

ADORA RETAIL PHILIPPINES, INC., PETITIONER, VS. HON. JOSE G. PANEDA, IN HIS CAPACITY AS PRESIDING JUDGE, RTC BRANCH 220, QUEZON CITY AND JANELLE D. PIMENTEL, RESPONDENTS.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/4126887e1c38/>

GALAPATE-LAGUILLES, J:

The jurisdiction of labor arbiters and the NLRC under Article 217 of the Labor Code is limited to disputes arising from an employer-employee relationship which can only be resolved by reference to the Labor Code, other labor statutes, or their collective bargaining agreement.[1]

The pivotal question in this Petition for Certiorari[2] is whether the Labor Code has any relevance to the relief sought by Janelle D. Pimentel thus giving the labor courts jurisdiction over the matter.

The facts are of record:

In June 2009, while still working in the United States, Janelle D. Pimentel received an electronic mail from Ma. Lourdes Pineda (Ma. Lourdes), owner of Adora Retail Philippines, Inc. (Adora Retail), inquiring about the possibility of Janelle working for the marketing department of Adora Retail.[3] When Janelle finally decided to apply, she sent an email to Ma. Lourdes expressing her desire to hold a mid-high level management position.[4]

On July 6, 2009, Adora Retail sent a notice to Janelle informing the latter that she had passed the application process, that she was being hired as Public Relations and Marketing Manager for Adora Retail with a monthly salary of P100,000.00, and that she would start on August 10, 2009.[5] Janelle accepted the offer, resigned from her job in the United States and started to process her relocation to the Philippines.

Ma. Lourdes later clarified to Janelle that the latter would be subjected to a probationary period and that as delineated by her (Ma. Lourdes's) son, the President/General Manager of Adora Retail Emmanuel T. Pineda, her tasks would be to plan, develop, control, monitor, review, and report; to manage and coordinate would not be part of her job.[6] Janelle later confirmed from Ma. Lourdes that she would be working on marketing and PR to strategize and develop new marketing/PR initiatives, as well as track Adora Retail's current programs.[7] Janelle subsequently received an email from Emmanuel stating that Janelle would be assigned certain tasks to assess her capabilities and see if her position would be a fit to the company.[8]

Janelle arrived from the US on July 28, 2009. When she had finally established herself here in the Philippines, she relayed to Ma. Lourdes her readiness to start working on August 10, 2009. Ma. Lourdes told her that before she (Janelle) could start, the latter had to first meet with Emmanuel. In the said meeting, Emmanuel told Janelle that she would be the Marketing Consultant for Tyler, Adora Retail, and Stella Luna and would report to Ma. Lourdes.[9] During the contract signing, however, Janelle was confronted with an employment contract which contained terms and conditions not agreed upon. The contract stated that Janelle would work as PR Consultant for Republic Retailers, Inc. and would report to the PR Manager.[10] On that account, Janelle did not sign the contract. She demanded an explanation from Ma. Lourdes and Emmanuel[11] but all they said was that she would still be receiving the agreed salary and that job title was not as important as the work she would do during the three-month probationary period.[12]

From then on, Janelle heard nothing from the Pinedas. She later sent a demand letter to Adora Retail asking for payment of her relocation costs and lost income amounting to \$25,008.00.[13] In response, Adora Retail denied the request stating that no contract of employment was consummated between it and Janelle.[14]

Disgruntled, Janelle filed a Complaint[15] for Damages with the Regional Trial Court of Quezon City. The case was docketed as Civil Case No. Q-10-67412. She prayed that Adora Retail, Ma. Lourdes, and Emmanuel (defendants) be ordered to pay her relocation costs and lost income.[16] She further asked the defendants to pay exemplary and moral damages, attorney fees and other costs of suit.[17]

In their Answer,[18] the defendants argued that Janelle's allegation that she had already been hired was a product of the latter's imagination. There was as yet no contract to speak of as their offer had not yet acquired any degree of certainty. It was, at best, exploratory and inchoate; therefore, Janelle had no basis to claim that she suffered damages on account of their supposed attempt to change the terms and conditions of employment that were allegedly agreed upon. Defendants prayed that the complaint be dismissed for lack of cause of action.

Trial then ensued. After Janelle formally offered her evidence, defendants filed a Motion to Dismiss[19] the case on the ground of the trial court's lack of jurisdiction over the subject matter of the claim. Defendants contended that Janelle's cause of action was a "labor dispute" falling within the exclusive original jurisdiction of the labor arbiter.

In an Order[20] dated February 8, 2013, the trial court denied the Motion to Dismiss ratiocinating that there was no employer-employee relationship between Janelle and the defendants because one of the elements for employer-employee relationship, which is payment of wages, was lacking; thus, the labor courts have no jurisdiction on the matter.

Dissatisfied, the defendants moved[21] to reconsider the trial court's decision. They argued that contrary to the ruling of the court a quo, an employment relationship existed between them and Janelle, and there being an employment relationship, Janelle's cause of action properly falls within the jurisdiction of the labor courts and not the regular courts.

The motion was denied[22] hence, this Petition for Certiorari[23] ascribing grave abuse of discretion on the part of the trial court in failing to consider the allegations in the complaint and the pieces of evidence presented which clearly show that Janelle's complaint falls within the original jurisdiction of the labor arbiter.

The petition is unmeritorious.

An employment contract, like any other contract, is perfected at the moment (1) the parties come to agree upon its terms; and (2) concur in the essential elements thereof: (a) consent of the contracting parties, (b) object certain which is the subject matter of the contract, and (c) cause of the obligation.[24] However, a distinction must be made between the

perfection of the employment contract and the commencement of the employer-employee relationship. In *Santiago v. CF Sharp Crew Management, Inc.*, [25] the Supreme Court ruled that the employer-employee relationship did not commence because there was no actual deployment.

In this case, the employment contract was perfected when Janelle accepted defendants' offer to work as Public Relations and Marketing Manager for Adora Retail with a salary of P100,000.00 a month. However, the employer-employee relationship did not commence since Janelle did not actually start working for the defendants. There being no employment relationship, the case properly falls within the jurisdiction of the regular courts.

Even assuming that there existed an employment relationship between the parties, there is still the question of

whether there is a “reasonable causal connection” between the claim asserted and employee-employer relation. Absent such a link, the complaint will not be cognizable by the labor arbiter but by the regular courts of justice.[26]

The rule is that, the nature of an action and the subject matter thereof, as well as, which court or agency of the government has jurisdiction over the same, are determined by the material allegations of the complaint in relation to the law involved and the character of the reliefs prayed for, whether or not the complainant/plaintiff is entitled to any or all of such reliefs. A prayer or demand for relief is not part of the petition of the cause of action; nor does it enlarge the cause of action stated or change the legal effect of what is alleged. In determining which body has jurisdiction over a case, the better policy is to consider not only the status or relationship of the parties but also the nature of the action that is the subject of their controversy.[27]

Article 217 of the Labor Code, as amended, vests on the Labor Arbiter exclusive original jurisdiction only over the following:

(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 non-agricultural:

1. Unfair labor practice cases;
2. Termination disputes;
3. If accompanied with a claim for reinstatement, those cases that workers may file involving wage, 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 the employer-employee relations;
5. Cases arising from 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 (P5,000.00) regardless of whether accompanied with a claim for reinstatement.

(b) The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters.

(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 of by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements.

In the foregoing cases, the jurisdiction of Labor Arbiters and the NLRC is limited to disputes arising from an employer-employee relationship which can only be resolved by reference to the Labor Code, other labor statutes or their collective bargaining agreement.[28] Not every controversy or money claim by an employee against the employer or vice-versa is within the exclusive jurisdiction of the labor arbiter. Absent a “reasonable causal connection” between the claim asserted and employee-employer relation, the regular courts have jurisdiction.[29] Such distinction is apt since it cannot be presumed that money claims of workers which do not arise out of or in connection with their employer-employee relationship were intended by the legislative authority to be taken away from the jurisdiction of the courts and lodged with Labor Arbiters on an exclusive basis.[30] Thus, where the principal relief sought is to be resolved not by reference to the Labor Code or other labor relations statute or a collective bargaining agreement but by the general civil law, the jurisdiction over the dispute belongs to the regular courts of justice. In such situations, resolution of the dispute requires expertise, not in labor management

relations nor in wage structures and other terms and conditions of employment, but rather in the application of the general civil law. Clearly, such claims fall outside the area of competence or expertise ordinarily ascribed to labor arbiters and the NLRC and the rationale for granting jurisdiction over such claims to these agencies disappears.[31]

Indeed, the claim for damages under paragraph 4 of Article 217 must have a reasonable causal connection with any of the claims provided for in the article in order to be cognizable by the labor arbiter. Only if there is such a connection with the other claims can the claim for damages be considered as arising from employer-employee relations.[32]

In this case, Janelle's claim for damages is not connected to any of the claims provided for in Article 217. It is not premised on the existence of employer-employee relationship. The primary relief sought is for damages anchored on the defendants' alleged unjustified act of unilaterally changing the terms of their previous employment agreement. The other items demanded are not labor benefits generally taken cognizance of in labor disputes, such as payment of wages, overtime compensation or separation pay. The items claimed are the natural consequences flowing from breach of an obligation, intrinsically a civil dispute.[33] Such cause of action is within the realm of Civil Law, and jurisdiction over the controversy belongs to the regular courts.[34]

FOR THESE REASONS, the petition is DENIED. The Regional Trial Court, Branch 220, Quezon City is hereby directed to conduct further proceedings in Civil Case No. Q-10-67412 with utmost dispatch in light of the foregoing disquisition.

SO ORDERED.

Librea-Leagogo, C.C., Chairperson and Lazaro-Javier, A.C., J.J., concur.

[1] Georg Grotjahn GMBH & Co. v. Isnani, 235 SCRA 216, August 10, 1994.

[2] Rollo, pp. 3-20.

[3] Id. at 32, Complaint.

[4] Id. at 43-44, Email dated June 27, 2009.

[5] Id. at 45, Email dated July 6, 2009.

[6] Id. at 43, Email dated July 11, 2009.

[7] Id. at 44, Email dated July 12, 2009.

[8] Id. at 50, Email dated July 13, 2009.

[9] Id. at 36.

[10] Ibid.

[11] Id. at 36-37.

[12] Id. at 37.

[13] Id. at 51-52, Demand Letter.

[14] Id. at 53, Letter dated October 26, 2009.

- [15] Id. at 31-41.
- [16] Id. at 40.
- [17] Id. at 41.
- [18] Id. at 54-59.
- [19] Id. at 257-266.
- [20] Id. at 26-27.
- [21] Id. at 278-288.
- [22] Id. at 28-30, Order dated July 30, 2013.
- [23] Supra Note 2.
- [24] OSM Shipping Philippines, Inc. v. National Labor Relations Commission, G.R. No. 138193, March 5, 2003.
- [25] G.R. No. 162419, July 10, 2007.
- [26] Eviota v. Court of Appeals, G.R. No. 152121. July 29, 2003.
- [27] Villamaria Jr. v. Court of Appeals, G.R. No. 165881. April 19, 2006.
- [28] Ibid.
- [29] Eviota v. Court of Appeals, supra.
- [30] San Miguel Corporation v. National Labor Relations Commission, 244 Phil. 741, 748 (1988).
- [31] Halagueña v. Philippine Airlines, Inc, G.R. No. 172013. October 2, 2009.
- [32] Tolosa v. National Labor Relations Commission, G.R. No. 149578. April 10, 2003.
- [33] Eviota v. Court of Appeals, supra.
- [34] Indophil Textile Mills, Inc. v. Adviento, [G.R. No. 171212. August 4, 2014.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.