SUPREME COURT
EN BANC

ST. MARTIN FUNERAL HOME,
***Petitioner*,**

-versus-

G.R. No. 130866
September 16, 1998

NATIONAL LABOR RELATIONS COMMISSION and BIENVENIDO ARICAYOS,
***Respondents*.**
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D E C I S I O N

REGALADO, *J.*:

The present Petition for Certiorari stemmed from a complaint for illegal dismissal filed by herein private respondent before the National Labor Relations Commission (NLRC), Regional Arbitration Branch No. III, in San Fernando, Pampanga. Private respondent alleges that he started working as Operations Manager of petitioner St. Martin Funeral Home on February 6, 1995. However, there was no contract of employment executed between him and petitioner nor was his name included in the semi-monthly payroll. On January 22, 1996, he was dismissed from his employment for allegedly misappropriating P38,000.00 which was intended for payment by

petitioner of its value added tax (VAT) to the Bureau of Internal Revenue (BIR).[1]

Petitioner on the other hand claims that private respondent was not its employee but only the uncle of Amelita Malabed, the owner of petitioner St. Martin's Funeral Home. Sometime in 1995, private respondent, who was formerly working as an overseas contract worker, asked for financial assistance from the mother of Amelita. Since then, as an indication of gratitude, private respondent voluntarily helped the mother of Amelita in overseeing the business.

In January 1996, the mother of Amelita passed away, so the latter then took over the management of the business. She then discovered that there were arrears in the payment of taxes and other government fees, although the records purported to show that the same were already paid. Amelita then made some changes in the business operation and private respondent and his wife were no longer allowed to participate in the management thereof. As a consequence, the latter filed a complaint charging that petitioner had illegally terminated his employment.[2]

Based on the position papers of the parties, the labor arbiter rendered a decision in favor of petitioner on October 25, 1996 declaring that no employer-employee relationship existed between the parties and, therefore, his office had no jurisdiction over the case.[3]

Not satisfied with the said decision, private respondent appealed to the NLRC contending that the labor arbiter erred (1) in not giving credence to the evidence submitted by him; (2) in holding that he worked as a "volunteer and not as an employee of St. Martin Funeral Home from February 6, 1995 to January 23, 1996, or a period of about one year; and (3) in ruling that there was no employer-employee relationship between him and petitioner.[4]

On June 13, 1997, the NLRC rendered a resolution setting aside the questioned decision and remanding the case to the labor arbiter for immediate appropriate proceedings.[5] Petitioner then filed a motion for reconsideration which was denied by the NLRC in its resolution dated August 18, 1997 for lack of merit,[6] hence the present petition alleging that the NLRC committed grave abuse of discretion.[7]

Before proceeding further into the merits of the case at bar, the Court feels that it is now exigent and opportune to reexamine the functional validity and systemic practicability of the mode of judicial review it has long adopted and still follows with respect to decisions of the NLRC. The increasing number of labor disputes that find their way to this Court and the legislative changes introduced over the years into the provisions of Presidential Decree (P.D.) No. 442 (The Labor Code of the Philippines and Batas Pambansa Blg. (B.P. No.) 129 (The Judiciary Reorganization Act of 1980) now stridently call for and warrant a reassessment of that procedural aspect.

We prefatorily delve into the legal history of the NLRC. It was first established in the Department of Labor by P.D. No. 21 on October 14, 1972, and its decisions were expressly declared to be appealable to the Secretary of Labor and, ultimately, to the President of the Philippines.

On May 1, 1974, P.D. No. 442 enacted the Labor Code of the Philippines, the same to take effect six months after its promulgation.[8] Created and regulated therein is the present NLRC which was attached to the Department of Labor and Employment for program and policy coordination only.[9] Initially, Article 302 (now, Article 223) thereof also granted an aggrieved party the remedy of appeal from the decision of the NLRC to the Secretary of Labor, but P.D. No. 1391 subsequently amended said provision and abolished such appeals. No appellate review has since then been provided for.

Thus, to repeat, under the present state of the law, there is no provision for appeals from the decision of the NLRC.[10] The present Section 223, as last amended by Section 12 of R.A. No. 6715, instead merely provides that the Commission shall decide all cases within twenty days from receipt of the answer of the appellee, and that such decision shall be final and executory after ten calendar days from receipt thereof by the parties.

When the issue was raised in an early case on the argument that this Court has no jurisdiction to review the decisions of the NLRC, and formerly of the Secretary of Labor, since there is no legal provision for appellate review thereof, the Court nevertheless rejected that thesis. It held that there is an underlying power of the courts to scrutinize the

acts of such agencies on questions of law and jurisdiction even though no right of review is given by statute; that the purpose of judicial review is to keep the administrative agency within its jurisdiction and protect the substantial rights of the parties; and that it is that part of the checks and balances which restricts the separation of powers and forestalls arbitrary and unjust adjudications.[11]

Pursuant to such ruling, and as sanctioned by subsequent decisions of this Court, the remedy of the aggrieved party is to timely file a motion for reconsideration as a precondition for any further or subsequent remedy,[12] and then seasonably avail of the special civil action of certiorari under Rule 65,[13] for which said Rule has now fixed the reglementary .period of sixty days from notice of the decision. Curiously, although the 10-day period for finality of the decision of the NLRC may already have lapsed as contemplated in Section 223 of the Labor Code, it has been held that this Court may still take cognizance of the petition for certiorari on jurisdictional and due process considerations if filed within the reglementary period under Rule 65.[14]

Turning now to the matter of judicial review of NLRC decisions, B.P. No. 129 originally provided as follows:

> SEC. 9. Jurisdiction. — The Intermediate Appellate Court shall exercise:
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> (1) Original jurisdiction to issue writs of mandamus, prohibition, certiorari, habeas corpus, and quo warranto, and auxiliary writs or processes, whether or not in aid of its appellate jurisdiction;
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> (2) Exclusive original jurisdiction over actions for annulment of judgments of Regional Trial Courts; and
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> (3) Exclusive appellate jurisdiction over all final judgments, decisions, resolutions, orders, or awards of Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards, or commissions, except those falling within the appellate jurisdiction of the

Supreme Court in accordance with the Constitution, the provisions of this Act, and of subparagraph (1) of the third paragraph and subparagraph (4) of the fourth paragraph of Section 17 of the Judiciary Act of 1948.

The Intermediate Appellate Court shall have the power to try cases and conduct hearings, receive evidence and perform any and all acts necessary to resolve factual issues raised in cases falling within its original and appellate jurisdiction, including the power to grant and conduct new trials or further proceedings.

These provisions shall not apply to decisions and interlocutory orders issued under the Labor Code of the Philippines and by the Central Board of Assessment Appeals.[15]

Subsequently, and as it presently reads, this provision was amended by R.A. No. 7902 effective March 18, 1995, to wit:

SEC. 9. Jurisdiction. — The Court of Appeals shall exercise:

(1) Original jurisdiction to issue writs of mandamus, prohibition, certiorari, habeas corpus, and quo warranto, and auxiliary writs or processes, whether or not in aid of its appellate jurisdiction;

(2) Exclusive original jurisdiction over actions for annulment of judgments of Regional Trial Courts; and

(3) Exclusive appellate jurisdiction over all final judgments, decisions, resolutions, orders or awards of Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards or commissions, including the Securities and Exchange Commission, the Social Security Commission, the Employees Compensation Commission and the Civil Service Commission, except those falling within the appellate jurisdiction of the Supreme Court in accordance with the

> Constitution, the Labor Code of the Philippines under Presidential Decree No. 442, as amended, the provisions of this Act, and of subparagraph (1) of the third paragraph and subparagraph (4) of the fourth paragraph of Section 17 of the Judiciary Act of 1948.

The Court of Appeals shall have the power to try cases and conduct hearings receive evidence and perform any and all acts necessary to resolve factual issues raised in cases falling within its original and appellate jurisdiction, including the power to grant and conduct new trials or further proceedings. Trials or hearings in the Court of Appeals must be continuous and must be completed within, three (3) months, unless extended by the Chief Justice."

It will readily be observed that, aside from the change in the name of the lower appellate court,[16] the following amendments of the original provisions of Section 9 of B.P. No. 129 were effected by R.A. No. 7902, viz.:

1. The last paragraph which excluded its application to the Labor Code of the Philippines and the Central Board of Assessment Appeals was deleted and replaced by a new paragraph granting the Court of Appeals limited powers to conduct trials and hearings in cases within its jurisdiction.

2. The reference to the Labor Code in that last paragraph was transposed to paragraph (3) of the section, such that the original exclusionary clause therein now provides "except those falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the Labor Code of the Philippines under Presidential Decree No. 442, as amended, the provisions of this Act, and of subparagraph (1) of the third paragraph and subparagraph (4) of the fourth paragraph of Section 17 of the Judiciary Act of 1948." (Emphasis supplied)

3. Contrarily, however, specifically added to and included among the quasi-judicial agencies over which the Court of Appeals shall have exclusive appellate jurisdiction are the Securities and Exchange Commission, the Social Security

> Commission, the Employees Compensation Commission and the Civil Service Commission.

This, then, brings us to a somewhat perplexing impassè, both in point of purpose and terminology. As earlier explained, our mode of judicial review over decisions of the NLRC has for some time now been understood to be by a petition for certiorari under Rule 65 of the Rules of Court. This is, of course, a special original action limited to the resolution of jurisdictional issues, that is, lack or excess of jurisdiction and, in almost all cases that have been brought to us, grave abuse of discretion amounting to lack of jurisdiction.

It will, however, be noted that paragraph (3), Section 9 of B.P. No. 129 now grants exclusive appellate jurisdiction to the Court of Appeals over all final adjudications of the Regional Trial Courts and the quasi-judicial agencies generally or specifically referred to therein except, among others, "those falling within the appellate jurisdiction of the Supreme Court in accordance with the Labor Code of the Philippines under Presidential Decree No. 442, as amended." This would necessarily contradict what has been ruled and said all along that appeal does not lie from decisions of the NLRC.[17] Yet, under such excepting clause literally construed, the appeal from the NLRC cannot be brought to the Court of Appeals, but to this Court by necessary implication.

The same exceptive clause further confuses the situation by declaring that the Court of Appeals has no appellate jurisdiction over decisions falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the provisions of B. P. No. 129, and those specified cases in Section 17 of the Judiciary Act of 1948. These cases can, of course, be properly excluded from the exclusive appellate jurisdiction of the Court of Appeals. However, because of the aforementioned amendment by transposition, also supposedly excluded are cases falling within the appellate jurisdiction of the Supreme Court in accordance with the Labor Code. This is illogical and impracticable, and Congress could not have intended that procedural gaffe, since there are no cases in the Labor Code the decisions, resolutions, orders or awards wherein are within the appellate jurisdiction of the Supreme Court or of any other court for that matter.

A review of the legislative records on the antecedents of R A. No. 7902 persuades us that there may have been an oversight in the course of the deliberations on the said Act or an imprecision in the terminology used therein. In fine, Congress did intend to provide for judicial review of the adjudications of the NLRC in labor cases by the Supreme Court, but there was an inaccuracy in the term used for the intended mode of review. This conclusion which we have reluctantly but prudently arrived at has been drawn from the considerations extant in the records of Congress, more particularly on Senate Bill No. 1495 and the Reference Committee Report on S. No. 1495/H. No. 10452.[18]

In sponsoring Senate Bill No. 1495, Senator Raul S. Roco delivered his sponsorship speech[19] from which we reproduce the following excerpts:

> The Judiciary Reorganization Act, Mr. President, Batas Pambansa Blg. 129, reorganized the Court of Appeals and at the same time expanded its jurisdiction and powers. Among others, its appellate jurisdiction was expanded to cover not only final judgment of Regional Trial Courts, but also all final judgment(s), decisions, resolutions, orders or awards of quasi-judicial agencies, instrumentalities, boards and commissions, except those falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the provisions of BP Blg. 129 and of subparagraph 1 of the third paragraph and subparagraph 4 of Section 17 of the Judiciary Act of 1948.
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> Mr. President, the purpose of the law is to ease the workload of the Supreme Court by the transfer of some of its burden of review of factual issues to the Court of Appeals. However, whatever benefits that can be derived from the expansion of the appellate jurisdiction of the Court of Appeals was cut short by the last paragraph of Section 9 of Batas Pambansa Blg. 129 which excludes from its coverage the "decisions and interlocutory orders issued under the Labor Code of the Philippines and by the Central Board of Assessment Appeals."

> Among the highest number of cases that are brought up to the Supreme Court are labor cases. Hence, Senate Bill No. 1495 seeks to eliminate the exceptions enumerated in Section 9 and, additionally, extends the coverage of appellate review of the Court of Appeals in the decision(s) of the Securities and Exchange Commission, the Social Security Commission, and the Employees Compensation Commission to reduce the number of cases elevated to the Supreme Court. (Emphases and corrections ours)
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> Senate Bill No. 1495 authored by our distinguished Colleague from Laguna provides the ideal situation of drastically reducing the workload of the Supreme Court without depriving the litigants of the privilege of review by an appellate tribunal.

In closing, allow me to quote the observations of former Chief Justice Teehankee in 1986 in the Annual Report of the Supreme Court:

> Amendatory legislation is suggested so as to relieve the Supreme Court of the burden of reviewing these cases which present no important issues involved beyond the particular fact and the parties involved, so that the Supreme Court may wholly devote its time to cases of public interest in the discharge of its mandated task as the guardian of the Constitution and the guarantor of the people's basic rights and additional task expressly vested on it now "to determine whether or not there has been a grave abuse of discretion amounting to lack of jurisdiction on the part of any branch or instrumentality of the Government."
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> We used to have 500,000 cases pending all over the land, Mr. President. It has been cut down to 300,000 cases some five years ago. I understand we are now back to 400,000 cases. Unless we distribute the work of the appellate courts, we shall continue to mount and add to the number of cases pending.
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> In view of the foregoing, Mr. President, and by virtue of all the reasons we have submitted, the Committee on Justice and

> Human Rights requests the support and collegial approval of our Chamber.
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Surprisingly, however, in a subsequent session, the following Committee Amendment was introduced by the said sponsor and the following proceedings transpired:[20]

> Senator Roco. On page 2, line 5, after the line "Supreme Court in accordance with the Constitution," add the phrase " THE LABOR CODE OF THE PHILIPPINES UNDER P.D. 442, AS AMENDED." So that it becomes clear, Mr. President, that issues arising from the Labor Code will still be appealable to the Supreme Court.
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> The President. Is there any objection? (Silence) Hearing none, the amendment is approved.
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> Senator Roco. On the same page, we move that lines 25 to 30 be deleted. This was also discussed with our Colleagues in the House of Representatives and as we understand it, as approved in the House, this was also deleted, Mr. President.
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> The President. Is there any objection? (Silence) Hearing none, the amendment is approved.
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> Senator Roco. There are no further Committee amendments, Mr. President.
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> Senator Romulo. Mr. President, I move that we close the period of Committee amendments.
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> The President. Is there any objection? (Silence) Hearing none, the amendment is approved. (Emphasis supplied)
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> Thereafter, since there were no individual amendments, Senate Bill No. 1495 was passed on second reading and being a

> certified bill, its unanimous approval on third reading followed.[21] The Conference Committee Report on Senate Bill No. 1495 and House Bill No. 10452, having theretofore been approved by the House of Representatives, the same was likewise approved by the Senate on February 20, 1995,[22] inclusive of the dubious formulation on appeals to the Supreme Court earlier discussed.
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> The Court is, therefore, of the considered opinion that ever since appeals from the NLRC to the Supreme Court were eliminated, the legislative intendment was that the special civil action of certiorari was and still is the proper vehicle for judicial review of decisions of the NLRC. The use of the word "appeal" in relation thereto and in the instances we have noted could have been a lapsus plumae because appeals by certiorari and the original action for certiorari are both modes of judicial review addressed to the appellate courts. The important distinction between them, however, and with which the Court is particularly concerned here is that the special civil action of certiorari is within the concurrent original jurisdiction of this Court and the Court of Appeals;[23] whereas to indulge in the assumption that appeals by certiorari to the Supreme Court are allowed would not subserve, but would subvert, the intention of Congress as expressed in the sponsorship speech on Senate Bill No. 1495.

Incidentally, it was noted by the sponsor therein that some quarters were of the opinion that recourse from the NLRC to the Court of Appeals as an initial step in the process of judicial review would be circuitous and would prolong the proceedings. On the contrary, as he commendably and realistically emphasized, that procedure would be advantageous to the aggrieved party on this reasoning:

> On the other hand, Mr. President, to allow these cases to be appealed to the Court of Appeals would give litigants the advantage to have all the evidence on record be reexamined and reweighed after which the findings of facts and conclusions of said bodies are correspondingly affirmed, modified or reversed.

> Under such guarantee, the Supreme Court can then apply strictly the axiom that factual findings of the Court of Appeals are final and may not be reversed on appeal to the Supreme Court. A perusal of the records will reveal appeals which are factual in nature and may, therefore, be dismissed outright by minute resolutions.[24]
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> While we do not wish to intrude into the Congressional sphere on the matter of the wisdom of a law, on this score we add the further observations that there is a growing number of labor cases being elevated to this Court which, not being a trier of fact, has at times been constrained to remand the case to the NLRC for resolution of unclear or ambiguous factual findings; that the Court of Appeals is procedurally equipped for that purpose, aside from the increased number of its component divisions; and that there is undeniably an imperative need for expeditious action on labor cases as a major aspect of constitutional protection to labor.
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> Therefore, all references in the amended Section 9 of B.P. No. 129 to supposed appeals from the NLRC to the Supreme Court are interpreted and hereby declared to mean and refer to petitions for certiorari under Rule 65. Consequently, all such petitions should henceforth be initially filed in the Court of Appeals in strict observance of the doctrine on the hierarchy of courts as the appropriate forum for the relief desired.

Apropos to this directive that resort to the higher courts should be made in accordance with their hierarchical order, this pronouncement in Santiago vs. Vasquez, et al.[25] should be taken into account:

> One final observation. We discern in the proceedings in this case a propensity on the part of petitioner, and, for that matter, the same may be said of a number of litigants who initiate recourses before us, to disregard the hierarchy of courts in our judicial system by seeking relief directly from this Court despite the fact that the same is available in the lower courts in the exercise of their original or concurrent jurisdiction, or is even mandated by law to be sought therein. This practice must be

> stopped, not only because of the imposition upon the precious time of this Court but also because of the inevitable and resultant delay, intended or otherwise, in the adjudication of the case which often has to be remanded or referred to the lower court as the proper forum under the rules of procedure, or as better equipped to resolve the issues since this Court is not a trier of facts. We, therefore, reiterate the judicial policy that this Court will not entertain direct resort to it unless the redress desired cannot be obtained in the appropriate courts or where exceptional and compelling circumstances justify availment of a remedy within and calling for the exercise of our primary jurisdiction.

WHEREFORE, under the foregoing premises, the instant petition for certiorari is hereby **REMANDED**, and all pertinent records thereof ordered to be **FORWARDED**, to the Court of Appeals for appropriate action and disposition consistent with the views and ruling herein set forth, without pronouncement as to costs.

SO ORDERED.

Narvasa, *C.J.*, Davide, Jr., Romero, Bellosillo, Melo, Puno, Vitug, Kapunan, Mendoza, Panganiban, Martinez, Quisumbing and Purisima, *JJ.*, concur.

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[1] Rollo, 17.
[2] Ibid., 18-19.
[3] Ibid., 19.
[4] Ibid., 16.
[5] Ibid., 21.
[6] Ibid., 23-24.
[7] Ibid., 6.
[8] Article 2.
[9] Article 213.
[10] While Art. 223 bears the epigraph of "Appeal," it actually refers only to decisions, awards, or orders of the labor arbiter which shall be final and executory unless appealed to the NLRC by any or both parties within ten calendar days from receipt thereof.
[11] San Miguel Corporation vs. Secretary of Labor, et al., G.R. No. L-39195, May 15, 1975, 64 SCRA 56; Scott vs. Inciong, et al., G.R. No. L-38868, December

29, 1975, 68 SCRA 473; Bordeos, et al., vs. NLRC, et al., G.R. Nos. 115314-23, September 26, 1996, 262 SCRA 424.

[12] Zapata vs. NLRC, et al ., G.R. No. 77827, July 5, 1989, 175 SCRA 56.

[13] See, for instance, Pure Foods Corporation vs. NLRC, et al., G.R. No. 78591, March 21, 1989, 171 SCRA 415.

[14] Mantrade, etc. vs. Bacungan, et al., G.R. No. L-48437, September 30, 1986, 144 SCRA 511.

[15] 75 O.G. 4781, August 29, 1983.

[16] Executive Order No. 33 restored the name of the Court of Appeals, in lieu of the intermediate Appellate Court, effective July 28, 1986.

[17] The different modes of appeal, that is, by writ of error (Rule 41), petition for review (Rules 42 and 43), and petition for review on certiorari (Rule 45) obviously cannot be availed of because there is no provision for appellate review of NLRC decisions in P.D. No. 442, as amended.

[18] An Act Expanding the Jurisdiction of the Court of Appeals, Amending for the Purpose Section 9 of Batas Pambansa Blg. 129, known as the Judiciary Reorganization Act of 1980.

[19] Transcript of Session Proceedings (TSP), S. No. 1495, February 8, 1995, 31-36.

[20] TSP, id., February 15, 1995, 18-19.

[21] TSP, id., id., 19-21; Record of the Senate, Vol. V, No. 63, pp. 180-181.

[22] TSP, id., February 20, 1995, pp. 42-43.

[23] The Regional Trial Court also shares that concurrent jurisdiction but that cannot be considered with regard to the NLRC since they are of the same rank.

[24] TSP, S. No. 1495, February 8, 1995, pp. 32-33.

[25] G.R. Nos. 99289-90, January 27, 1993, 217 SCRA 633. See also Tano, et al. vs. Socrates, et al., G.R. No. 110249, August 21, 1997, 278 SCRA 155.