

GEORG GROTJAHN GMBH & CO., PETITIONER, VS. HON. LUCIA VIOLAGO ISNANI, PRESIDING JUDGE, REGIONAL TRIAL COURT, MAKATI, BR. 59; ROMANA R. LANCHINEBRE; AND TEOFILO A. LANCHINEBRE, R...

G.R. No. 109272. August 10, 1994

Ponente: PUNO, J.

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PUNO, J.:

Petitioner impugns the dismissal of its Complaint for a sum of money by the respondent judge for lack of jurisdiction and lack of capacity to sue.

The records show that petitioner is a multinational company organized and existing under the laws of the Federal Republic of Germany. On July 6, 1983, petitioner filed an application, dated July 2, 1983,[1] with the Securities and Exchange Commission (SEC) for the establishment of a regional or area headquarters in the Philippines, pursuant to Presidential Decree No. 218. The application was approved by the Board of Investments (BOI) on September 6, 1983. Consequently, on September 20, 1983, the SEC issued a Certificate of Registration and License to petitioner.[2]

Private respondent Romana R. Lanchinebre was a sales representative of petitioner from 1983 to mid-1992. On March 12, 1992, she secured a loan of twenty-five thousand pesos (P25,000.00) from petitioner. On March 26 and June 10, 1992, she made additional cash advances in the sum of ten thousand pesos (P10,000.00). Of the total amount, twelve thousand one hundred seventy pesos and thirty-seven centavos (P12,170.37) remained unpaid. Despite demand, private respondent Romana failed to settle her obligation with petitioner.

On July 22, 1992, private respondent Romana Lanchinebre filed with the Arbitration Branch of the National Labor Relations Commission (NLRC) in Manila, a Complaint for illegal suspension, dismissal and non-payment of commissions against petitioner. On August 18, 1992, petitioner in turn filed against private respondent a Complaint for damages amounting to one hundred twenty thousand pesos (P120,000.00) also with the NLRC Arbitration Branch (Manila).[3] The two cases were consolidated.

On September 2, 1992, petitioner filed another Complaint for collection of sum of money against private respondents spouses Romana and Teofilo Lanchinebre which was docketed as Civil Case No. 92-2486 and raffled to the sale of respondent judge. Instead of filing their Answer, private respondents moved to dismiss the Complaint. This was opposed by petitioner.

On December 21, 1992, respondent judge issued the first impugned Order, granting the motion to dismiss. She held, viz.:

"Jurisdiction over the subject matter or nature of the action is conferred by law and not subject to the whims and caprices of the parties.

"Under Article 217 of the Labor Code of the Philippines, 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, the following cases involving all workers, whether agricultural or non-agricultural:

'(4) claims for actual, moral, exemplary and other forms of damages arising from an employer-employee relations.

X X X

(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 or not accompanied with a claim for reinstatement.'

"In its complaint, the plaintiff (petitioner herein) seeks to recover alleged cash advances made by defendant (private respondent herein) Romana Lachinebre while the latter was in the employ of the former. Obviously the said cash advances were made pursuant to the employer-employee relationship between the (petitioner) and the said (private respondent) and as such, within the original and exclusive jurisdiction of the National Labor Relations Commission.

"Again, it is not disputed that the Certificate of Registration and License issued to the (petitioner) by the Securities and Exchange Commission was merely 'for the establishment of a regional or area headquarters in the Philippines, pursuant to Presidential Decree No. 218 and its implementing rules and regulations.' It does not include a license to do business in the Philippines. There is no allegation in the complaint moreover that (petitioner) is suing under an isolated transaction. It must be considered that under Section 4, Rule 8 of the Revised Rules of Court, facts showing the capacity of a party to sue or be sued or the authority of a party to sue or be sued in a representative capacity or the legal existence of an organized association of persons that is made a party must be averred. There is no averment in the complaint regarding (petitioner's) capacity to sue or be sued.

"Finally, (petitioner's) claim being clearly incidental to the occupation or exercise of (respondent) Romana Lachinebre's profession, (respondent) husband should not be joined as party defendant."[4]

On March 8, 1993, the respondent judge issued a minute Order denying petitioner's Motion for Reconsideration.

Petitioner now raises the following assignments of errors:

"I

THE TRIAL COURT GRAVELY ERRED IN HOLDING THAT THE REGULAR COURTS HAVE NO JURISDICTION OVER DISPUTES BETWEEN AN EMPLOYER AND AN EMPLOYEE INVOLVING THE APPLICATION PURELY OF THE GENERAL CIVIL LAW.

"II

THE TRIAL COURT GRAVELY ERRED IN HOLDING THAT PETITIONER HAS NO CAPACITY TO SUE AND BE SUED IN THE PHILIPPINES DESPITE THE FACT THAT PETITIONER IS DULY LICENSED BY THE SECURITIES AND EXCHANGE COMMISSION TO SET UP AND OPERATE A REGIONAL OR AREA HEADQUARTERS IN THE COUNTRY AND THAT IT HAS CONTINUOUSLY OPERATED AS SUCH FOR THE LAST NINE (9) YEARS.

"III

THE TRIAL COURT GRAVELY ERRED IN HOLDING THAT THE ERRONEOUS INCLUSION OF THE HUSBAND IN A COMPLAINT IS A FATAL DEFECT THAT SHALL RESULT IN THE OUTRIGHT DISMISSAL OF THE COMPLAINT.

"IV

THE TRIAL COURT GRAVELY ERRED IN HOLDING THAT THE HUSBAND IS NOT REQUIRED BY THE RULES TO BE JOINED AS A DEFENDANT IN A COMPLAINT AGAINST THE WIFE."

There is merit to the petition.

Firstly, the trial court should not have held itself without jurisdiction over Civil Case No. 92-2486. It is true that the loan and cash advances sought to be recovered by petitioner were contracted by private respondent Romana Lanchinebre while she was still in the employ of petitioner. Nonetheless, it does not follow that Article 217 of the Labor Code covers their relationship.

Not every dispute between an employer and employee involves matters that only labor arbiters and the NLRC can resolve in the exercise of their adjudicatory or quasi-judicial powers. 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. In this regard, we held in the earlier case of *Molave Motor Sales, Inc. vs. Laron*, 129 SCRA 485 (1984), viz:

"Before the enactment of BP Blg. 227 on June 1, 1982, Labor Arbiters, under paragraph 5 of Article 217 of the Labor Code had jurisdiction over "all other cases arising from employer-employee relation, unless expressly excluded by this Code." Even then, the principle followed by this Court was that, although a controversy is between an employer and an employee, the Labor Arbiters have no jurisdiction if the Labor Code is not involved. In *Medina vs. Castro-Bartolome*, 116 SCRA 597, 604 in negating jurisdiction of the Labor Arbiter, although the parties were an employer and two employees, Mr. Justice Abad Santos stated:

"The pivotal question to Our mind is whether or not the Labor Code has any relevance to the reliefs sought by plaintiffs. For if the Labor Code has no relevance, any discussion concerning the statutes amending it and whether or not they have retroactive effect is unnecessary.

xxx xxx xxx'

"And in *Singapore Airlines Limited vs. Paño*, 122 SCRA 671, 677, the following was said:

'Stated differently, petitioner seeks protection under the civil laws and claims no benefits under the Labor Code. The primary relief sought is for liquidated damages for breach of a contractual obligation. The other items demanded are not labor benefits demanded by workers 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.'

"xxx xxx xxx"

In *San Miguel Corporation vs. NLRC*, 161 SCRA 719 (1988), we crystallized the doctrines set forth in the *Medina*, *Singapore Airlines*, and *Molave Motors* cases, thus:

"xxx The important principle that runs through these three (3) cases is that where the claim to 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 and not to the Labor Arbiter and the NLRC. In such situations, resolutions 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."

Civil Case No. 92-2486 is a simple collection of a sum of money brought by petitioner, as creditor, against private respondent Romana Lanchinebre, as debtor. The fact that they were employer and employee at the time of the transaction does not negate the civil jurisdiction of the trial court. The case does not involve adjudication of a labor dispute but recovery of a sum of money based on our civil laws on obligation and contract.

Secondly, the trial court erred in holding that petitioner does not have capacity to sue in the Philippines. It is clear that petitioner is a foreign corporation doing business in the Philippines. Petitioner is covered by the Omnibus Investment Code of 1987. Said law defines "doing business," as follows:

"xxx shall include soliciting orders, purchases, service contracts, opening offices, whether called 'liaison' offices or branches; appointing representatives or distributors who are domiciled in the Philippines or who in any calendar year stay in the Philippines for a period or periods totalling one hundred eighty (180) days or more; participating in the management, supervision or control of any domestic business firm, entity or corporation in the Philippines, and any other act or acts that imply a continuity of commercial dealings or arrangements and contemplate to that extent the performance of acts or works, or the exercise of some of the functions normally incident to, and in progressive prosecution of, commercial gain or of the purpose and object of the business organization." [5]

There is no general rule or governing principle as to what constitutes "doing" or "engaging in" or "transacting" business in the Philippines. Each case must be judged in the light of its peculiar circumstances. [6] In the case at bench, petitioner does not engage in commercial dealings or activities in the country because it is precluded from doing so by P.D. No. 218, under which it was established. [7] Nonetheless, it has been continuously, since 1983, acting as a supervision, communications and coordination center for its home office's affiliates in Singapore, and in the process has named its local agent and has employed Philippine nationals like private respondent Romana Lanchinebre. From this uninterrupted performance by petitioner of acts pursuant to its primary purposes and functions as a regional/area headquarters for its home office, it is clear that petitioner is doing business in the country. Moreover, private respondents are estopped from assailing the personality of petitioner. So we held in *Merrill Lynch Futures, Inc. vs. Court of Appeals*, 211 SCRA 824, 837 (1992):

"The rule is that a party is estopped to challenge the personality of a corporation after having acknowledged the same by entering into a contract with it. And the 'doctrine of estoppel to deny corporate existence applies to foreign as well as to domestic corporations;' 'one who has dealt with a corporation of foreign origin as a corporate entity is estopped to deny its corporate existence and capacity.' The principle 'will be applied to prevent a person contracting with a foreign corporation from later taking advantage of its noncompliance with the statutes chiefly in cases where such person has received the benefits of the contract, xxx.'" (Citations omitted.)

Finally, the trial court erred when it dismissed Civil Case No. 92-2486 on what it found to be the misjoinder of private respondent Teofilo Lanchinebre as party defendant. It is a basic rule that "(m)isjoinder or parties is not ground for dismissal of an action." [8] Moreover, the Order of the trial court is based on Section 4(h), Rule 3 of the Revised Rules of Court, which provides:

"A married woman may not xxx be sued alone without joining her husband, except xxx if the litigation is incidental to the profession, occupation or business in which she is engaged,"

Whether or not the subject loan was incurred by private respondent as an incident to her profession, occupation or business is a question of fact. In the absence of relevant evidence, the issue cannot be resolved in a motion to dismiss.

IN VIEW WHEREOF, the instant Petition is GRANTED. The Orders, dated December 21, 1992 and March 8, 1993, in Civil Case No. 92-2486 are REVERSED AND SET ASIDE. The RTC of Makati, Br. 59, is hereby ordered to hear the reinstated case on its merits. No costs.

SO ORDERED.

Narvasa, C.J., (Chairman), Padilla, Regalado, and Mendoza, JJ., concur.

[1] Petition, Annex "F;" Rollo, pp. 41-43.

[2] Petition, Annex "G;" Rollo, p. 44.

[3] P100,000.00 in damages for violation of Article 285 of the Labor Code, and P20,000.00 as Attorney's fees.

[4] Order, dated December 21, 1992, pp. 1-2; Rollo, pp. 19-20.

[5] Article 44, Chapter I, Book II, E.O. 226.

[6] Top-Weld Manufacturing, Inc. vs. ECED, S.A., 138 SCRA 118 (1985). See Granger Associates vs. Microwave Systems, Inc. 189 SCRA 631 (1990).

[7] In fact, under the Rules and Regulations implementing P.D. No. 218, the application for the establishment of a regional or area headquarters in the country must be accompanied by, among others, "a certification from the principal officer of the foreign entity to the effect that the said foreign entity has been authorized by its board of directors or governing body to establish its regional headquarters in the Philippines, specifying that:

a) The activities of the regional headquarters shall be limited to acting as supervisory communications and coordinating center for its affiliates, subsidiaries or branches of the region.

b. The headquarters will not derive any income from sources within the Philippines and will not participate in any manner in the management of any subsidiary or branch office the parent company might have in the Philippines;

xxx xxx xxx"

[8] Sec. 11, Rule 3, Revised Rules of Court.

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