

**SILLIMAN UNIVERSITY, PETITIONER, VS. LUCIO BENARAO,
WORKMEN'S COMPENSATION COMMISSION, REGIONAL
DIRECTOR OF THE DEPARTMENT OF LABOR, REGION VII, AND THE
SECRETARY OF LABOR, RESP...**

G.R. No. L-46613. February 26, 1990

Ponente: PADILLA, J.

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PADILLA, J.:

In this petition for certiorari, Silliman University, an educational institution duly organized and registered under Philippine laws, with principal office at Dumaguete City, seeks the annulment of a decision rendered by the Workmen's Compensation Commission (WCC, for brevity) on 28 July 1975, solely on jurisdictional grounds.

The antecedents are uncontroverted:

Private respondent Lucio Benarao was employed as a carpenter, on a piece work basis, for Silliman University thru a job contract executed between the latter and Petronilo Nazareno. On 29 May 1969, while repairing the university's shop building, a falling piece of wood hit and broke Benarao's spinal cord, resulting in his temporary disability which lasted for one hundred fifty (150) days. A claim for compensation benefits was filed by him before public respondent WCC, docketed as WCC Case No. R-13632 against Nazareno. On 5 April 1974, an award of Three Thousand Five Hundred Twelve Pesos and Fifty One Centavos (P3,512.51) was rendered in Benarao's favor.[1]

More than five (5) months thereafter, or on 9 October 1974, Benarao, thru a "Memorandum of Settlement" entered into by him and Nazareno, accepted the amount of One Thousand Two Hundred Pesos (P1,200.00) as final, complete and full settlement of the award he (Benarao) previously obtained.[2]

Later, Nazareno appealed from the order or award granting compensation benefits to Benarao. Nazareno reasoned, among others, that under the Workmen's Compensation Act,[3] he could not be made liable for Benarao's claim because his (Nazarenos) contract with the Silliman University was merely a "labor only" contract and that his capital was below P10,000.00.[4] After a review of the petition, the WCC rendered a decision on 28 July 1975, finding the petitioner university liable for the compensation claim of Benarao.[5] The following statements in the WCC decision were the basis of the ruling against Silliman University, to wit:

“We hold that Siliman University was the statutory employer and therefore liable for the compensation claim (Republic v. WCC, et al., L-22650, April 28, 1967). Whether the term used to describe the kind of actual work of the claimant at the time of the accident was ‘remodelling’ or ‘repairing’ such services of a carpenter are indispensable in any institution of learning. x x x.

It is evident that what was entered into by and between Petronilo (Nilo) Nazareno and the Silliman University was labor-only contract. That made Petronilo Nazareno virtually a laborer if not an agent of Silliman University.

WHEREFORE, the award appealed from should be, as it is hereby SET ASIDE, and a new decision entered finding the Silliman University the statutory employer of the claimant liable to pay the latter's compensation benefits x x x."

Thereafter, a writ of execution dated 8 October 1976 was served by the Department of Labor upon petitioner University in the amount of Three Thousand Five Hundred Twelve Pesos and Fifty one Centavos (P3,512.51)[6] followed by an alias writ of execution issued on 21 February 1977.[7] In response to said writs of execution, an Urgent Motion to Quash the Writ of Execution was filed by petitioner[8] on the ground that the school never became a party in WCC Case No. R07-13632 and, therefore, the WCC did not acquire juris-diction over it. It further alleged that the university had no knowledge or information of an existing compensation case against it, as it never received copies of any complaint, summons, award or decision.

The said Urgent Motion to Quash was not resolved by the Department of Labor which instead delivered to petitioner in November 1976, a copy of the WCC decision i.e. the 28 July 1975 decision in WCC Case No. R08-13632,[9] and basis of the questioned writs of execution.

Hence this petition for certiorari.[10]

Public respondent WCC submitted its Comment reiterating the statements it made in the 28 July 1975 decision.[11] Private respondent Benarao likewise filed his Comment wherein he averred that the filing of the instant petition is premature in the absence of a prior motion for reconsideration of the questioned WCC decision.[12]

The vital issue in the instant case centers on the jurisdiction of the WCC over petitioner Silliman University. We find the petition impressed with merit.

The WCC's second decision dated 28 July 1975 is void for two (2) evident reasons. First, it was a substantial amendment of a prior ruling which had already become final and, in fact, already executed. Second, it is a decision rendered in violation of the rules on jurisdiction and due process.

It will be noted that the first WCC award was issued on 25 April 1974. While an appeal therefrom was interposed by Nazareno (respondent therein), this was after he had entered into a settlement agreement with Benarao (claimant) on 9 October 1974 or more than five (5) months after said WCC award. The next event that took place was the rendition by the WCC of a second decision in the same case dated 28 July 1975, or after one (1) year and three (3) months from the date of the first decision.

Given the above antecedents, there is no other way but to view the second decision as an entire reversal of the first ruling, which could no longer be disturbed. And, Nazareno had unconditionally settled his liability thru the execution of the "Memorandum of Settlement", the existence of which was never denied nor its validity questioned. A portion of the said memorandum reads as follows:

"x x x and by way of full settlement of the claim of Lucio Benarao, and to his entire satisfaction. Petronilo Nazareno, by these presents, tenders and presents the amount of ONE THOUSAND TWO HUNDRED PESOS (P1,200.00) unto Lucio Benarao, who hereby accepts and acknowledges this amount, and further states that this said amount represents final, complete and full settlement of whatever award he might obtain from his claim x x x."

The above stipulations point to only one thing, i.e. the award of the WCC on 25 April 1974 was accepted by the parties thereto. And this acceptance of said award, on the part of Nazareno, rendered his later appeal therefrom moot from the beginning.

It should also be stated that during the hearings in the case, there was no instance when Nazareno challenged the

avermment that he was Benarao's employer. Why then was he later allowed for the first time to invoke numerous non-jurisdictional defenses in his petition for review before the respondent Commission? He is deemed to have renounced his right to controvert the claim for the reason that he never denied being Benarao's employer and more, because of his voluntary discharge of liability in his capacity as employer of the claimant.

But even assuming arguendo that the Commission could still alter its first ruling, the 28 July 1975 decision is still null and void for having been issued without any jurisdiction first acquired over Silliman University and for lack of due process. Records show that the respondents never contested the allegation of petitioner that it was never notified of any disability claim filed against it.

Pertinent to this issue is a section in the Workmen's Compensation Act, to wit:

"Section 49. Procedure. — Any dispute or controversy concerning compensation under this Act shall be submitted to the Commissioner as provided herein.

x x x. He shall cause reasonable notice of such hearing to be given to each party interested, in service upon him personally or mailing a copy thereof to him x x x. All parties in interest shall have the right to be present at any hearing in person or by counsel or by any other agent or representative, to present such testimony as may be pertinent to the controversy before the Commissioner and to cross-examine the witness against them. x x x."

Quite clearly, the above provision was not followed vis-a-vis Silliman University. Fully aware that the latter was not made a party to the case at the instance of either Benarao, the claimant, or Nazareno, the respondent Commission nevertheless held it liable for the payment of disability benefits. At the very least, WCC should have notified the petitioner of its involvement in the case before it rendered any decision against it: WCC should have given petitioner an opportunity to refute the burden clearly being shifted to it, as required by due process. As petitioner never became a party to the case, logically, it can not be bound by the judgment subsequently rendered against it by the respondent WCC which, in the first place, acquired no jurisdiction over it.

Lastly, it is incorrect to state that since petitioner had not resorted to a prior motion for reconsideration of the decision, subject of controversy, its filing of the instant petition for certiorari is procedurally erroneous. While we support respondent Benarao's reasoning that a motion for reconsideration is needed to enable a judicial body issuing the questioned order, in the first instance, to pass upon and correct its mistakes without the intervention of a higher court, we, however, held in *BA Finance Corporation v. Pineda, et al.*[13] that in case of a final order or judgment, a motion for reconsideration, prior to taking an appeal, is not always required. In the case at bar, the 28 July 1975 order was not interlocutory; it was a final one as it disposed of the action for compensation benefits and there was nothing more to be done in the proceedings as to the merits of the case. On the other hand, in the cases cited by respondent Benarao,[14] in his effort to justify and support his arguments, the orders complained of were merely interlocutory and, therefore, a motion for reconsideration had to be filed before certiorari could be availed of.

Likewise, the theory of exhaustion of administrative remedies can not be invoked or applied where the challenged administrative act is patently illegal (as in the present case) amounting to lack of jurisdiction.[15]

Having ruled that the questioned decision of 28 July 1975 is a void judgment, we do not find any need to resolve or even discuss the matter of whether or not an employer-employee relationship existed between Benarao and Silliman University.

WHEREFORE, the petition is GRANTED. The 28 July 1975 decision of respondent Workmen's Compensation Commission is hereby ANNULLED and SET ASIDE.

SO ORDERED.

Melencio-Herrera, (Chairman), Paras, Sarmiento, and Regalado, JJ., concur.

[1] Annex "D", Petition, p. 12, Rollo.

[2] Annex "E", Petition, p. 13, Rollo.

[3] Act No. 3428, as amended.

[4] Annex "C", Petition first paragraph, p. 9, Rollo.

[5] Ibid.

[6] Annex "A", Petition, p. 6, Rollo.

[7] Petition, p. 3, Rollo.

[8] Annex "B", Petition, p. 7, Rollo.

[9] Annex "C", Petition, p. 9, Rollo.

[10] Petition, pp. 2-5, Rollo.

[11] Comments, p. 41, Rollo.

[12] Comments, p. 47, Rollo.

[13] G.R. No. 61628, December 29, 1982, 119 SCRA 493.

[14] Comments, pp. 2-3, Rollo, pp. 48-49.

[15] Rocamora, et al. v. RTC-Cebu. et al., G.R. No. 65037, 23 November 1988; Cuervo v. Commission on Audit, G.R. No. 84592, 27 October 1988.

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