

TEXON MANUFACTURING AND BETTY CHUA, PETITIONERS, VS. GRACE MILLENA AND MARILYN MILLENA, RESPONDENTS.

G.R. No. 141380. April 14, 2004

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

For resolution is a petition for review on certiorari assailing the Decision[1] dated August 9, 1999 and Resolution[2] dated December 29, 1999 of the Court of Appeals in CA-G.R. SP No. 51838, “Texon Manufacturing and/or Betty Chua vs. Grace and Marilyn Millena.”

The facts as culled from the records are:

Sometime in February 1990 and May 1990, Marilyn and Grace Millena, respondents, were employed by Texon Manufacturing, petitioner company.

However, in the summer of 1995, petitioner company terminated the services of respondent Grace Millena, prompting her to file with the Labor Arbiter, on August 21, 1995, a complaint for money claims representing underpayment and non-payment of wages, overtime and holiday pay. Impleaded as respondents were petitioner company and its owner, Betty Chua. The case was docketed as NLRC Case No. 00-08-05918-95.

Similarly, on September 8, 1995, petitioner company terminated the services of respondent Marilyn Millena. The following day, she went to petitioner’s office to get her salary. Betty Chua then offered her the sum of P1,500.00 as a starting capital for a small business. At that instance, Francisco Tan, Betty Chua’s husband, asked her to sign a blank piece of paper. Thinking that it was a receipt for the amount of P1,500.00 given by Betty Chua, respondent signed the blank sheet. However, it turned out that it was a resignation letter and quitclaim of her back salaries. Thus, on September 11, 1995, she filed with the Labor Arbiter a complaint for illegal dismissal with prayer for payment of full backwages and benefits, docketed as NLRC Case No. 00-09-06215-95. Forthwith, the two (2) cases were consolidated.

On November 21, 1995, petitioners filed a motion to dismiss both complaints on the ground of prescription.

On January 10, 1996, the Labor Arbiter issued an Order[3] denying the motion to dismiss.

Petitioners then interposed an appeal to the National Labor Relations Commission (NLRC).

On February 27, 1997, the NLRC promulgated an Order[4] dismissing the appeal and affirming the Arbiter’s Order.

Petitioners filed a motion for reconsideration but was denied by the NLRC.

Consequently, petitioners filed a petition for certiorari with the Court of Appeals.

On August 9, 1999, the Appellate Court rendered a Decision affirming the NLRC Order. In sustaining the denial by the NLRC of petitioners’ motion to dismiss, the Court of Appeals held:

“Admittedly, the three year prescriptive period under Article 291 of the Labor Code, is supposedly counted from the time the cause of action accrued.

x x x

“We repeat, Grace and Marilyn were employed in May 1990 and February 1990, respectively, but were terminated in the summer of 1995 and September 8, 1995.

“We rule, the three-year period did not yet prescribe, considering that Grace filed her complaint on August 21, 1995, while Marilyn filed her complaint in September 1995.

x x x

“Indeed, there is no merit in the contention of petitioner that Article 291 of the Labor Code is applicable in the case at bar insofar as respondent Marilyn Millena is concerned. The action for illegal dismissal, underpayment of wages, holiday pay, overtime pay, service incentive leave pay was filed by private respondent Marilyn Millena on September 11, 1995, or two (2) days after the alleged effectivity date of her dismissal on September 8, 1995 which was well within the four (4) year prescriptive period provided for in Article 1146 of the New Civil Code.

“Article 291 of the Labor Code however, is applicable insofar as private respondent Grace Millena is concerned. Nevertheless, the claim for underpayment of wages, non-payment of overtime pay, holiday pay should still subsist. It should be noted that private respondent Grace Millena filed her claim for underpayment of wages, non-payment of overtime pay and holiday pay, one (1) year, one (1) month and twenty one (21) days after the last effectivity of her employment on May 31, 1994, which is well within the three (3) year prescriptive period provided for in Article 291 of the Labor Code.

x x x

“THE FOREGOING CONSIDERED, the contested Resolution dated February 27, 1997, is affirmed; and the Petition for Certiorari is hereby dismissed.

“SO ORDERED.”

Petitioners filed a motion for reconsideration, but was denied by the Court of Appeals in a Resolution dated December 29, 1999.

Petitioners, in the instant petition for review on certiorari, contend (1) that prescription has extinguished respondents’ money claims considering that under Article 291 of the Labor Code, as amended, the three-year prescriptive period is counted from the time their causes of action accrued; and (2) that their appeal to the NLRC should have been sustained by the Court of Appeals, being in accordance with Article 223 of the same Code.

ON THE ISSUE OF PRESCRIPTION

The pivotal question is when respondents’ causes of action accrued for this will determine the reckoning date of the prescriptive period.

In *Baliwag Transit, Inc. vs. Ople*,^[5] we held:

“Since a cause of action requires, as essential elements, not only a legal right of the plaintiff and a correlative obligation of the defendant but also an act or omission of the defendant in violation of said legal right, the cause of action does not accrue until the party obligated refuses, expressly or impliedly, to comply with its duty.”

ON RESPONDENT GRACE MILLENA'S MONEY CLAIM

The applicable law is Article 291 of the Labor Code, as amended, which provides:

“Article 291. Money claims. – All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three years from the time the cause of action accrued, otherwise they shall be forever barred.”

We disagree with petitioners' contention that respondent Grace Millena's cause of action for money claims accrued “in the summer of 1991 and 1992” when, by reason of her employment, she became entitled to the company's monetary benefits. Records show that it was only after petitioner company terminated her services, sometime in the summer of 1995, that she decided to file with the Labor Arbiter her complaint for money claim. The three (3) year prescriptive period should then be counted, not from 1991 or 1992, but from 1995. Respondent's complaint was filed on August 21, 1995 or barely three (3) months after the termination of her employment in the summer of 1995. There is, therefore, no question that her complaint was seasonably filed.

ON RESPONDENT MARILYN MILLENA'S SUIT FOR ILLEGAL DISMISSAL

Article 1146 of the New Civil Code provides:

“Art. 1146. The following actions must be instituted within four years:

(1)

Upon an injury to the rights of the plaintiff;

(2)

Upon a quasi-delict.”

Our ruling in *Callanta vs. Carnation Philippines, Inc.*[6] is pertinent, thus:

“One's employment or profession is a ‘property right’ and the wrongful interference therewith is an actionable wrong. The right is considered to be property within the protection of the constitutional guarantee of due process of law. Clearly then, when one is arbitrarily and unjustly deprived of his job or means of livelihood, the action instituted to contest the legality of one's dismissal from employment constitutes, in essence, an action predicated ‘upon an injury to the rights of the plaintiff,’ as contemplated under Article 1146 of the New Civil Code, which must be brought within 4 years.”

Respondent's complaint for illegal dismissal with prayer for the grant of money claims and benefits is one covered by Article 1146 of the Civil Code, quoted earlier, that must be filed with the Labor Arbiter within four (4) years. Respondent's complaint was filed on September 11, 1995 or only three (3) days after petitioners terminated her services on September 8, 1995. Clearly, her suit was filed on time.

We thus hold that the Court of Appeals correctly ruled that both respondents' actions have not yet prescribed.

Petitioners also contend that the NLRC should not have dismissed their appeal from the Decision of the Labor Arbiter, citing Article 223 of the Labor Code, as amended, which provides:

“Article 223. Appeal. – Decisions, awards, or orders of the Labor Arbiter are final and executory unless appealed to the Commission by any or both parties within ten (10) calendar days from receipt of such decisions, awards, or orders. x x x.

In dismissing petitioners' appeal, the NLRC relied on the provisions of Section 15, Rule V (now Section 3, Rule V) of the NLRC Rules of Procedure, as amended by NLRC Resolution No. 01-02, Series of 2002, quoted as

follows:

“Section 3. Motion to Dismiss. x x x. An order denying the motion to dismiss or suspending its resolution until the final determination of the case is not appealable.”

The Solicitor General, in his comment, maintains that the above Rule does not contravene Article 223 of the Labor Code. Hence, the NLRC’s reliance on the same Rule is in order. The Solicitor General explains:

“The orders contemplated in Article 223 of the Labor Code are decisions, awards or orders which are final in character and not merely interlocutory orders, as in the case of an order denying a motion to dismiss.

x x x

In the instant case, the order of the Labor Arbiter denying petitioners’ motion to dismiss was not yet final as there was something else to be done, namely the filing of the answer and the subsequent proceedings wherein the respective parties would ventilate their respective sides.”

We agree with the Solicitor General.

The Order of the Labor Arbiter denying petitioners’ motion to dismiss is interlocutory. It is well-settled that a denial of a motion to dismiss a complaint is an interlocutory order and hence, cannot be appealed, until a final judgment on the merits of the case is rendered.[7]

WHEREFORE, the assailed Decision dated August 9, 1999 and Resolution dated December 29, 1999 of the Court of Appeals in CA-G.R. SP No. 51838 are hereby AFFIRMED. The case is remanded to the Labor Arbiter for further proceedings.

Costs against petitioners.

SO ORDERED.

Vitug, (Chairman), Corona, and Carpio-Morales, JJ., concur.

[1] Annex “A” of the Petition for Review, Rollo at. 20-31.

[2] Annex “B”, id. at 32-33.

[3] Annex “E”, id. at 45.

[4] Annex “D”, id. at 38-44.

[5] G.R. No. 57642, March 16, 1999, 171 SCRA 250, cited in Serrano vs. Court of Appeals, G.R. No. 139420, August 15, 2001, 363 SCRA 223, 230.

[6] G.R. No. L-70615, October 28, 1986, 145 SCRA 268, 279, cited in Baliwag Transit, Inc. vs. Ople, supra. at 257.

[7] Emergency Loan Pawnshop Incorporated vs. Court of Appeals, G.R. No. 129184, February 28, 2001, 353 SCRA 89, 92, citing Gonzales vs. Court of Appeals, 277 SCRA 518 (2000).

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