687 Phil. 153

THIRD DIVISION

[G.R. No. 172642, June 13, 2012]

ESTATE OF NELSON R. DULAY, REPRESENTED BY HIS WIFE MERRIDY JANE P. DULAY, PETITIONER, VS. ABOITIZ JEBSEN MARITIME, INC. AND GENERAL CHARTERERS, INC., RESPONDENTS.

D E C I S I O N

PERALTA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision[1] and Resolution[2] dated July 11, 2005 and April 18, 2006 of the Court of Appeals (CA) in CA-G.R. SP No. 76489.

The factual and procedural antecedents of the case, as summarized by the CA, are as follows:

> Nelson R. Dulay (Nelson, for brevity) was employed by [herein respondent] General Charterers Inc. (GCI), a subsidiary of co-petitioner [herein co-respondent] Aboitiz Jebsen Maritime Inc. since 1986. He initially worked as an ordinary seaman and later as bosun on a contractual basis. From September 3, 1999 up to July 19, 2000, Nelson was detailed in petitioners' vessel, the MV Kickapoo Belle.
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> On August 13, 2000, or 25 days after the completion of his employment contract, Nelson died due to acute renal failure secondary to septicemia. At the time of his death, Nelson was a bona fide member of the Associated Marine Officers and Seaman's Union of the Philippines (AMOSUP), GCI's collective bargaining agent. Nelson's widow, Merridy Jane, thereafter claimed for death benefits through the grievance procedure of the Collective Bargaining Agreement (CBA) between AMOSUP and GCI. However, on January 29, 2001, the grievance procedure was "declared deadlocked" as petitioners refused to grant the benefits sought by the widow.
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> On March 5, 2001, Merridy Jane filed a complaint with the NLRC Sub-Regional Arbitration Board in General Santos City against GCI for death and medical benefits and damages.
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> On March 8, 2001, Joven Mar, Nelson's brother, received P20,000.00 from [respondents] pursuant to article 20(A)2 of the CBA and signed a "Certification" acknowledging receipt of the amount and releasing AMOSUP from further liability. Merridy Jane contended that she is entitled to the

> aggregate sum of Ninety Thousand Dollars ($90,000.00) pursuant to [A]rticle 20 (A)1 of the CBA x x x
>
> x x x x
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> Merridy Jane averred that the P20,000.00 already received by Joven Mar should be considered advance payment of the total claim of US$90,000. [00].
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> [Herein respondents], on the other hand, asserted that the NLRC had no jurisdiction over the action on account of the absence of employer-employee relationship between GCI and Nelson at the time of the latter's death. Nelson also had no claims against petitioners for sick leave allowance/medical benefit by reason of the completion of his contract with GCI. They further alleged that private respondent is not entitled to death benefits because petitioners are only liable for such "in case of death of the seafarer during the term of his contract pursuant to the POEA contract" and the cause of his death is not work-related. Petitioners admitted liability only with respect to article 20(A)2 [of the CBA]. x x x
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> x x x x
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> However, as petitioners stressed, the same was already discharged.
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> The Labor Arbiter ruled in favor of private respondent. It took cognizance of the case by virtue of Article 217 (a), paragraph 6 of the Labor Code and the existence of a reasonable causal connection between the employer-employee relationship and the claim asserted. It ordered the petitioner to pay P4,621,300.00, the equivalent of US$90,000.00 less P20,000.00, at the time of judgment x x x
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> x x x x
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> The Labor Arbiter also ruled that the proximate cause of Nelson's death was not work-related.
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> On appeal, [the NLRC] affirmed the Labor Arbiter's decision as to the grant of death benefits under the CBA but reversed the latter's ruling as to the proximate cause of Nelson's death.[3]

Herein respondents then filed a special civil action for *certiorari* with the CA contending that the NLRC committed grave abuse of discretion in affirming the jurisdiction of the NLRC over the case; in ruling that a different provision of the CBA covers the death claim; in reversing the findings of the Labor Arbiter that the cause of death is not work-related; and, in setting aside the release and quitclaim executed by the attorney-in-fact and not considering the P20,000.00 already received by Merridy Jane through her attorney-in-fact.

On July 11, 2005, the CA promulgated its assailed Decision, the dispositive portion of which reads as follows:

> WHEREFORE, in view of the foregoing, the petition is hereby GRANTED and the case is REFERRED to the National Conciliation and Mediation Board for the designation of the Voluntary Arbitrator or the constitution of a panel of Voluntary Arbitrators for the appropriate resolution of the issue on the matter of the applicable CBA provision.
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> SO ORDERED.[4]

The CA ruled that while the suit filed by Merridy Jane is a money claim, the same basically involves the interpretation and application of the provisions in the subject CBA. As such, jurisdiction belongs to the voluntary arbitrator and not the labor arbiter.

Petitioner filed a Motion for Reconsideration but the CA denied it in its Resolution of April 18, 2006.

Hence, the instant petition raising the sole issue of whether or not the CA committed error in ruling that the Labor Arbiter has no jurisdiction over the case.

Petitioner contends that Section 10 of Republic Act (R.A.) 8042, otherwise known as the Migrant Workers and Overseas Filipinos Act of 1995, vests jurisdiction on the appropriate branches of the NLRC to entertain disputes regarding the interpretation of a collective bargaining agreement involving migrant or overseas Filipino workers. Petitioner argues that the abovementioned Section amended Article 217 (c) of the Labor Code which, in turn, confers jurisdiction upon voluntary arbitrators over interpretation or implementation of collective bargaining agreements and interpretation or enforcement of company personnel policies.

The pertinent provisions of Section 10 of R.A. 8042 provide as follows:

> **SEC. 10**. *Money Claims.* - Notwithstanding any provision of law to the contrary, the Labor Arbiters of the National Labor Relations Commission (NLRC) shall have the original and exclusive jurisdiction to hear and decide, within ninety (90) calendar days after filing of the complaint, the claims arising out of an employer-employee relationship or by virtue of any law or contract involving Filipino workers for overseas deployment including claims for actual, moral, exemplary and other forms of damages.

Article 217(c) of the Labor Code, on the other hand, states that:

> x x x x
>
> (c) Cases arising from the interpretation or implementation of collective

> bargaining agreements and those arising from the interpretation or enforcement of company personnel policies shall be disposed by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements.

On their part, respondents insist that in the present case, Article 217, paragraph (c) as well as Article 261 of the Labor Code remain to be the governing provisions of law with respect to unresolved grievances arising from the interpretation and implementation of collective bargaining agreements. Under these provisions of law, jurisdiction remains with voluntary arbitrators.

Article 261 of the Labor Code reads, thus:

> **ARTICLE 261.** *Jurisdiction of Voluntary Arbitrators or panel of Voluntary Arbitrators.* – The Voluntary Arbitrator or panel of Voluntary Arbitrators shall have original and exclusive jurisdiction to hear and decide all unresolved grievances arising from the interpretation or implementation of the Collective Bargaining Agreement and those arising from the interpretation or enforcement of company personnel policies referred to in the immediately preceding article. Accordingly, violations of a Collective Bargaining Agreement, except those which are gross in character, shall no longer be treated as unfair labor practice and shall be resolved as grievances under the Collective Bargaining Agreement. For purposes of this article, gross violations of Collective Bargaining Agreement shall mean flagrant and/or malicious refusal to comply with the economic provisions of such agreement.
>
> The Commission, its Regional Offices and the Regional Directors of the Department of Labor and Employment shall not entertain disputes, grievances or matters under the exclusive and original jurisdiction of the Voluntary Arbitrator or panel of Voluntary Arbitrators and shall immediately dispose and refer the same to the Grievance Machinery or Voluntary Arbitration provided in the Collective Bargaining Agreement.

The petition is without merit.

It is true that R.A. 8042 is a special law governing overseas Filipino workers. However, a careful reading of this special law would readily show that there is no specific provision thereunder which provides for jurisdiction over disputes or unresolved grievances regarding the interpretation or implementation of a CBA. Section 10 of R.A. 8042, which is cited by petitioner, simply speaks, in general, of "claims arising out of an employer-employee relationship or by virtue of any law or contract involving Filipino workers for overseas deployment including claims for actual, moral, exemplary and other forms of damages." On the other hand, Articles 217(c) and 261 of the Labor Code are very specific in stating that voluntary arbitrators have jurisdiction over cases arising from the interpretation or implementation of collective bargaining agreements. Stated differently, the instant case involves a situation where the special statute (R.A. 8042)

refers to a subject in general, which the general statute (Labor Code) treats in particular.[5] In the present case, the basic issue raised by Merridy Jane in her complaint filed with the NLRC is: which provision of the subject CBA applies insofar as death benefits due to the heirs of Nelson are concerned. The Court agrees with the CA in holding that this issue clearly involves the interpretation or implementation of the said CBA. Thus, the specific or special provisions of the Labor Code govern.

In any case, the Court agrees with petitioner's contention that the CBA is the law or contract between the parties. Article 13.1 of the CBA entered into by and between respondent GCI and AMOSUP, the union to which petitioner belongs, provides as follows:

> **The Company and the Union agree that in case of dispute or conflict in the interpretation or application of any of the provisions of this Agreement, or enforcement of Company policies, the same shall be settled through negotiation, conciliation or voluntary arbitration**. The Company and the Union further agree that they will use their best endeavor to ensure that any dispute will be discussed, resolved and settled amicably by the parties hereof within ninety (90) days from the date of filing of the dispute or conflict and in case of failure to settle thereof any of the parties retain their freedom to take appropriate action.[6] (Emphasis supplied)

From the foregoing, it is clear that the parties, in the first place, really intended to bring to conciliation or voluntary arbitration any dispute or conflict in the interpretation or application of the provisions of their CBA. It is settled that when the parties have validly agreed on a procedure for resolving grievances and to submit a dispute to voluntary arbitration then that procedure should be strictly observed.[7]

It may not be amiss to point out that the abovequoted provisions of the CBA are in consonance with Rule VII, Section 7 of the present Omnibus Rules and Regulations Implementing the Migrant Workers and Overseas Filipinos Act of 1995, as amended by Republic Act No. 10022, which states that "[f]or OFWs with collective bargaining agreements, the case shall be submitted for voluntary arbitration in accordance with Articles 261 and 262 of the Labor Code." The Court notes that the said Omnibus Rules and Regulations were promulgated by the Department of Labor and Employment (DOLE) and the Department of Foreign Affairs (DFA) and that these departments were mandated to consult with the Senate Committee on Labor and Employment and the House of Representatives Committee on Overseas Workers Affairs.

In the same manner, Section 29 of the prevailing Standard Terms and Conditions Governing the Employment of Filipino Seafarers on Board Ocean Going Vessels, promulgated by the Philippine Overseas Employment Administration (POEA), provides as follows:

> Section 29. *Dispute Settlement Procedures.* - **In cases of claims and disputes arising from this employment, the parties covered by a**

> **collective bargaining agreement shall submit the claim or dispute to the original and exclusive jurisdiction of the voluntary arbitrator or panel of arbitrators.** If the parties are not covered by a collective bargaining agreement, the parties may at their option submit the claim or dispute to either the original and exclusive jurisdiction of the National Labor Relations Commission (NLRC), pursuant to Republic Act (RA) 8042, otherwise known as the Migrant Workers and Overseas Filipinos Act of 1995 or to the original and exclusive jurisdiction of the voluntary arbitrator or panel of arbitrators. If there is no provision as to the voluntary arbitrators to be appointed by the parties, the same shall be appointed from the accredited voluntary arbitrators of the National Conciliation and Mediation Board of the Department of Labor and Employment.
>
> The Philippine Overseas Employment Administration (POEA) shall exercise original and exclusive jurisdiction to hear and decide disciplinary action on cases, which are administrative in character, involving or arising out of violations of recruitment laws, rules and regulations involving employers, principals, contracting partners and Filipino seafarers. (Emphasis supplied)

It is clear from the above that the interpretation of the DOLE, in consultation with their counterparts in the respective committees of the Senate and the House of Representatives, as well as the DFA and the POEA is that with respect to disputes involving claims of Filipino seafarers wherein the parties are covered by a collective bargaining agreement, the dispute or claim should be submitted to the jurisdiction of a voluntary arbitrator or panel of arbitrators. It is only in the absence of a collective bargaining agreement that parties may opt to submit the dispute to either the NLRC or to voluntary arbitration. It is elementary that rules and regulations issued by administrative bodies to interpret the law which they are entrusted to enforce, have the force of law, and are entitled to great respect.[8] Such rules and regulations partake of the nature of a statute and are just as binding as if they have been written in the statute itself.[9] In the instant case, the Court finds no cogent reason to depart from this rule.

The above interpretation of the DOLE, DFA and POEA is also in consonance with the policy of the state to promote voluntary arbitration as a mode of settling labor disputes. [10]

No less than the Philippine Constitution provides, under the third paragraph, Section 3, Article XIII, thereof that "[t]he State shall promote the principle of shared responsibility between workers and employers and the preferential use of voluntary modes in settling disputes, including conciliation, and shall enforce their mutual compliance therewith to foster industrial peace."

Consistent with this constitutional provision, Article 211 of the Labor Code provides the declared policy of the State "[t]o promote and emphasize the primacy of free collective bargaining and negotiations, including voluntary arbitration, mediation and conciliation, as modes of settling labor or industrial disputes."

On the basis of the foregoing, the Court finds no error in the ruling of the CA that the voluntary arbitrator has jurisdiction over the instant case.

WHEREFORE, the petition is **DENIED**. The Decision and Resolution of the Court of Appeals in CA-G.R. SP No. 76489 dated July 11, 2005 and April 18, 2006, respectively, are **AFFIRMED.**

SO ORDERED.

Abad, Villarama, Jr.,[**] *Mendoza*, and *Perlas-Bernabe, JJ.,* concur.
Peralta, J., (Acting Chairperson),[*]

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[*] Per Special Order No. 1228 dated June 6, 2012.

[**] Designated Acting Member in lieu of Associate Justice Presbitero J. Velasco, Jr., per Special Order No. 1229 dated June 6, 2012.

[1] Penned by Associate Justice Rodrigo F. Lim, Jr., with Associate Justices Arturo G. Tayag and Normandie B. Pizarro, concurring; *rollo*, pp. 14-26.

[2] Penned by Associate Justice Rodrigo F. Lim, Jr., with Associate Justices Romulo V. Borja and Normanide B. Pizarro, concurring; id. at 109-111.

[3] *Rollo*, pp. 15-19.

[4] Id. at 25.

[5] See *Vinzons-Chato v. Fortune Tobacco Corporation*, G.R. No. 141309, June 19, 2007, 525 SCRA 11, 22-23.

[6] Records, p. 73.

[7] *Vivero v. Court of Appeals*, G.R. No. 138938, October 24, 2000, 344 SCRA 268, 281.

[8] *ABAKADA Guro Party List v. Purisima,* G.R. No. 166715, August 14, 2008, 562 SCRA 251, 288-289.

[9] Id; *Landbank of the Philippines v. Honeycomb Farms Corporation*, G.R. No. 169903, February 29, 2012.

[10] *Navarro III v. Damasco*, G.R. No. 101875, July 14, 1995, 246 SCRA 260, 264.