instance, up to the Court of Appeals, and ultimately, to the Supreme Court, as the case may be. This was the true picture of the situation before it got confused with the coming out of the *Gomez* case decision. In this connection, it is to be noted that no discussion is made in the plan as to the number of workers to the employer concerned and as to the existence or non-existence of employer/employee relationship between the parties to the controversy upon the filing of the case.

Upon the other hand, what is the law governing the jurisdiction of the Court of Industrial Relations (CIR) on overtime compensation and separation pay, as pointed out by the Supreme Court in the *Gomez* case? It is Commonwealth Act No. 103. as amended and modified by Republic Act No. 875, commonly known as the Magna Carta of Labor. Thus, as pointed out by the Supreme Court Court in the *Gomez* case:

"It may be argued, however, that pursuant to the ruling laid down by this Court in the cases of **Philippine Association of Free Labor Unions — PAFLU vs. Tan, supra, Reyes v. Tan, supra,** as affirmed in several subsequent decisions, the enactment of the Industrial Peace Act courtailed the powers of the Court of Industrial Relations to take cognizance of controversies to the following: (1) when the labor dispute affects an industry which is indispensable to the national interest and is so certified by the President to the Industrial Court (Section 10, Rep. Act 875); (2) when the controversy refers to minimum wage under the Minimum Wage Law (Rep. Act 875); (3) when it involves hours of employment under the Eight-Hour Labor Law (Commonwealth Act 444); and (4) when it involves an unfair labor practice (Section 5-a, Rep. Act 875). But considering that in this case, plaintiff-appellant's main claim is for the collection of overtime compensation, which comes within the jurisdiction of the Industrial Court, we see no reason for dividing the 2 causes of action involved herein and for holding that one falls within the jurisdiction of one court and the remaining cause of action of another court. Anyway, We believe that it is more in consonance with the ends of justice that both causes of action be cognizable and heard by only one court; the Court of Industrial Relations. The complaint herein having been filed with the Court of First Instance of Manila, same must be dismissed and the matter submitted to the Court of Industrial Relations."

It pays to note also in the *Gomez* case that the Supreme Court consisdered cases on overtime compensation as "cases involving hours of employment under the Eight-Hour Labor Law." And hence, it ruled that in such case the CIR is the court of competent jurisdiction. In the language of our Supreme Court:

"It is clear from the foregoing that the Court of First Instance has jurisdiction only over controversies involving violations of the Minimum Wage Law. The instant action, however, was for the collection of overtime compensation under the Eight-Hour Labor Law (Com. Act 444) and for separation pay, and that actions of this nature shall be brought before a court of **competent** jurisdiction. In this respect, it has been held by this Court that with the enactment of the Industrial Peace Act (Rep. Act 875), cases involving hours of employment under the Eight-Hour Labor Law specifically fall within the jurisdiction of the Court of Industrial Relations (**Philippines Association of Free Labor Unions — PAFLU — vs. Tan,** G. R. No. L-9115, promulgated August 31, 1956; **Reyes vs. Tan,** G. R. No. L-9137, promulgated August 31, 1956; **Cebu Fort Labor Union vs. States Marine Corporation,** G. R. No. L-9350, promulgated May 20, 1957).

The doctrine laid down by our Supreme Court in the Gomez case is quite revolutionary in the sense that it entailed a sudden departure from its own rulings on the same matter heretofore promulgated. It is to be recalled that in the case of *The Mindanao Bus Employees Labor Union (PLUM) vs. The Mindanao Bus Company and the Court of Industrial Relations*, G. R. No. L-9795 promulgated December 28, 1957 (hereinafter referred to as the *Mindanao Bus Case*), that is about eight (8) months earlier than the *Gomez* case, our Supreme Court ruled that the case of overtime compensation was, after the enactment of Republic Act No. 875 on June 17, 1953, no longer within the jurisdiction of the Court of Industrial Relations. Our Supreme Court said then:

"The petitioner union claims that its members employed by the respondent company are entitled to overtime wages which have not been paid notwithstanding repeated demands, and prays "that after due hearing, respondent employer be ordered to pay for the herein claims and for such other relief as justice and equity may merit." **It is clear that the case is for collection of overtime wages claimed to be due and unpaid and does not involve hours of employment under Commonwealth Act No. 444. Hence the Court does not have jurisdiction over the case and correctly dismissed the petition."** (Underscoring supplied)

Also, in the case of *Santiago Aguilar vs. Jose Salumbides* G. R. No. L-10124, decided on the very same date of December 28, 1957 (hereinafter referred to as the *Salumbides* case), our Supreme Court sustained or affirmed the dismissal by the Court of Industrial Relations of a case of overtime compensation, wage differential and separation pays filed before it already in October, 1953, that is, after the effectivity of Republic Act No. 875 on June 17, 1953. In the language then of our Supreme Court:

"In **PAFLU vs. Tan,** 52 Off. Gaz. 5836; **Reyes vs. Tan,** 52 Off. Gaz. 6187; **PAFLU vs. Barot,** 52 Off. Gaz. 6544; and **Allied Free Workers Union vs. Apostol,** G. R. No. L-8876, 31 October 1957, we held that the power of the Court of Industrial Relations has been confined to the following cases:

> x x x (1) when the labor dispute affects an industry which is indispensable to the national interest and is so certified by the

> President to the industrial court (Section 10, Republic Act 875); (2) when the controversy refers to minimum wage under the Minimum Wage Law (Republic Act 602); (3) when it involves hours of employment under the Eight-Hour Labor Law (Commonwealth Act 444); and (4) when it involves an unfair labor practice (Section 5, (a), Republic Act 875).

and that —

> x x x In all other cases, even if they grow out of a labor dispute, the Court of Industrial Relations does not have jurisdiction, the intendment of the law being "to prevent undue restriction of free enterprise for capital and labor and to encourage the truly democratic method of regulating the relations between the employer and employee by means of an agreement freely entered into in collective bargaining" (Section 7, Republic Act 875). In other words, the policy of the law is to advance the settlement of disputes between the employers and the employees through collective bargaining, recognizing "that real industrial peace cannot be achieved by compulsion of law" (See section 1(c), in relation to section 20, **(Iden.)**)."

Republic Act No. 875 took effect on 17 June 1953. The petitioner alleges that the petition demanding payment of overtime, wage differential and separation pays was filed sometime in October 1953. At the time of the filing of the petition, the Court of Industrial Relations was no longer vested with jurisdiction to hear and determine the case."

It is also interesting to note that the *Gomez* case made no mention at all of either the *Mindanao* case or the *Salumbides* case. On the other hand, it mentioned the case of *Eduardo Brillantes vs. Leonardo Castro*. G. R. No. L-9223, promulgated June 30, 1956 (hereinafter referred to as the *Brillantes* case. This case enunciated the doctrine that the Wage Administration Service (WAS) before its abolition as a result of the reorganization of the Department of Labor on January 16, 1957, was a quasi-judicial body whenever there was an arbitration agreement making the WAS an arbitrator on a wage claim. The stand of the Supreme Court on the matter can be gleaned from its pronouncement in said case, which is hereinbelow quoted as follows:

"The authority above-cited on res **adjudicata** refer to decisions rendered by the courts. Are they applicable to decisions of a quasi-judicial body like the Wage Administration Service (WAS)? **The answer is in the affirmative, as may be seen from the following authorities:**

> "The rule which forbids the reopening of a matter once judicially determined by competent authority applies as well to the judicial and **quasi-judicial** acts of public, executive, or administrative officers and boards acting within their jurisdiction as to the judgments of courts having general judicial powers. This rule has been recognized as applying to the decisions of road or highway commissioners, commissioners of motor transportation, boards of audit, country boards, tax commissioners, boards, or officers, the federal trade commissions, school commissioners, police commissioners, sewer commissioners, land commissioners or officers, collector of customs, referees in bankruptcy, administering Workmen's compensation acts, and other like officers and boards. However, a particular decision or determination may not be conclusive, as where it was not a judicial, as distinguished from legislative, executive or ministerial determination, or the matter was not within the jurisdiction of the officer or board. x x (50 C.J.S., Judgment. Sec. 690, p. 148-149.)
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> "x x x There are, however, cases in which the doctrine of **res judicata** has been held applicable to judicial acts of public, executive, or administrative officers and boards. In this connection, it has been declared that whenever a final adjudication of persons invested with power to decide on the property and rights of the citizen is is examinable by the Supreme Court, upon a writ of error or a certiorari, such final adjudication may be pleaded as res judicata.' (30 Am. Jur., Judgments, Sec. 164, p. 910.) (Underscoring supplied)." (Additional underscoring supplied).

Although the doctrine laid down in the *Brillantes* case can be seriously open to doubt as still retaining "its vitality as a living principle", in view of the subsequent pronouncements of the Supreme Court in the case of *Louise B. Nestle vs. Secretary of Labor*, et al, G. R. No. 11630, Resolution of December 14, 1956, and *Elizalde and Co., Inc. et al, vs. Francisco P. Arnaldo, et als*, G. R. No. L-11592, Resolution of December 18, 1956, it is neither here or there. What matters is that if the WAS could have had quasi-judicial function under the Minimum Wage Law (Republic Act No. 602) at most whenever there was an arbitration agreement between the parties litigant, the language of Reorganization Plan No. 20-A leaves no room for doubt as to the quasi-judicial functions of the Regional Offices and the Labor Standards Commission with respect to the hearing and determination of money claims, including overtime compensation and termination or separation pay.

It should be borne in mind that in the *Gomez* case, the Supreme Court had occasion only to decide on the jurisdiction of the Court of Industrial Relations, which was vested upon it by the law of its creation, (Commonwealth Act 103) as amended and modified by Republic Act No. 875. It is likewise to be noted that in the *Gomez* case the Supreme Court made no reference whatsoever or could it have intended to affect the jurisdiction conferred upon the Regional Offices and Labor Standards Commission of the Department of Labor over money claims, including overtime compensation and separation pay, by virtue of a latter law, the Reorganization Act of 1954 (Republic Act 997, as amended in 1955 by Republic Act 1241). Therefore, the decision of the *Gomez* case could never have intended nor could it be said, to adversely affect the jurisdiction of the

Regional offices and Labor Standards Commission of the Department of Labor even in so far only as overtime compensation cases are concerned. I say overtime compensation cases, because the very *Gomez* case clearly implies that the matter of overtime of separation pay was only allowed to tag along with the matter of overtime compensatoin, in order not to divide the two causes of action inasmuch as the main claim — overtime compensation — is recognizable by the CIR. That the Court of Industrial Relations has really no jurisdiction on cases of separation pay was clearly reiterated by our Supreme Court in the case of *Administrator of Hda. Luisita Estate vs. Alberto et al,* G. R. No. L-12133, promulgated October 31, 1958.

As a matter of fact, the constitutionality of the pertinent portion of Reorganization Act of 1954 in conjunction with Reorganization Plan No. 20-A insofar as the quasi-judicial functions of the Regional Offices and the Labor Standards Commission of the Department of Labor on money claims are concerned, is involved in several cases now pending in the Supreme Court. Suffice it to state here that no reference to those pending cases was made in the *Gomez* case. This is another reason why the Gomez case cannot be intended to have any bearing whatsoever upon the quasi-judicial functions of the Department of Labor involved in this discussion.

It cannot be gainsaid that the decision of our Supreme Court in the *Gomez* case is entitled to due respect. But, in the same manner that the Court of Industrial Relations may be allowed to continue having jurisdiction on overtime compensation cases, I hope that nobody would begrudge the Regional Offices and the Labor Standards Commission of the Department of Labor of their jurisdiction on money claims, including overtime compensation cases, clearly vested upon them by Reorganization Plan No. 20-A, so long as the same, as well as the pertinent provision of the Reorganization Act of 1954 is not, as it has not been and I hope it will not be, declared unconstitutional by our Supreme Court.

These arms of the Department of Labor, as the case may be, should be zealous of the jurisdiction conferred upon them by law, as hereinabove indicated, and refusal to uphold that jurisdiction would render the labor office or body concerned open to the charge of disservice to the Department. The result then is that because of the *Gomez* case, the Court of Industrial Relations may have at most concurrent jurisdiction with the Department of Labor on overtime compensation cases. The claimants may choose to file the case either with the Department or with the Court of Industrial Relations. The *Gomez* case decision has not therefore affected the jurisdiction of the Regional offices and the Labor Standards Commission of the Department of Labor on overtime compensation cases, except

perhaps when the claimants choose to file their cases directly with the Court of Industrial Relations. That cannot be helped in view of the decision in the *Gomez* case. But so long as overtime compensation cases are filed with the Department of Labor, for sure we will help ourselves handling them in fulfillment of our assigned jurisdiction like, as it were, nobody else's business.