

**\*\*Title:\*\* Radio Communications of the Philippines, Inc. vs. Court of Appeals and Roberto Villalon**

**\*\*Facts:\*\***

From 1983 to 1991, Roberto Villalon provided messengerial services for Radio Communications of the Philippines, Inc. (RCPI) at its Biñan, Laguna branch, under a payment scheme where Villalon received 69% of collections, with the balance going to RCPI and for taxes. In April 1991, RCPI ceased payments to Villalon. Consequently, Villalon filed a complaint for collection of a sum of money against RCPI at the Regional Trial Court (RTC) of Biñan, Laguna, assigned as Civil Case No. B-3574.

RCPI moved to dismiss the complaint, arguing that the RTC lacked jurisdiction as the matter concerned a money claim from an employer-employee relationship, claiming it fell under the Labor Arbiter's jurisdiction. The RTC denied this motion, deciding it had jurisdiction since Villalon was deemed a contractual messenger, not an employee. RCPI's subsequent motion for reconsideration was denied, leading to RCPI being declared in default for failing to respond within the reglementary period.

RCPI elevated the issue to the Supreme Court via a petition for certiorari (G.R. No. 102959), claiming the RTC's jurisdictional error. The Supreme Court dismissed the petition in February 1994, confirming the RTC's jurisdiction, marking this decision as "law of the case." The RTC consequently allowed Villalon to present evidence *ex parte* and decided in his favor, ordering RCPI to pay Villalon P67,979.77 with interest.

RCPI appealed to the Court of Appeals, which upheld the RTC's decision. RCPI's motion for reconsideration was denied, pushing RCPI to file a petition for review on certiorari to the Supreme Court, challenging the jurisdictional decision and the interest rate imposed.

**\*\*Issues:\*\***

1. Whether the RTC had jurisdiction over the complaint.
2. The correctness of the 12% interest rate imposed by the trial court on the amount awarded to Villalon.

**\*\*Court's Decision:\*\***

The Supreme Court partly granted the petition. It reaffirmed that RCPI was barred from questioning the jurisdiction due to the "law of the case" principle, which establishes that a

legal decision made in a case is binding through all its stages.

On the second issue, the Court agreed with RCPI that the correct interest rate should be 6% per annum, as stated by the *\*Eastern Shipping Lines Inc. v. Court of Appeals\** case, because the dispute was not about a loan or forbearance of money but a breach of contract of services. Therefore, the Court modified the imposed interest rate accordingly.

**\*\*Doctrine:\*\***

- **\*\*Law of the Case:\*\*** Legal rulings made in earlier proceedings of the same case must be followed in later stages, even if those rulings are believed to be erroneous unless extraordinary circumstances warrant a revaluation.
- **\*\*Interest Rate Application:\*\*** In cases not involving a loan or forbearance of money, the interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum.

**\*\*Class Notes:\*\***

1. **\*\*Jurisdiction Disputes:\*\*** Understand the different scopes of jurisdiction between regular courts and labor arbiters; regular courts can handle cases not arising from an employer-employee relationship, even if the services provided are integral to business operations.
2. **\*\*"Law of the Case" Principle:\*\*** Once a ruling is made on a legal question in a case, it remains the law of that case in all its subsequent stages.
3. **\*\*Interest Rates on Damages:\*\*** Differentiate between interest rates for money loans or forbearances (12% per annum) and breaches of non-monetary obligations (6% per annum).

**\*\*Historical Background:\*\***

This case elucidates the principle of law of the case within the Philippine legal context, highlighting how judicial decisions at one stage bind future stages of the same case. It reinforces jurisdictional boundaries between labor and regular courts and clarifies the applicable interest rates for damages concerning breach of contract versus loans or forbearances.