

## INTERCONTINENTAL BROADCASTING CORPORATION, PETITIONER, VS. IRENEO PANGANIBAN, RESPONDENT.

*G.R. No. 151407. February 06, 2007*

Ponente: AUSTRIA-MARTINEZ, J.

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### AUSTRIA-MARTINEZ, J.:

Assailed in the present Petition for Review on Certiorari under Rule 45 of the Rules of Court is the Resolution[1] dated August 21, 2001 of the Court of Appeals (CA) rendered in CA-G.R. SP No. 50283, with the following dispositive portion:

WHEREFORE, the Motion for Reconsideration is DENIED except as to the recall of the award of unpaid commission to respondent Panganiban. The Decision dated July 30, 1999 is maintained subject to the modification that petitioners are ordered to pay respondent Panganiban the amount of P2,521,769.77 as unpaid commissions minus the amounts already paid to him by petitioners in relation thereto.

SO ORDERED.[2]

Also assailed is the CA Resolution dated January 9, 2002,[3] denying petitioner's motion for reconsideration.

The antecedent facts:

Ireneo Panganiban (respondent) was employed as Assistant General Manager of the Intercontinental Broadcasting Corporation (petitioner) from May 1986 until his preventive suspension on August 26, 1988. Respondent resigned from his employment on September 2, 1988. On April 12, 1989, respondent filed with the Regional Trial Court of Quezon City, Branch 93, Civil Case No. Q-89-2244 against the members of the Board of Administrators (BOA) of petitioner alleging, among others, non-payment of his unpaid commissions.[4]

A motion to dismiss was filed by Joselito Santiago, one of the defendants, on the ground of lack of jurisdiction, as respondent's claim was a labor money claim, but this was denied by the RTC per Orders dated October 19, 1990 and November 23, 1990.

Thus, Santiago filed a petition for certiorari with the CA, docketed as CA-G.R. SP No. 23821, and in a Decision dated October 29, 1991, the CA granted Santiago's petition for lack of jurisdiction and set aside the RTC's Orders dated October 19, 1990 and November 23, 1990.[5]

Thereafter, respondent was elected by the BOA as Vice-President for Marketing in July 1992. He resigned in April 1993.[6]

On July 24, 1996, respondent filed against petitioner a complaint for illegal dismissal, separation pay, retirement benefits, unpaid commissions, and damages.

In a Decision dated September 23, 1997, the Labor Arbiter (LA) ordered respondent's reinstatement with full backwages, and the payment of his unpaid commission in the amount of P2,521,769.77, damages and attorney's fees.[7]

Petitioner appealed to the National Labor Relations Commission (NLRC) but due to petitioner's failure to post a bond, the appeal was dismissed on February 26, 1998, in a Decision that was deemed final and executory.[8]

Petitioner filed a motion for reconsideration of the NLRC's dismissal, which was denied per Resolution dated March 25, 1998.[9]

Petitioner then filed a petition with this Court but the same was referred to the CA in view of the ruling in *St. Martin Funeral Home v. National Labor Relations Commission*, 356 Phil. 811 (1998).[10]

On July 30, 1999, the CA rendered its Decision, the dispositive portion of which reads:

WHEREFORE, the instant petition is GRANTED. The challenged Order of February 26, 1998 and Resolution dated March 25, 1998 of public respondent NLRC in NLRC NCR CA 013845-97 as well as the Decision of the Labor Arbiter in NLRC NCR 00-07-04614-96 are hereby annulled, reversed and set aside and the claims of private respondent for reinstatement, backwages and benefits in conjunction with his employment from 1986 to 1988 have prescribed. The complaint in connection with his appointment as Vice-President for Marketing from July, 1992 to April 26, 1993 is within the jurisdiction of the Securities and Exchange Commission and NLRC NCR 00-07-04614-96 is dismissed for lack of jurisdiction.

SO ORDERED.[11]

Respondent filed a motion for reconsideration of the CA Decision, and on August 21, 2001, the CA rendered the assailed Resolution.

Petitioner sought reconsideration of the CA Resolution, but it was denied per the assailed Resolution dated January 9, 2002.

Hence, the present petition based on the following grounds:

I.

RESPONDENT HONORABLE COURT OF APPEALS HAS SERIOUSLY ERRED IN DECLARING THAT RESPONDENT PANGANIBAN'S CLAIM FOR ALLEGED UNPAID COMMISSION HAS NOT PRESCRIBED SUPPOSEDLY DUE TO THE FILING OF CIVIL CASE NO. Q-89-2244 WHEN OTHERWISE RESPONDENT'S CLAIM FOR ALLEGED UNPAID COMMISSIONS HAS ALREADY CLEARLY PRESCRIBED BECAUSE HE HAS NOT FILED HIS CLAIM WITHIN THE THREE (3) YEAR PRESCRIPTIVE PERIOD AND BEFORE A COMPETENT LABOR ARBITER WHO OUGHT TO HEAR HIS ALLEGED MONEY CLAIMS WITHIN THE PROPER TIME.

II.

RESPONDENT HONORABLE COURT OF APPEALS HAS FURTHER SERIOUSLY ERRED IN DECLARING THAT RESPONDENT PANGANIBAN'S CLAIM FOR ALLEGED UNPAID COMMISSION HAS NOT PRESCRIBED DUE TO THE SUPPOSED ACKNOWLEDGMENT OF THE ALLEGED CLAIM OF THE RESPONDENT BY THE PETITIONER WHEN OTHERWISE RESPONDENT'S CLAIMS FOR ALLEGED UNPAID COMMISSIONS HAS CLEARLY PRESCRIBED BECAUSE THERE WAS NO CONFLUENCE OF DEBTS WHATSOEVER.[12]

The main issue in this case is whether or not respondent's claim for unpaid commissions in the amount of P2,521,769.77 has already prescribed.

The CA held that respondent's claim was filed within the three-year prescriptive period under Article 291 of the Labor Code, for the following reasons:

x x x A circumspect review of the antecedents of the claim reveals that it has not in fact prescribed due to the

filing of Civil Case No. Q-89-2244 and the express acknowledgments of the claims of respondent Panganiban by petitioners IBC, et al. The chronology of events show the following:

- Date of resignation of Panganiban - September 2, 1988.
- Date of filing of Civil Case No. Q-89-2244 - April 12, 1989

From September 2, 1988 up to April 12, 1989, a period of 5 months and 10 days have elapsed. Prescription of action has been interrupted as of April 12, 1989.

- Date of dismissal of petition in CA-G.R. SP No. 23821 - October 21, 1991.

Prescription of action started to run again starting October 21, 1991.

- Express acknowledgment of debt by petitioners in a letter sent by Pio S. Kaimo, Jr., Audit Group Head addressed to IBC Gen. Manager Ceferino M. Basilio (Annex A of Motion for Reconsideration) - January 21, 1993.

From date of dismissal of CA-G.R. SP No. 23821 up to the date of express acknowledgment of debt, only a period of 1 year and 3 months has passed by.[13]

The CA ruled that respondent's money claim had not yet prescribed, as it was interrupted in two instances: first, by the filing of Civil Case No. Q-89-2244 by respondent with the RTC; and second, by the express acknowledgment of the debt by petitioners.

Petitioner, however, refused to accept the CA's conclusion, arguing that the filing of Civil Case No. Q-89-2244 on April 12, 1989 before the RTC did not interrupt the running of the prescriptive period due to the fact that the RTC was not a proper judicial forum for the collection of respondent's claim for unpaid commissions. Petitioner also refuted the CA's finding that it (petitioner) acknowledged respondent's claim through the letter sent by Pio S. Kaimo, Jr., Audit Group Head, addressed to IBC Gen. Manager Ceferino M. Basilio, stating that the amount provided in said letter was different from respondent's claim.

The applicable law in this case is Article 291 of the Labor Code which provides that "all money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise they shall be forever barred." The term "money claims" covers all money claims arising from an employer-employee relation.[14]

Corollarily, Article 217 of the Labor Code provides for the jurisdiction of labor courts, which includes money claims arising from employer-employee relations, to wit:

ART. 217. Jurisdiction of Labor Arbiters and the Commission.-- (a) Except as otherwise provided under this Code the Labor Arbiter 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

3. If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;

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

x 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 accompanied with a claim for reinstatement.

x x x

Like other causes of action, the prescriptive period for money claims is subject to interruption, and in the absence of an equivalent Labor Code provision for determining whether the said period may be interrupted, Article 1155 of the Civil Code may be applied,[15] to wit:

ART. 1155. The prescription of actions is interrupted when they are filed before the Court, when there is a written extrajudicial demand by the creditors, and when there is any written acknowledgment of the debt by the debtor.

Thus, the prescription of an action is interrupted by (a) the filing of an action, (b) a written extrajudicial demand by the creditor, and (c) a written acknowledgment of the debt by the debtor. On this point, the Court ruled that although the commencement of a civil action stops the running of the statute of prescription or limitations, its dismissal or voluntary abandonment by plaintiff leaves the parties in exactly the same position as though no action had been commenced at all.[16]

Hence, while the filing of Civil Case No. Q-89-2244 could have interrupted the running of the three-year prescriptive period, its consequent dismissal by the CA in CA-G.R. SP No. 23821 due to lack of jurisdiction effectively canceled the tolling of the prescriptive period within which to file his money claim, leaving respondent in exactly the same position as though no civil case had been filed at all.[17] The running of the three-year prescriptive period not having been interrupted by the filing of Civil Case No. Q-89-2244, respondent's cause of action had already prescribed on September 2, 1991, three years after his cessation of employment on September 2, 1988. Consequently, when respondent filed his complaint for illegal dismissal, separation pay, retirement benefits, and damages in July 24, 1996, his claim, clearly, had already been barred by prescription.

With regard to the CA's perceived acknowledgment of respondent's claim by petitioner, the letter dated January 21, 1993 sent by Pio S. Kaimo, Jr., Audit Group Head, addressed to IBC Gen. Manager Ceferino M. Basilio is, indeed, a written acknowledgment of its indebtedness to respondent. But it should be pointed out that whatever acknowledgment made by petitioner pertains only to the amount recognized therein or P105,573.88, and not the entire P2,521,769.77 being claimed by respondent. The letter states:

Find attached Cash Voucher #28649 in the amount of P105,573.88 payable to Mr. Tex Panganiban. This is a replacement of Cash Voucher Nos. 17496 amounting to P53,668.05 and 19749 in the amount of P51,905.83 representing commissions earned for the period February 1-15 and July 16-30, 1988.

x x x

In as much as the case against him has been dismissed for lack of merit and he has submitted the proper documents to liquidate his accountabilities, we see no reason why payment of the said commission should be withheld further.[18]

In any event, the foregoing observation is immaterial considering that such written acknowledgment, whether of the entire amount or merely a portion thereof, made by petitioner in its letter dated January 21, 1993 does not alter the fact that respondent's claim had already prescribed as of September 1991, and any discussion by the Court on the effect of such acknowledgment will merely be surplusage or obiter dicta.

WHEREFORE, the petition is GRANTED. The Resolutions dated August 21, 2001 and January 9, 2002 rendered

by the Court of Appeals in CA-G.R. SP No. 50283 are SET ASIDE, and its Decision dated July 30, 1999 rendered in the same case is REINSTATED.

No costs.

**SO ORDERED.**

Ynares-Santiago, (Chairperson), Callejo, Sr., and Chico-Nazario, JJ., concur.

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[1] Penned by Associate Justice Presbitero J. Velasco, Jr. (now a Member of this Court), with Associate Justices B.A. Adefuin de la Cruz (now retired) and Salvador J. Valdez, Jr. (now retired) concurring.

[2] CA rollo, p. 236.

[3] Id. at 263.

[4] Annex "Y", Petition for Certiorari, CA-G.R. SP No. 23821, CA rollo, pp. 113-114.

[5] Id. at 116.

[6] Id. at 193.

[7] Id. at 44-45.

[8] Id. at 33.

[9] Id. at 28.

[10] Id. at 142.

[11] Id. at 206.

[12] Rollo, pp. 14-15.

[13] CA rollo, pp. 235-236.

[14] De Guzman v. Court of Appeals, 358 Phil. 397, 407-408 (1998).

[15] De Guzman v. Court of Appeals, *supra* at 409.

[16] Laureano v. Court of Appeals, 381 Phil. 403, 412 (2000).

[17] See Rodriguez v. Aguilar, G.R. No. 159482, August 30, 2005, 468 SCRA 373, 385.

[18] CA rollo, p. 117.

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