

FELICISIMO ENORME, PLAINTIFF AND APPELLANT, VS. SOCIAL SECURITY SYSTEM, DEFENDANT AND APPELLEE.*G.R. No. L-22569. October 15, 1974*

Ponente: FERNANDO, J.

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It is readily apparent that this appeal assailing an order of dismissal by the lower court suffers an infirmity fatal in character. Instead of pursuing the statutory remedy, which specifies that the decision of defendant Social Security System upon any disputed matter may be reviewed both upon the law and the facts by the Courts of Appeals or upon a question of law by this Court,[1] plaintiff, now appellant chose to start proceedings not even in a court of first instance but in the municipal court of Gubat, Sorsogon. He ought not to have been surprised then when it declined to act, a jurisdictional question having been raised. Necessarily, when the matter was elevated to the court of first instance, the same outcome was easily predictable. Now he would have us reverse. This we can not do in the face of the well-settled doctrine reiterated time and time again that the procedure on appeal set forth in the Social Security Act must be followed and that judicial tribunals below the Court of Appeals are devoid of jurisdiction,[2] An affirmance of the lower court order of dismissal is thus indicated.

In the well-written order of dismissal by Judge Jose Bonto of the Court of First Instance of Sorsogon, the nature of the case was set forth thus: "This was brought on appeal from an order of the Municipal Court of Gubat, Sorsogon, dismissing the complaint on motion of the defendant. The action is for the refund of the sum of Two Hundred Thirty-Seven Pesos and 60/100 (P237.60) representing the contributions of the plaintiff upon separation from his employment and for damages and attorney's fees in the total sum of Four Thousand Five Hundred Pesos (P4,500.00)."[3] After setting forth that two of the grounds for dismissal were lack of jurisdiction over the subject matter of the action suit and the release of plaintiff's claim or demand, the appealed order continued: "These two grounds are closely related to each other and should be considered at the same time. As already stated, the present action refers to a claim for the refund of the premium of contributions upon plaintiff's separation from employment. It is to be noted that the payment of the refund in the amount of P107.15 which was sent to the plaintiff at his Manila address was returned unclaimed due to the change of residence of the plaintiff without any notice to the Social Security System. It appears from the records that on August 26, 1963, that is, before the records of this case were transmitted to this Court on appeal, the plaintiff, through counsel, had acknowledged the sum of P107.15 from the defendant Social Security System representing the refund of his contributions. In his letter (Annex "G", page 76 of the records) acknowledging receipt of said amount, counsel for the plaintiff manifested his objection and protest to the amount of the refund, claiming that the plaintiff is entitled to a much higher amount of refund which should include the contributions paid by his employer. It can be said therefore (t)hat the amount of P107.15 was received by plaintiff under protest."[4]

After mention was made by the Judge of Section 5 of the Social Security Act, he proceeded to show the fatal jurisdictional defect in plaintiff's complaint: "Accordingly, it is the Social Security Commission that has the exclusive power and jurisdiction to adjudicate and settle all disputed claims under the Social Security Act,

including plaintiff's claim for refund or for underpayment of refund. It is further explicitly provided that the aggrieved party must first exhaust the administrative remedies 'before a judicial review thereof could be permitted; that the resolution or decision of the Social Security Commission is not appealable to the Courts of First Instance but is appealable directly either to the Court of Appeals or to the Supreme Court, as the case may be.'[5] Necessarily, this was the conclusion arrived at: "The law on the matter is clear, explicit and indubitable. The law requires the exhaustion of administrative remedies before judicial action can be taken and it is so stated that Courts of First Instance, much less the municipal courts, have no jurisdiction over the subject matter. This requirement is not a violation of the right of free access to the courts of justice for redress of grievances, for it is simply a condition precedent. The rule of exhaustion of administrative remedies is not only a well-settled rule in our jurisdiction but is of universal acceptance. Therefore, the conclusion is inevitable that the municipal court of Gubat, and this Court as well, have no jurisdiction over the cause of action."[6]

As indicated at the outset, we affirm.

1. This Court has remained steadfast, as it should, in giving force and effectivity to the avowed statutory purpose of the Social Security System having the opportunity to settle claims, hopefully in an expeditious manner, thus further requiring that the appeal, in case one is necessary, should go either to the Court of Appeals or to the Supreme Court, as the case may be. It could not have been otherwise. If after a determination by an administrative agency, the party alleging grievance would have to go up step by step in the judicial ladder starting from the lowest rung, the law might be frustrated in its objective. Hence the tenor of our decisions. Justice Dizon, in the first case involving such a question, *Poblete Construction Company vs. Social Security System*,^[7] spoke for the Court in this wise: "In taking cognizance of the petition filed by Judith Asiain (Case No. 78), the Social Security Commission was exercising its quasi-judicial powers granted by Section (a) of Republic Act No. 1161, as amended. Even assuming, for the sake of argument, that the claim aforementioned was not within the jurisdiction of the Commission, and that it would be proper to issue a writ of certiorari or injunction to restrain it from hearing and deciding the same, a Court of First Instance has no jurisdiction to issue either of said writs against the Commission. It must be observed that in accordance with the provisions of Section 5, paragraphs (a) and (c) of Republic Act No. 1161, as amended, the decisions of said Commission are reviewable both upon law and facts by the Court of Appeals, and that if the appeal from its decision is only on questions of law, the review shall be made by Us. It is clear from these provisions that the Commission, in exercising its quasi-judicial powers ranks with the Public Service Commission and the Courts of First Instance. As the writs of Injunction, Certiorari and Prohibition may be issued only by a superior court against an inferior court, board or officer exercising judicial functions, it necessarily follows that the Court of First Instance of Rizal, where appellants filed their petition for certiorari, had no jurisdiction to entertain the same."[8] An opinion coming from Chief Justice Concepcion in *Philippine American Life Insurance Co. vs. Social Security Commission*^[9] is equally authoritative and equally categorical. Thus: "Section 5(a) of the Act acknowledges in the Commission the power to determine and settle claims, which partakes of a quasi-judicial function, in the exercise of which the commission is not inferior to courts of first instance, in much the same way as the Public Service Commission, as a board performing quasi-judicial functions, is not inferior to said courts. The quasi-judicial nature of the functions of the Commission is emphasized by its authority, expressly granted by said Section 5(a), to promulgate rules and regulations governing 'the filing, determination and settlement of claims.' Hence, the lower court had no jurisdiction to issue the writ of prohibition prayed for. Besides, the Commission performs administrative, as well as quasi-judicial, functions. Although it can sue and be sued in courts of first instance, either as regards its administrative functions, or in the enforcement and protection of its private rights, the rule is otherwise when the act complained of forms part of its quasi-judicial functions. For this reason, Section 5(c) of said Act, explicitly provides, in connection with 'decisions' of the Commission, or the determinations thereof in the exercise of said functions, that the same 'may

be reviewed both upon the law and the facts by the Court of Appeals,' or, 'if the decision of the Commission involves only questions of law, * * * by the Supreme Court.'"[10]

2. Counsel for appellant would seek to avoid the applicability of the controlling doctrines by asserting that the suit is predicated on the damages arising from the negligence of defendant Social Security System in not attending to the claim for refund. Moreover, the way the complaint was worded, it could yield the impression that the plaintiff had not even received a single centavo from the defendant. The truth appears to be otherwise, there being an acknowledgment by counsel for plaintiff of the fact of receipt of the amount of refund in the sum of P107.15. So it was noted in the appealed order of dismissal. There was no denial of such a fact in the brief submitted by appellant. All that seemed to bother him was that the communication coming from defendant was sent to the wrong address through its negligence. That circumstance, assuming its truth, loses its materiality once there is an admission that the refund was made.

WHEREFORE, the appealed order of dismissal of Judge Jose Bonto, is affirmed. No costs.

Makalintal, C.J., Antonio, Fernandez, and Aquino, JJ., concur.

Barredo, J. took no part.

[1] Section 5 of Republic Act No. 1161 (1954), insofar as relevant, reads as follows: "The decision of the Commission upon any disputed matter may be reviewed both upon the law and the facts by the Court of Appeals. For the purpose of such review the procedure concerning appeals from the Court of First Instance shall be followed as far as practicable and consistent with the purpose of this Act. Appeal from a decision of the Commission must be taken within fifteen days from notification of such decision. If the decision of the Commission involves only questions of law, the same shall be reviewed by the Supreme Court. No appeal bond shall be required. The case shall be heard in a summary manner, and shall take precedence over all cases, except that in the Supreme Court, criminal cases wherein life imprisonment or death has been imposed by the trial court shall take precedence. No appeal shall act as a supersedeas or a stay of the order of the Commission, unless the Commission itself, or the Court of Appeals, or the Supreme Court, shall so order."

[2] Cf. *Poblete Construction Co. vs. Social Security Commission*, L-17605, January 22, 1974, 10 SCRA 1; *Canovas vs. Batangas Transportation Company*, L-19868, March 31, 1965, 13 SCRA 512; *Phil. American Life Insurance Co. vs. Social Security Commission*, L-20383, May 24, 1967, 20 SCRA 162; *Insular Life Assurance Co. vs. Social Security Commission*, L--23565, March 21, 1968, 22 SCRA 1207; *San Beda College vs. Social Security System*, L-27493, May 29, 1970, 33 SCRA 190.

[3] Record on Appeal, Order of Dismissal, 19.

[4] *Ibid*, 21.

[5] *Ibid*, 22.

[6] *Ibid*.

[7] L-17605, January 22, 1964, 10 SCRA 1.

[8] *Ibid*, 2-3.

[9] L-20383, May 24, 1967, 20 SCRA 162.

[10] Brief for the Social Security System, 9.

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