

HACORPHIL CORPORATION, PETITIONER, V. MANUEL MEDINA, RESPONDENT.

Ponente: LANTION, J.A.C., J.

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LANTION, J.A.C., J.:

This is a Petition for Review under Rule 42 of the Rules of Court filed by Petitioner Hacorphil Corporation (hereinafter “Hacorphil”) assailing the Judgment[1] dated 12 April 2012 rendered by the Regional Trial Court, Branch 75 of Olongapo City (“RTC”) in Civil Case No. 146-0-11. The fallo of the questioned Judgment reads:[2]

WHEREFORE, judgment is hereby rendered DISMISSING the appeal.

SO DECIDED.

The Order[3] dated 20 June 2012 denying Petitioner's Motion for Reconsideration, is likewise assailed.

THE FACTS

The instant case originates from a Complaint[4] for Sum of Money and Damages initiated by Hacorphil against Respondent Manuel Medina (“Medina”). The undisputed facts are as follows:

Sometime in June 2006, Medina applied for work at Hacorphil. It was agreed upon in a Training Agreement[5] entered into by the parties that before being hired, Medina will undergo training in Korea, the expenses of which will be borne by Hacorphil. The Agreement further provided that after the completion of his training, Medina will work for Hacorphil or any of its affiliates for a minimum period of 3 years.

On 12 July 2006, Medina departed for Korea and, after completing his training, returned to the Philippines on 06 October 2006 to commence working.

On 25 January 2007, Hacorphil filed the aforementioned Complaint against Medina before the Metropolitan Trial Court in Cities in Olongapo City. Hacorphil alleged therein that, following the completion of his training in Korea, Medina failed to heed his obligation to work for Hacorphil as previously agreed upon by them in the Training Agreement. Upon Medina's return to the Philippines, Hacorphil had offered him an employment contract with a monthly salary of P20,000.00, but he refused to sign the same because he wanted an additional P2,000.00 as housing allowance (for a total of P22,000.00). However, Hacorphil could not accede to Medina's demand because Medina resides in Olongapo and policy dictates that housing allowance is only given to employees living outside of Olongapo and/or Subic. Thereafter, Hacorphil sent a Demand Letter[6] dated 19 December 2006 to Medina to pay the total amount of P245,447.50 as expenses incurred in the latter's training, but to no avail. Thus, Hacorphil prayed, inter alia, that judgment be rendered ordering Medina to pay the said amount of P245,447.50 as actual damages.

In his Answer,[7] Medina countered that during the talks between him and management, namely a certain Mr. J.Y. Hwang (“Hwang”), he acquiesced to the amount of P20,000.00 monthly salary and merely asked to be given additional allowances for boarding and license. After advancing the said request, however, Hwang instructed

Medina not to report for work anymore and that he will be called on when needed. Despite further attempts on the part of Medina to return to work, he was not allowed to.

Pre-trial was held on 27 June 2007.[8]

Thereafter, trial ensued.

ALLEGATIONS OF THE PLAINTIFF (HACORPHIL)[9]

The lone witness presented by Hacorphil was Jhona Grace Esguerra (“Esguerra”) who is in-charge of the processing of papers sent by Hacorphil to Korea. Esguerra was not issued a board resolution authorizing her to testify as witness of Hacorphil.

Esguerra elucidated that Medina was sent to Korea as a trainee of Hacorphil. She prepared a list of expenses denominated as “Estimated Expenses Incurred During Training”[10] that was shouldered by Hacorphil in deploying trainees, such as Medina, to Korea. Esguerra was physically present during the negotiation of salary and benefits between Medina and Hwang, but did not otherwise participate in the discussion.

ALLEGATIONS OF THE DEFENDANT (MEDINA)[11]

For his part, Medina testified that on 12 July 2006, he trained in Korea as a production foreman for 3 months. There, he was given a position of foreman as shown by the Schedule of Individuals[12] and his company identification card.[13] When he returned to the Philippines, he began work for Hacorphil. Sometime thereafter, Medina was summoned by management and was given two contracts: (1) a Contract of Employment[14] with KCTech, one of Hacorphil's affiliates; and (2) an Amendment to the Training Agreement.[15] Medina did not sign any of the above contracts because he objected to a provision therein which increased the minimum period of service to be performed by him from 3 to 5 years. Moreover, Medina also protested a clause which changed his position from “foreman” to “skilled worker.”

On 21 October 2006, Medina again met with management. At this meeting, he aired to Hwang his complaints concerning the contracts handed to him. Following that, Medina brought up his salary and requested that he be given additional housing and license allowances. In the middle of talks, however, Medina recalled that Hwang suddenly instructed him not to report for work until management calls him to do so. In the aftermath of the meeting, Medina tried to report for work several times but he was told that he could not resume his work until he signed the contracts with KCTech.

Thereafter, Medina received a Demand Letter from Hacorphil exacting from him the payment of P245,447.50 as expenses incurred from his training in Korea. Medina sent a letter-reply to Hacorphil informing the latter that he intended to abide by his contract, that he never rejected the P20,000.00 as monthly salary, however, he was directed not to report for work unless instructed otherwise.[16]

RULINGS OF THE COURTS A QUO

On 14 December 2010, the Municipal Trial Court in Cities, Branch 4 of Olongapo City (“MTCC”) rendered a Judgment[17] dismissing Hacorphil's Complaint, in this wise:[18]

WHEREFORE, in view of the foregoing, this case is DISMISSED for lack of legal capacity to represent the plaintiff corporation.

SO ORDERED. (Emphasis supplied)

On 28 September 2011, Hacorphil filed a Motion for Reconsideration of the above Judgment, which was denied

by the MTCC in an Order[19] dated 22 November 2011.

Unsatisfied, Hacorphil filed a Notice of Appeal on 08 December 2011.[20] Thereafter, the RTC directed Hacorphil to submit its memorandum, which the latter filed on 17 February 2012. In its Appellant's Memorandum,[21] Hacorphil argued it did not call on Esguerra for the purpose of representing the corporation in filing the complaint. Rather, she was presented merely for the purpose of testifying as a witness at trial and, as such, she did not need to be authorized by a board resolution to do so. Inasmuch as Esguerra was not disqualified to be a witness under the Rules, it was therefore error for the MTCC to dismiss Hacorphil's complaint for Esguerra's supposed lack of legal capacity.

On 12 April 2012, the RTC issued the assailed Judgment ruling that Esguerra was a competent witness.[22] Nonetheless, the said court sustained the dismissal of Hacorphil's complaint on a ground other than lack of legal capacity, to wit:[23]

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Plaintiff's claim is based on the alleged refusal by the defendant to be employed in violation of the Training Agreement. Records reveal that the defendant agreed to work with the plaintiff as foreman after the training, as in fact, he started working as such until he was summoned to sign an amendment to the training agreement which not only lengthened his service period, but also hired him as a "skilled worker" without boarding allowance. The defendant negotiated the terms of his employment but it was the plaintiff which refused to hire him since.

Under the circumstances, it cannot be said that the defendant in gross and evident bad faith refused to be employed with the plaintiff thereby entitling the latter to damages.

While it may be true that the ground relied upon by this Court in affirming the Judgment of court-a-quo is not based on the assigned error of the appellant, the Court may correct, modify and substantiate the assailed decision to avoid further litigation once an appeal was made by the party-appellant.

WHEREFORE, judgment is hereby rendered DISMISSING the appeal.

SO DECIDED.

Undaunted, on 08 May 2012, Hacorphil filed a Motion for Reconsideration of the above Judgment, which was denied in the assailed Order[24] of the RTC dated 20 June 2012.

Hence, this Petition.

ISSUE

Hacorphil, through counsel, raises the following assignment of errors:[25]

I.

WHETHER OR NOT THE HONORABLE REGIONAL TRIAL COURT GRAVELY ERRED IN DISMISSING THE APPEAL OF PETITIONER ON ANOTHER GROUND OTHER THAN THAT RAISED IN THE ASSIGNMENT OF ERROR SANS ANY BASIS IN FACT AND IN LAW;

II.

WHETHER OR NOT THE HONORABLE REGIONAL TRIAL COURT GRAVELY ERRED IN SUSTAINING THE JUDGMENT OF BR. 4, MTCC, OLONGAPO CITY DISMISSING THE COMPLAINT OF PETITIONER SANS ANY BASIS IN FACT AND IN LAW.

OUR RULING

Regarding the first issue, Hacorphil argues that the RTC erred in ruling on issues that were never raised or assigned by it in its Appellant's Memorandum, which introduced the lone issue concerning the legal capacity of Esguerra to represent Hacorphil. According to Hacorphil, it would have been more prudent for the RTC to remand the case to the MTCC, which has the advantage of observing the witnesses' manner of testifying. Thus, on the premise that the RTC went beyond its parameters in deciding the case on its merits, Hacorphil prays for the reversal of the assailed Judgment.

The Petition fails.

In deciding a civil case appealed to it, the RTC is not strictly confined only to those matters raised in an appeal memorandum. Section 7, Rule 40 of the Rules of Court explicitly provides:[26]

SEC. 7. Procedure in the Regional Trial Court. -

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(c) upon the filing of the memorandum of the appellee, or the expiration of the period to do so, the case shall be considered submitted for decision. The Regional Trial Court shall decide the case on the basis of the entire record of the proceedings had in the court of origin and such memoranda as are filed. (Emphasis supplied)

Relative thereto, *Macaslang v. Zamora* instructs:[27]

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[T]he RTC, in exercising appellate jurisdiction, was not limited to the errors assigned in the petitioner's appeal memorandum, but could decide on the basis of the entire record of the proceedings had in the trial court and such memoranda and/or briefs as may be submitted by the parties or required by the RTC.

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As a result, the RTC presently decides all appeals from the MTC based on the entire record of the proceedings had in the court of origin and such memoranda or briefs as are filed in the RTC.

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Guided by the foregoing, the RTC is clearly empowered to decide appealed cases on the basis of the entire record of the proceedings in addition to the memoranda or briefs filed before it. Consequently, the RTC did not err when it used the entire record of the proceedings in resolving Hacorphil's appeal on its merits. Therefore, no error can be imputed to the said court in this regard.

Anent the second issue, Hacorphil contends that the RTC nonetheless erred in dismissing the appeal because Medina refused to fulfill his obligations in the Training Agreement, the breach of which entitles Hacorphil to damages. Firstly, nowhere in the Training Agreement, is it stipulated that Hacorphil agreed to hire Medina as a foreman. Secondly, the Contract of Employment with KCTech and the Amendment to the Training Agreement are entirely separate contracts and, inasmuch as Medina refused to sign the same, he is still bound to fulfill his service to Hacorphil by virtue of his original agreement with it. Moreover, that Medina evaded his obligation to work for Hacorphil is proven by his own letters and follow ups reiterating his stand that he will not resume work until he is granted additional allowances. Thus, since Hacorphil incurred expenses totaling P245,447.50 in training Medina in Korea, Hacorphil prays for an award of actual damages in the said amount.

We are not convinced.

Settled is the rule that actual damages, in order to be recoverable, must be pleaded and proved.[28] An award of

actual damages cannot be based on speculation, conjecture, or guess work.[29] In *Comsavings Bank v. Spouses Capistrano*, the Highest Court instructs:[30]

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To justify an award for actual damages, there must be competent proof of the actual amount of loss. Credence can be given only to claims duly supported by receipts. Respondents did not submit any documentary proof, like receipts, to support their claim for actual damages.

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Here, Hacorphil did not adequately substantiate its claims that it incurred the amount of P245,447.50 in training Medina in Korea. The lone evidence presented by Hacorphil, namely the Estimated Expenses Incurred During Training[31] prepared by Esguerra, is not a receipt which would duly support its claim of expenditures. Hence, absent any showing of proof as contemplated in law and jurisprudence that would justify the award of actual damages, this Court cannot award the same.

Even assuming *arguendo* that Hacorphil was armed with proper documentary proof to serve as basis for its claims of actual damages, the same would still not prosper because, after reviewing the records, We find that Medina did not contravene his obligation to work for Hacorphil under the Training Agreement.

Firstly, the Contract of Employment with KCTech and Amendment to the Training Agreement handed to Medina, which sought to lengthen the minimum period of service to be rendered by him and downgraded his position, are separate and distinct from the original contract[32] Medina entered into with Hacorphil. This was admitted by Hacorphil in the instant Petition.[33] Hence, Medina's rejection of the said contracts with KCTech had no effect on his existing agreement with Hacorphil.

Secondly, We note that Medina's demeanor in negotiating for his benefits belies Hacorphil's claims that he refused to work for it. The records show that Medina never spurned the monthly salary of P20,000.00 offered to him, as evidenced in the Letter dated 17 January 2007 he wrote to Hacorphil.[34] Furthermore, though Medina frequently requested to be given additional boarding and license allowances, he nonetheless expressed his willingness to forego the license allowance if he would be accorded the boarding allowance.[35]

Thirdly, that Medina complied with his obligation to work for Hacorphil is shown by his narration of events in his Judicial Affidavit. Therein, Medina recounted that he still reported for work several times, even though Hwang had previously instructed him not to do so.[36] Nonetheless, Medina could not actually resume his duties because he was ushered into an office in an attempt by Hacorphil to convince him to sign the contracts with KCTech.[37]

For these reasons, it cannot be said that Medina refused to work for Hacorphil in violation of the Training Agreement. Absent any breach of contract committed by Medina, an award of actual damages in favor of Hacorphil has no leg to stand on. Hence, the RTC did not err in dismissing Hacorphil's appeal.

The foregoing factual and legal bases considered, We hold that the RTC committed no error in issuing the assailed Judgment and Order which would warrant their reversal.

WHEREFORE, premises considered, the instant Petition is hereby **DISMISSED** for lack of merit. **ACCORDINGLY**, the challenged the Judgment dated 12 April 2012 and the Order dated 20 June 2012 rendered by the RTC, Branch 75 of Olongapo City in Civil Case No. 146-0-11 are **AFFIRMED**.

SO ORDERED.

Veloso (Chairperson) and Antonio-Valenzuela, JJ., concur.

- [1] Penned by Judge Raymond C. Viray, Rollo, pp. 174-177.
- [2] Rollo, p. 177.
- [3] Id. at 179-180.
- [4] Id. at 86-87.
- [5] Id. at 100-103.
- [6] Id. at 93.
- [7] Id. at 95-99.
- [8] See the Order dated June 27, 2007 issued by the MTCC, Rollo, pp. 119-120.
- [9] As gleaned from the Judgment dated December 14, 2010 of the MTCC, Rollo, pp. 167-168.
- [10] Rollo, p. 135.
- [11] Culled from the Judicial Affidavit dated February 16, 2009 executed by Medina, Rollo, pp. 229-233.
- [12] Rollo, p. 238.
- [13] Id. at 239.
- [14] Id. at 107-112.
- [15] Id. at 106.
- [16] See Rollo, p. 247.
- [17] Penned by Judge Norman V. Pamintuan, Rollo, pp. 166-172.
- [18] Rollo, p. 172.
- [19] Id. at 173.
- [20] See Rollo, p. 13.
- [21] Rollo, pp. 53-62.
- [22] See the challenged Judgment dated April 12, 2012 of the RTC, Rollo, p. 176.
- [23] Rollo, pp. 176-177.
- [24] Id. at 179-180.
- [25] Id. at 13-14.
- [26] 1997 RULES OF CIVIL PROCEDURE, rule 40, sec. 7.
- [27] G.R. No. 156375, May 30, 2011.
- [28] See *Spouses Cabahug v. National Power Corporation*, G.R. No. 186069, January 30, 2013.

[29] Ibid.

[30] G.R. No. 170942, August 28, 2013. See also *Cathay Pacific Airways v. Reyes*, G.R. No. 185891, June 26, 2013.

[31] Rollo, p. 135.

[32] Specifically, the Training Agreement, Rollo, 100-103.

[33] Rollo, p. 19.

[34] In his Letter (Rollo, p. 247), Medina wrote:

4.) Also, it was not a 'stubborn refusal' to accept the P 20,000.00 base salary as you mentioned in your claim. The P20,000.00 base salary is deemed to have been accepted by me on October 21, 2006 with Mr. J.Y. Hwang although he knew I am not completely satisfied with the said amount. What I was trying to get from our remaining negotiation are the Boarding Allowance and the License Allowance which I believe I too should be benefited. xxx

[35] Judicial Affidavit of Medina, Rollo, p. 232.

[36] In his Judicial Affidavit (Rollo, pp. 232-233), Medina recalled:

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Question: What happened next?

Answer: He [Hwang] suddenly cut the negotiation. He told me not to report for work anymore instructed (sic) me just to wait until they call and tell me to report for work.

Question: What did you do?

Answer: Although I was surprised why they are not open to a negotiation about the boarding allowance I was asking, I waited for them to call me back to work.

Question: What happened next if any?

Answer: I tried to report for work several times but although I was allowed to enter their office at SBMA, no representative of the company entertained me until the company lawyer talked to me.

Question: What did the company lawyer tell you? Answer: He told me to sign the papers. Question: What did you do?

Answer: I still did not sign the papers. They kept on convincing me to sign the papers. Sometimes they call me, sometimes they tell me to report at their office only to convince me to sign.

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[37] Ibid.

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