Republic of the Philippines
Supreme Court
Manila

CERTIFIED TRUE COPY
WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
MAR 27 2018

THIRD DIVISION

PHILIPPINE AIRLINES, INC.,
Petitioner,

- versus -

AIRLINE PILOTS ASSOCIATION OF THE PHILIPPINES, SOTICO T. LLOREN, RONALDO V. CUNANAN, LEONCIO H. MANARANG, JR., VICTOR N. AGUILAR, RODOLFO M. MEDINA, RENATO A. FLESTADO, ROMEO L. LORENZO, WESLEY V. TATE, SALVADOR S. ARCEO, JR., MARIANO V. NAVARETTE, JR., WILLIAM Z. CENZON, LIBERATE D. GUTIZA, MANUEL F. FORONDA, ISMAEL C. LAPUS, JR., RAQUELITO L. CAMACHO, JOHN JOSEPH V. DE GUZMAN, EFREN L. PATTUGALAN, JIMMY JESUS D. ARRANZA, PAUL DE LEON, ANTONIO A. CAYABA, DIOSDADO S. JUAN, JR., ORLANDO A. DEL CASTILLO, DEOGRACIAS C. CABALLERO, JR., and FLORENDO R. UMALI,
Respondents.

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G.R. No. 200088

Present:

BERSAMIN,* *J.*,
Chairperson,
LEONEN,
MARTIRES, and
TIJAM,**
GESMUNDO, *JJ.*

Promulgated:

February 26, 2018

DECISION

MARTIRES, *J.*:

This is a petition for review on certiorari under Rule 45 of the Rules of Court seeking the reversal of the 26 August 2011 Decision[1] and 05 January 2012 Resolution[2] of the Court of Appeals (*CA*) in CA-G.R. SP No. 113985, which affirmed with modification the 27 April 2009[3] and 26 February 2010[4] Resolutions of the National Labor Relations Commission (*NLRC*) in NLRC LAC No. 036558-03 (RA-10-08), which likewise affirmed with modification the 22 April 2008 Decision[5] of the Labor Arbiter (*LA*) in NLRC NCR No. 04-04906-03.

THE FACTS

The present case arose from a labor dispute between petitioner Philippine Airlines, Inc. (*PAL*) and respondent Airline Pilots' Association of the Philippines (*ALPAP*), a duly registered labor organization and the exclusive bargaining agent of all commercial pilots of PAL. On 9 December 1997, ALPAP filed with the Department of Labor and Employment (*DOLE*) a notice of strike alleging that PAL committed unfair labor practice. On 23 December 1997, the Secretary of DOLE (*SOLE*) assumed jurisdiction over the dispute and thereafter prohibited ALPAP from staging a strike and committing any act that could exacerbate the dispute.[6]

Despite the prohibition by the SOLE, ALPAP staged a strike on 5 June 1998. A return-to-work order[7] was issued by the SOLE on 7 June 1998, but ALPAP defied the same and went on with their strike. Consequently, on 1 June 1999, the SOLE issued a resolution[8] which declared the illegality of the strike staged by ALPAP and the loss of employment status of the officers who participated in the strike.

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* Acting Chairperson.

** Designated additional Member per Raffle dated 15 January 2018.

1 *Rollo*, pp. 39-63; penned by Associate Justice Ramon A. Cruz, and concurred in by Associate Justice Jose C. Reyes, Jr., and Associate Justice Antonio L. Villamor.

2 Id. at 64-65.

3 Id. at 162-167; penned by Commissioner Perlita B. Velasco, and concurred in by Presiding Commissioner Gerardo C. Nograles, and Commissioner Romeo L. Go.

4 Id. at 169-170.

5 Id. at 148-161; penned by Labor Arbiter Daisy G. Cauton-Barcelona.

6 Id. at 80-82, Order dated 23 December 1997 issued by then Secretary of Labor and Employment Leonardo A. Quisumbing.

7 Id. at 95-96; Order dated 7 June 1998 issued by then Secretary of Labor and Employment Cresenciano B. Trajano.

8 Id. at 115-121; issued by then Secretary of Labor and Employment Bienvenido E. Laguesma.

The SOLE's resolution was upheld by the CA in CA-G.R. SP No. 54880.[9] The matter was eventually elevated to this Court in G.R. No. 152306. In a Resolution,[10] dated 10 April 2002, the Court dismissed ALPAP's petition for failure to show that the CA committed grave abuse of discretion or a reversible error. The resolution attained finality on 29 August 2002.[11]

On 22 April 2003, or almost eight (8) months from the finality of the Court's 10 April 2002 Resolution, PAL filed before the LA a complaint[12] for damages against ALPAP, as well as some of its officers and members.

PAL alleged, among others, that on 6 June 1998, the second day of the illegal strike conducted by ALPAP, its striking pilots abandoned three (3) PAL aircraft, as follows: (i) PR 730 bound for Paris, France, at Bangkok, Thailand; (ii) PR 741 bound for Manila, at Bangkok, Thailand; and (iii) PR 104 bound for Manila, at San Francisco, California, U.S.A. Because of the deliberate and malicious abandonment of the said flights, its passengers were stranded, and rendered PAL liable for violation of its contract of carriage. Thus, PAL was compelled to incur expenses by way of hotel accommodations, meals for the stranded passengers, airport parking fees, and other operational expenses. PAL further alleged that its operation was crippled by the illegal strike resulting in several losses from ticket refunds, extraordinary expenses to cope with the shutdown situation, and lost income from the cancelled domestic and international flights. PAL claimed that, as a result of the illegal strike, it suffered actual damages in the amount of ₱731,078,988.59. PAL further prayed that it be awarded ₱300,000,000.00 and ₱3,000,000.00 as exemplary damages and attorney's fees, respectively.

The LA Ruling

In its decision, dated 22 April 2008, the LA dismissed PAL's complaint. It ruled that it had no jurisdiction to resolve the issue on damages. It noted that the SOLE did not certify the controversy for compulsory arbitration to the NLRC nor in any occasion did the parties agree to refer the same to voluntary arbitration under Article 263(h) of the Labor Code. Hence, jurisdiction to resolve all issues arising from the labor dispute, including the claim for damages arising from the illegal strike, was left with the SOLE to the exclusion of all other fora.

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9 Id. at 125-139; CA Decision dated 22 August 2001.
10 Id. at 143.
11 Id. at 145.
12 Id. at 66-74.

The LA further ruled that PAL's cause of action had already been barred by prescription. It opined that since the complaint was premised on the illegality of the strike held by the respondents, the accrual of PAL's cause of action should be reckoned either on 5 June 1998, the first day of the strike, or on 7 June 1998, when the respondents defied the SOLE's return-to-work order. Hence, PAL's 22 April 2003 complaint was filed beyond the 3-year prescriptive period set forth in Article 291 of the Labor Code. The LA suggested, however, that PAL's cause of action may be treated as an independent civil action in another forum. The dispositive portion reads:

> WHEREFORE, the complaint is DISMISSED for lack of merit.
>
> SO ORDERED.[13]

Aggrieved, PAL elevated an appeal to the NLRC.

The NLRC Ruling

In its resolution, dated 27 April 2009, the NLRC affirmed with modification the LA's 22 April 2008 decision. It ruled that labor tribunals have no jurisdiction over the claims interposed by PAL. It opined that the reliefs prayed for by PAL should have been ventilated before the regular courts considering that they are based on the tortuous acts allegedly committed by the respondents. It explained that the airline pilots' refusal to fly their assigned aircrafts constitutes breach of contractual obligation which is intrinsically a civil dispute. The dispositive portion of the resolution states:

> WHEREFORE, except for the MODIFICATION that the phrase "for lack of merit" in the dispositive portion is deleted therefrom, the appealed Decision is hereby AFFIRMED.
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> SO ORDERED.[14]

PAL moved for reconsideration, but the same was denied by the NLRC in its resolution, dated 26 February 2010.

Unconvinced, PAL filed a petition for certiorari under Rule 65 of the Rules of Court before the CA.

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[13] Id. at 161.
[14] Id. at 168.

The CA Ruling

In its assailed Decision, dated 26 August 2011, the CA partially granted PAL's petition. It ruled that while the NLRC correctly sustained the LA's dismissal of the complaint for lack of jurisdiction, it declared that the NLRC gravely abused its discretion when it affirmed the LA's pronouncement that PAL's cause of action had already prescribed.

The appellate court concurred with the NLRC's opinion that exclusive jurisdiction over PAL's claim for damages lies with the regular courts and not with the SOLE. It ratiocinated that while Article 263(g) of the Labor Code vests in the SOLE the authority to resolve all questions and controversies arising from a labor dispute over which it assumed jurisdiction, said authority must be interpreted to cover only those causes of action which are based on labor laws. Stated differently, causes of action based on an obligation or duty not provided under the labor laws are beyond the SOLE's jurisdiction. It continued that only those issues that arise from the assumed labor dispute, which has a direct causal connection to the employer-employee relationship between the parties, will fall under the jurisdiction of the SOLE. It pointed out that the damages caused by the wilful acts of the striking pilots in abandoning their aircraft are recoverable under civil law and are thus within the jurisdiction of the regular courts.

Further, the appellate court held that PAL's cause of action accrued only on 29 August 2002, the date when this Court's resolution sustaining the finding of the strike's illegality had attained finality. The dispositive portion of the assailed decision reads:

> WHEREFORE, premises considered, the Petition for *Certiorari* is PARTIALLY GRANTED. The April 27, 2009 and February 26, 2010 NLRC Resolutions are MODIFIED as follows:
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> 1) The complaint for damages arising from the illegal strike claimed by the petitioner lies not within the jurisdiction of the DOLE Secretary or the Labor Arbiter but with the regular courts; and
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> 2) Petitioner's cause of action for damages has not yet prescribed.
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> No costs.
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> SO ORDERED.[15]

[15] Id. at 59.

PAL moved for partial reconsideration but the same was denied by the CA in its assailed Resolution, dated 5 January 2012.

Hence, this petition.

THE ISSUE

WHETHER THE NLRC AND THE LABOR ARBITER HAVE JURISDICTION OVER PAL'S CLAIMS AGAINST THE RESPONDENTS FOR DAMAGES INCURRED AS A CONSEQUENCE OF THE LATTER'S ACTIONS DURING THE ILLEGAL STRIKE.

THE COURT'S RULING

The petition is partially meritorious.

Labor tribunals have jurisdiction over actions for damages arising from a labor strike.

Under Article 217 [now Article 224] of the Labor Code, as amended by Section 9 of R.A. No. 6715, the LA and the NLRC have jurisdiction to resolve cases involving claims for damages arising from employer-employee relationship, to wit:

> ART. 217. Jurisdiction of Labor Arbiters and the Commission-- (a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or nonagricultural:
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> 1. **Unfair labor practice cases;**
> 2. Termination disputes;
> 3. If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;
> 4. **Claims for actual, moral, exemplary and other forms of damages arising from employer-employee relations;**
> 5. **Cases arising from any violation of Article 264 of this Code including questions involving the legality of strikes and lockouts; and**
> 6. Except claims for Employees Compensation, Social Security, Medicare and maternity benefits, all other claims, arising from

> employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (₱5,000.00) regardless of whether accompanied with a claim for reinstatement.
>
> [emphases supplied]

It is settled, however, that not every controversy or money claim by an employee against the employer or vice-versa falls within the jurisdiction of the labor arbiter.[16] Intrinsically, civil disputes, although involving the claim of an employer against its employees, are cognizable by regular courts.[17]

To determine whether a claim for damages under paragraph 4 of Article 217 is properly cognizable by the labor arbiter, jurisprudence has evolved the "reasonable connection rule" which essentially states that the claim for damages must have reasonable causal connection with any of the claims provided for in that article. A money claim by a worker against the employer or vice-versa is within the exclusive jurisdiction of the labor arbiter only if there is a "reasonable causal connection" between the claim asserted and employee-employer relations. Only if there is such a connection with the other claims can the claim for damages be considered as arising from employer-employee relations.[18] Absent such a link, the complaint will be cognizable by the regular courts.

The appellate court was of the opinion that, applying the reasonable connection rule, PAL's claims for damages have no relevant connection whatsoever to the employer-employee relationship between the parties. Thus, the claim is within the exclusive jurisdiction of the regular courts. It explained that Article 217 of the Labor Code does not include a claim for damages wherein the employer-employee relation is merely incidental, and where the claim is largely civil in character.

The appellate court is mistaken.

The Court agrees with PAL that its claim for damages has reasonable connection with its employer-employee relationship with the respondents. Contrary to the pronouncements made by the appellate court, PAL's cause of action is not grounded on mere acts of *quasi-delict*. The claimed damages arose from the illegal strike and acts committed during the same which were in turn closely related and intertwined with the respondents' allegations of unfair labor practices against PAL. This could not even be disputed as even

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[16] *Halagueña v. Philippine Airlines, Inc.*, 617 Phil. 502, 514 (2009).

[17] *Dai-chi Electronics Manufacturing Corporation v. Hon. Martin S. Villarama, Jr.*, 308 Phil. 287, 294 (1994).

[18] Id. at 292.

the appellate court recognized this fact. In its 26 August 2011 Decision, the CA made the following statements:

> The damages caused by the willful act of the **striking pilots** in abandoning their aircrafts, together with the passengers and cargo, which resulted in injury to petitioner's business is recoverable under civil law.[19] [emphasis supplied]
>
> xxx
>
> 1) The **complaint for damages arising from the illegal strike** claimed by petitioner lies not within the jurisdiction of the DOLE Secretary or the Labor Arbiter but with the regular courts; xxx[20] [emphasis supplied]

Since the loss and injury from which PAL seeks compensation have reasonable causal connection with the alleged acts of unfair labor practice, a claim provided for in Article 217 of the Labor Code, the question of damages becomes a labor controversy and is therefore an employment relationship dispute.

This issue is not novel. It has been previously decided by the Court in several cases.

In *Goodrich Employees Association v. Hon. Flores*,[21] the Court stressed the rule that cases involving unfair labor practices are within the jurisdiction of the Court of Industrial Relations (*CIR*), the labor tribunal at that time. The Court further emphasized that where the subject matter is within the exclusive jurisdiction of the CIR, it must be deemed to have jurisdiction over all incidental matters connected to the main issue.

Thus, in *Holganza v. Hon. Apostol*,[22] the Court reaffirmed the exclusive jurisdiction of the labor tribunal over actions for damages arising from labor controversies. In the said case, the Social Security System (*SSS*) filed with the then Court of First Instance (*CFI*) of Rizal a complaint for damages with writ of preliminary attachment against several of its employees. It alleged that it sustained damages as a consequence of the picketing carried on by its striking employees during a strike held against it. The striking employees moved for the dismissal of the complaint on the ground of lack of jurisdiction, but the trial court denied the same. Eventually, the issue reached this Court which opined that the trial court is

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19 *Rollo*, p. 52.
20 Id. at 59.
21 165 Phil. 279 (1976).
22 166 Phil. 655 (1977).

devoid of any jurisdiction to entertain the said complaint for damages. In so ruling, the Court declared that exclusive jurisdiction over disputes of this character belonged to the then CIR. To hold otherwise would be to sanction split jurisdiction which is obnoxious to the orderly administration of justice.

A similar controversy arose in *Philippine Long Distance Telephone Company v. Free Telephone Workers Union.*[23] The Court reiterated the rule that regular courts are devoid of any jurisdiction over claims for damages arising from a labor strike, thus:

> It is clear from the records that the subject complaint for damages is intertwined with or deeply rooted from the 1964 certified labor dispute between appellant and appellees. As can be gleaned from the aforesaid complaint, appellant is claiming against appellees damages it allegedly sustained as a consequence of the strikes declared by the appellees. It is therefore obvious in the light of the established jurisprudence as aforestated that the lower court, Court of First Instance of Manila, Branch XII, did not have jurisdiction over the aforesaid complaint for damages; hence, all the proceedings taken therein are void for lack of jurisdiction.[24]

The rule stands even if the strike is illegal. In *Antipolo Highway Lines Employees Union v. Hon. Aquino.*[25] Francisco De Jesus, the owner of Antipolo Highway Lines (*AHL*), instituted a complaint for damages with injunction against AHL Employees Union (*AHLEU*) and its officers before the CFI of Rizal. De Jesus alleged that AHLEU staged a strike and posted picket lines along AHL's compound, thereby preventing its employees from performing their work and causing it to suffer losses and damages from the non-operation of its buses. The Court ruled that the trial court lacked jurisdiction over the complaints for damages and injunction because the illegal strike and picket which allegedly caused damages to De Jesus were mere incidents of the labor dispute between the parties, to wit:

> Although it was artfully made to appear that the suit was one for damages that did not divest the Court of Industrial Relations of its jurisdiction. The Complaint itself, in paragraph 5, adverted to an "illegal strike" and "picket lines," which are but mere incidents or consequences of the unfair labor practice complained against by petitioner Union. In other words, it is clear that the cause of action for damages "arose out of or was necessarily intertwined with" an alleged unfair labor practice committed by DE JESUS in refusing to sit at the bargaining table. It is still the labor court, therefore, that has jurisdiction, particularly under the principle that

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23 201 Phil. 611 (1982).
24 Id. at 612.
25 181 Phil. 420 (1979).

> split jurisdiction is not to be countenanced for being "obnoxious to the orderly administration of justice."[26]

Indeed, the aforecited cases were decided by this Court under R.A. No. 875 or the Industrial Peace Act. The Court is also not unmindful of the fact that R.A. No. 875 had been completely superseded in 1974 by Presidential Decree (P.D.) No. 442 or the Labor Code of the Philippines. Nevertheless, it could not be denied that the underlying rationale for the rule finds application even with the effectivity of the Labor Code. As in the Industrial Peace Act, splitting of jurisdiction is abhorred under the Labor Code.[27]

A case in point is *National Federation of Labor v. Hon. Eisma*,[28] decided by the Court under the provisions of the Labor Code. In case, as in those cited, the employer, Zamboanga Wood Products, Inc., filed, before the CFI of Zamboanga City, a complaint for damages against the officers and members of the labor union. The employer alleged that it incurred damages because the union officers and members blockaded the road leading to its manufacturing division, thus preventing customers and suppliers free ingress to or egress from their premises. The labor union, however, contended that jurisdiction over the controversy belongs to the labor arbiter because the acts complained of were incidents of picketing by the defendants who were then on strike against the employer.

The Court ruled in favor of the labor union and nullified the proceedings before the trial court. The Court opined that the complaint for damages is deeply rooted in the labor dispute between the parties and thus should be dismissed by the regular court for lack of jurisdiction. The Court stressed that the wordings of Article 217 of the Labor Code is explicit and clear enough to mean that exclusive jurisdiction over suits for damages arising from a strike belongs to the labor arbiter, thus:

> Article 217 is to be applied the way it is worded. The exclusive original jurisdiction of a labor arbiter is therein provided for explicitly. It means, it can only mean, that a court of first instance judge then, a regional trial court judge now, certainly acts beyond the scope of the authority conferred on him by law when he entertained the suit for damages, arising from picketing that accompanied a strike. That was squarely within the express terms of the law. Any deviation cannot therefore be tolerated. So it has been the constant ruling of this Court even prior to *Lizarraga Hermanos v. Yap Tico*, a 1913 decision. The ringing words of the *ponencia* of Justice Moreland still call for obedience. Thus, "The first and fundamental duty of courts, in our judgment, is to apply the law. Construction and interpretation come only after it has been demonstrated

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[26] Id. at 428.

[27] *Bañez v. Valdevilla*, 387 Phil. 601, 608 (2000).

[28] 212 Phil. 382 (1984).

> that application is impossible or inadequate without them." It is so even after the lapse of sixty years.[29] [Citations omitted]

Jurisprudence dictates that where the plaintiff's cause of action for damages arose out of or was necessarily intertwined with an alleged unfair labor practice, the jurisdiction is exclusively with the labor tribunal. Likewise, where the damages separately claimed by the employer were allegedly incurred as a consequence of strike or picketing of the union, such complaint for damages is deeply rooted in the labor dispute between the parties and within the exclusive jurisdiction of the labor arbiter. Consequently, the same should be dismissed by ordinary courts for lack of jurisdiction.[30]

From the foregoing, it is clear that the regular courts do not have jurisdiction over PAL's claim of damages, the same being intertwined with its labor dispute with the respondents over which the SOLE had assumed jurisdiction. It is erroneous, therefore, for the CA to even suggest that PAL's complaint should have been ventilated before the trial court.

A separate complaint for damages runs counter to the rule against split jurisdiction.

While there is merit in the contention that regular courts do not have jurisdiction over claims for damages arising from a labor controversy, the Court opines that PAL could no longer recover the alleged damages.

It must be recalled that the SOLE assumed jurisdiction over the labor dispute between PAL and the respondents on 23 December 1997. In this regard, it is settled that the authority of the SOLE to assume jurisdiction over a labor dispute causing or likely to cause a strike or lockout in an industry indispensable to national interest includes and extends to all questions and controversies arising therefrom.[31] It has also been opined that when the very reason for the SOLE's assumption of jurisdiction is the declaration of strike, any issue regarding the strike is not merely incidental to but is essentially involved in the labor dispute itself.[32]

It bears emphasis, even at the risk of being repetitious, that it is beyond question that the issue on damages is a controversy which arose

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29 Id. at 388.

30 Id. at 388-389.

31 *PHILTRANCO Service Enterprise, Inc. v. PHILTRANCO Workers Union – Association of Genuine Labor Organizations*, 728 Phil. 99, 111 (2014), citing *LMG Chemicals Corporation v. The Secretary of the Department of Labor and Employment*, 408 Phil. 701, 703 (2001).

32 *PHILCOM Employees Union v. Philippine Global Communications*, 527 Phil. 540, 553 (2006).

from the labor dispute between the parties herein. Consequently, when the SOLE assumed jurisdiction over the labor dispute, the claim for damages was deemed included therein. Thus, the issue on damages was also deemed resolved when the SOLE decided the main controversy in its 1 June 1999 resolution declaring the illegality of the strike and the loss of employment status of the striking officers of ALPAP, as well as when the case was finally settled by this Court in its 10 April 2002 Resolution in G.R. No. 152306. This is true even if the respective resolutions of the SOLE, CA, and this Court were silent with respect to the damages.

To insist that PAL may recover the alleged damages through its complaint before the LA would be to sanction a relitigation of the issue of damages separately from the main issue of the legality of the strike from which it is intertwined. This runs counter to the proscription against split jurisdiction – the very principle invoked by PAL.

Likewise, PAL's claim for damages is barred under the doctrine of immutability of final judgment. Under the said doctrine, a decision that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law, and whether it is made by the court that rendered it or by the Highest Court of the land. Any act which violates this principle must immediately be struck down.[33]

Whether the damages claimed by PAL are recoverable and to what extent would depend on the evidence in the illegal strike case which had long attained finality.[34] PAL's recovery, therefore, would entail a relitigation of the illegal strike case. The subject claim for damages would ultimately require the modification of a final judgment. This cannot be done. The dismissal of the present petition as well as the complaint for damages is therefore in order.

In any event, PAL only has itself to blame for this blunder. It was already aware that it had sustained damages even before the SOLE issued its resolution. It must be remembered that the damages allegedly sustained by PAL were incurred as a consequence of the acts committed by the respondents on the second day of the strike on 6 June 1998, or almost a year prior to the issuance of the SOLE's resolution. However, PAL did not assert its claim during the proceedings before the SOLE and, instead, acted on it only after the decision on the main case attained finality. This is a grave error on the part of PAL.

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[33] *Gadrinab v. Salamanca*, 736 Phil. 279, 292-293 (2014).

[34] *Leoquinco v. Canada Dry Bottling Co. of the Philippines, Inc., Employees Association*, 147 Phil. 488, 498 (1971).

The proper recourse for PAL should have been to assert its claim for damages before the SOLE and, as aptly stated by the LA, to elevate the case to the CA when the SOLE failed to rule on the matter of damages. The 22 April 2008 LA decision, therefore, deserves reinstatement insofar as it dismissed PAL's 22 April 2003 complaint for lack of jurisdiction for the reason that the SOLE has exclusive jurisdiction over the same. Thus, the Court quotes with approval the following pronouncements by the LA:

> The respondents maintain that the complainant simply slept on its rights when it failed to elevate the matter of damages to the Court of Appeals. In this regard, we find the argument of the respondents availing considering that upon the assumption of jurisdiction of the Secretary of Labor over the labor disputes at PAL, all other issues had been subsumed therein including the claim for damages arising from the strike. This is clear from the language of Article 263(g) of the Labor Code granting the Secretary to order the "dismissal or loss of employment status or payment by the locking-out employer of back wages, damages and other affirmative relief even criminal prosecution against either or both."
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> xxx
>
> There is no quarrel regarding the jurisdiction of labor arbiters to rule on the legality of strikes and lock-outs under Article 217(a)(4) but this refers to strikes or lock-outs in establishments that are not indispensable to national interest. However, if in his opinion the dispute affects industries imbued with national interest, the Secretary of Labor who has the authority, may assume jurisdiction over the dispute and may opt to hear the same until its final disposition as is obtaining at bar, or to certify the same for compulsory arbitration to the NLRC, where it is the Commission that will hear and dispose of the certified cases under Rule VIII of the Revised Rules of the NLRC. Even in voluntary arbitration, should the disputants agree to submit the dispute to voluntary arbitration, the Voluntary Arbitrator is not precluded from awarding damages.
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> As the issue on the illegality of the strikes of June 5, 1998 has already been passed upon by the Secretary of Labor when he assumed jurisdiction to the exclusion of all others, all incidents arising from the main issue of the legality of the strike are presumed to have been ruled upon because they are deemed subsumed by the assumption by the Secretary of Labor.[35]

In sum, the Court finds meritorious PAL's claim that the CA erred in its decision. Indeed, the CA erred when it ruled that regular courts have jurisdiction to entertain claims for damages arising from strike as the same violates the proscription against splitting of jurisdiction. The Court, however, also finds that the LA was already divested of its jurisdiction to entertain PAL's claim for damages as such issue was deemed included in the

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[35] *Rollo*, pp. 157-158.

issue of legality of strike of which the SOLE had assumed jurisdiction, pursuant to the rule against splitting of jurisdiction. Unfortunately, for PAL's failure to raise the claim during the pendency of the illegal strike case before the SOLE, the same is deemed waived.

WHEREFORE, the 26 August 2011 Decision and 5 January 2012 Resolution of the Court of Appeals (*CA*) in CA-G.R. SP No. 113985 are **SET ASIDE**. The 22 April 2008 Decision of the Labor Arbiter is **REINSTATED** insofar as it dismissed the 22 April 2003 Complaint filed by Philippine Airlines, Inc. in NLRC NCR No. 04-04906-03 for lack of jurisdiction.

SO ORDERED.

SAMUEL R. MARTIRES
Associate Justice

WE CONCUR:

LUCAS P. BERSAMIN
Associate Justice
Acting Chairperson

MARVIC M.V.F. LEONEN
Associate Justice

NOEL G. TIJAM
Associate Justice

ALEXANDER G. GESMUNDO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

LUCAS P. BERSAMIN
Associate Justice
Acting Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P.A. SERENO
Chief Justice

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WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
MAR 27 2018