RADIO COMMUNICATIONS OF THE PHILIPPINES, INC., PETITIONER, VS. COURT OF APPEALS AND ROBERTO VILLALON, RESPONDENTS.

G.R. NO. 139762. April 26, 2006

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

This petition for review on certiorari assails the May 10, 1999 Decision[1] of the Court of Appeals in CA-G.R. CV No. 38815, which affirmed the March 6, 1992 Decision[2] of the Regional Trial Court of Biñan, Laguna in Civil Case No. B-3574, as well as the August 9, 1999 Resolution[3] which denied petitioner's motion for reconsideration.

From 1983 to 1991, respondent Roberto Villalon (Villalon) provided messengerial services to petitioner Radio Communications of the Philippines, Inc. (RCPI) at its branch office in Biñan, Laguna. Under the arrangement, Villalon delivered telegraphic messages to RCPI's clientele for which he was paid based on the number of deliveries he made using the following payment scheme: 69% of the entire collections went to Villalon, 30% went to RCPI, and the remaining 1% was applied to taxes. However, sometime in April 1991, RCPI stopped paying Villalon pursuant to this arrangement.

Consequently, on June 26, 1991, Villalon filed a complaint for collection of a sum of money against RCPI with the Regional Trial Court of Biñan, Laguna which was docketed as Civil Case No. B-3574. RCPI moved to dismiss[4] the complaint on the ground of lack of jurisdiction over the subject matter of the claim, considering that the complaint involved a money claim arising from an employer-employee relationship which properly belongs to the jurisdiction of the labor arbiter.

On September 3, 1991, the trial court denied[5] the motion to dismiss and ruled that, based on the allegations in the complaint, there was no employer-employee relationship between Villalon and RCPI; that Villalon was a "contractual messenger" and was paid depending on the number of deliveries he made; that there was no agreement with respect to payment of wages and duration of time of work; and that RCPI did not control the means by which Villalon made his deliveries and merely paid him by the result of his work. Thus, the trial court ruled that the relationship between Villalon and RCPI was in the nature of an independent contractor and that it had jurisdiction over the case. It further declared RCPI in default because the motion to dismiss did not contain a notice of hearing addressed to the parties and, thus, the motion did not toll the running of the reglementary period to file a responsive pleading which resulted to RCPI's default. RCPI's motion for reconsideration[6] was denied in a Resolution[7] dated November 15, 1991.

On December 13, 1991, RCPI filed a petition for certiorari, prohibition and mandamus, which was docketed as G.R. No. 102959, alleging that the trial court committed grave abuse of discretion when it denied the motion to dismiss. In a Resolution[8] dated February 28, 1994, we dismissed the petition and remanded the case for further proceedings after noting that Villalon was a contractual messenger paid by the number of deliveries he made and that there was no employer-employee relationship between him and RCPI. Thus, the trial court validly assumed

jurisdiction over the case.

Previously or on September 30, 1991, the trial court allowed Villalon to present his evidence ex parte before a duly appointed commissioner pursuant to its Resolution dated September 3, 1991 which denied RCPI's motion to dismiss and declared the latter in default. On March 6, 1992, the trial court rendered a Decision, the decretal portion of which reads:

> WHEREFORE, in view of the foregoing considerations, judgment is hereby rendered in favor of the plaintiff, directing the defendant to pay the former:
>
> (a) P67,979.77- representing the unpaid wages and commission as of June 10, 1991 with 12% interest until fully paid;
>
> (b) plus costs of suit.
>
> SO ORDERED.[9]

Aggrieved, RCPI filed an appeal with the Court of Appeals which dismissed the same in the Decision dated May 10, 1999. Its motion for reconsideration having been denied, RCPI filed the instant petition raising the following issues: (1) whether the trial court has jurisdiction over the complaint, and (2) whether the trial court correctly imposed a 12% interest rate on the amount awarded to Villalon.

RCPI contends that the trial court has no jurisdiction over the complaint because it involves a money claim arising from an employer-employee relationship so that jurisdiction properly belongs with the labor arbiter under Article 217(a)[10] of the Labor Code. It further claims that Villalon as messenger was engaged to perform an essential task in RCPI's business; was under the control and supervision of a superior; and was required to strictly follow company rules and regulations.

The contention lacks merit.

RCPI is barred from raising the above issue under the principle of the "law of the case." In Padillo v. Court of Appeals,[11] we had occasion to explain this principle thus:

> Law of the case has been defined as the opinion delivered on a former appeal. More specifically, it means that whatever is once irrevocably established as the controlling legal rule or decision between the same parties in the same case continues to be the law of the case, whether correct on general principles or not, so long as the facts on which such decision was predicated continue to be the facts of the case before the court. As a general rule, a decision on a prior appeal of the same case is held to be the law of the case whether that question is right or wrong, the remedy of the party deeming himself aggrieved being to seek a rehearing.
>
> The concept of Law of the Case was further elucidated in the 1919 case of Zarate v. Director of Lands, thus:
> A well-known legal principle is that when an appellate court has once declared the law in a case, such declaration continues to be the law of that case even on a subsequent appeal. The rule made by an appellate court, while it may be reversed in other cases, cannot be departed from in subsequent proceedings in the same case. The "Law of the Case," as applied to a former decision of an appellate court, merely expresses the practice of the courts in refusing to reopen what has been decided. Such a rule is "necessary to enable an appellate court to perform its duties satisfactorily and efficiently, which would be impossible if a question, once considered and decided by it, were to be litigated anew in the same case upon any and every subsequent appeal." Again, the rule is necessary as a matter of policy to end litigation. "There would be no end to a suit if every obstinate litigant could, by repeated appeals, compel a court to listen to criticisms on their opinions, or speculate of chances from changes in its members." xxx[12]

In the instant case, RCPI filed a motion to dismiss before the trial court raising the same issue that it is now

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raising in the instant petition, i.e. the complaint involves a money claim arising from an employer-employee relationship which properly belongs to the jurisdiction of the labor arbiter. However, it will be recalled that when its motion to dismiss was denied, RCPI had previously gone to this Court through a petition for certiorari, prohibition and mandamus raising this issue of lack of jurisdiction.

In G.R. No. 102959, we dismissed the petition and remanded the case for further proceedings ruling that the trial court did not commit grave abuse of discretion because Villalon's complaint was not based on an employer-employee relationship inasmuch as he was a contractual messenger who was paid depending on the number of deliveries he made to RCPI's clientele. Thus, the trial court and not the labor arbiter had jurisdiction over the case. Our ruling in G.R. No. 102959 with respect to the valid assumption of jurisdiction by the trial court over the instant case became the law of the case between the parties which cannot be modified, disturbed or reviewed. It follows then that RCPI cannot raise this issue again in the instant petition because we have already resolved the same with finality in G.R. No. 102959 in consonance with the principle of the "law of the case."

RCPI next contends that the trial court erred in imposing a 12% per annum interest rate on the amount awarded to Villalon. It claims that pursuant to the ruling in Eastern Shipping Lines, Inc. v. Court of Appeals,[13] the proper interest rate is 6% per annum because the money judgment in the instant case does not involve a loan or forbearance of money.

We agree.

Indeed, in Eastern Shipping Lines Inc. v. Court of Appeals, we summarized the rules of thumb with respect to the imposition of legal interest:

> - When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.
>
> - When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum. No interest, however, shall be adjudged on unliquidated claims or damages except when or until the demand can be established with reasonable certainty. Accordingly, where the demand can be established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code) but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.
>
> - When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.[14]

Applying the foregoing rules, the proper interest rate is 6% per annum because the complaint in the case at bar involves a breach of contract of services and not a loan or forbearance of money. The interest should be computed from the date of the trial court's decision on March 6, 1992.[15] The reason is that although there was an initial amount claimed by Villalon in his complaint, he further alleged that this amount continued to balloon as the months went by[16] so much so that the total amount demanded was not yet established with reasonable certainty until the trial court rendered its judgment[17] as in fact the amount adjudged by the trial court was significantly

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higher than the amount initially alleged by Villalon. Moreover, pursuant to the above rules, in case the judgment remains unsatisfied after it becomes final and executory, the interest rate shall be 12% per annum from the finality of the judgment until the amount awarded is fully paid. The base for computation of the 6% and 12% rates of interest shall be P67,979.77 since this is the amount finally adjudged.[18]

WHEREFORE, the petition is PARTLY GRANTED. The May 10, 1999 Decision of the Court of Appeals in CA-G.R. CV No. 38815 is AFFIRMED with MODIFICATION as to the interest rate imposed. Petitioner is ordered to pay Villalon P67,979.77 representing his unpaid wages with 6% interest per annum computed from the date of the trial court's decision on March 6, 1992 until its full payment before the finality of the judgment. If the judgment remains unsatisfied after it becomes final and executory, the interest rate shall be 12% per annum computed from the finality of the judgment until the amount awarded is fully paid.

SO ORDERED.

Panganiban, C.J., (Chairperson), Austria-Martinez, and Callejo, Sr., JJ., concur.
Chico-Nazario, J., on official leave.

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[1] Rollo, pp. 44-52. Penned by Associate Justice Cancio C. Garcia, now a member of this Court, and concurred in by Associate Justices Bernardo Ll. Salas and Candido V. Rivera.

[2] Id. at 36-39. Penned by Judge Justo M. Sultan.

[3] Id. at 58.

[4] Id. at 24-26.

[5] Id. at 27.

[6] Id. at 28-34.

[7] Id. at 35.

[8] Id. at 40-42.

[9] Id. at 39.

[10] Article 217. Jurisdiction of Labor Arbiters and the Commission.- (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:

x x x x

- Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations;

x x x x

- 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

[11] 422 Phil. 334 (2001).

[12] Id. at 351.

[13] G.R. No. 97412, July 12, 1994, 234 SCRA 78.

[14] Id. at 95-97.

[15] Rollo, p. 39.

[16] Id. at 22.

[17] See Keng Hua Paper Products Co.Inc. v. Court of Appeals, 349 Phil. 925, 941 (1998).

[18] Rollo, p. 39.

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