

SPS. RODRIGO LACIERDA AND DR. ERLINDA CRUZ-LACIERDA, SPS. JESSICA AND RENAN SALIENTE, RUBY SALDE AND ARMNIEL SIM, PETITIONERS, VS. DR. ROLANDO PLATON, AGNES LACUESTA, DAN BALIAO...

G.R. NO. 157141. August 31, 2005

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

The present petition for review[1] assails the October 25, 2002 Order[2] of Branch 36 of the Regional Trial Court (RTC) of Iloilo dismissing, for lack of jurisdiction, petitioners' complaint, denominated "FOR: INTERFERENCE WITH CONTRACT, SPECIFIC PERFORMANCE AND DAMAGES," against Dr. Rolando Platon, et al., as well as said court's January 14, 2003 Order[3] denying their Motion for Reconsideration of the first Order.

Petitioners were all employees/officers of Southeast Asian Fisheries Development Center (SEAFDEC), an international agency.

Respondents are officers, and with the management of SEAFDEC, Aqua Culture Development (AQC), an international organization composed of governments of Southeast Asia created by virtue of a treaty of which the Philippines is a signatory.

As an international organization, SEAFDEC is immune from suits, it being clothed with diplomatic immunity, and enjoys functional independence and freedom from control of the state in whose territory its office is located.[4]

On August 21, 2000, Japan International Cooperation Agency (JICA) and SEAFDEC, represented by respondent Dr. Rolando R. Platon, Chief of its Aquaculture Department, entered into a Memorandum of Agreement (MOA),[5] the pertinent provisions of which read:

X X X

WHEREAS, JICA has found the Department of Agriculture (DA) through SEAFDEC to be qualified in providing the necessary services and in implementing JICA's Third Country Training Programme on Responsible Aquaculture Development (hereinafter referred to as the "Training");

WHEREAS, SEAFDEC submitted the programme design and budget proposal for the training;

X X X

ARTICLE 1. SCOPE OF WORK

1.01. That SEAFDEC agrees to furnish all the necessary materials and services for the satisfactory implementation and completion of the Training . . .

X X X

ARTICLE 2. THE CONTRACT AMOUNT

2.01 JICA agrees that for and in consideration of the faithful performance by SEAFDEC, JICA shall pay to SEAFDEC, in a manner provided hereinafter the amount of Three Million Five Hundred Forty Thousand, One Hundred Fifty Pesos (P3,540,150.00) segregated as per accomplished. The itemized breakdown of the contract amount is shown in Annex 2.

x x x

ARTICLE 5. LIQUIDATION

5.01 Liquidation shall be made by submitting a statement of expenditures . . . containing the itemized breakdown of all expenses incurred, attaching therewith all copies of supporting documents and evidences (sic) and receipts certifying the said expenditures (original copies will be kept by SEAFDEC). In case there will be an excess in the amount consigned, the excess amount will be returned to JICA . . .

x x x (Emphasis and underscoring supplied).

Petitioners-employees of SEAFDEC who were assigned at its Training and Information Division were selected by SEAFDEC to take part in the training program subject of the MOA between JICA and SEAFDEC.

As the training program involved visitation of several places - Bohol, Cebu, Bacolod and Manila, petitioners were given cash advances subject to liquidation.

After the training program was concluded, petitioners submitted to SEAFDEC documents in support of their liquidation of cash advances and claim for reimbursement of expenses, but in a Report dated November 16, 2000[6] for the Chief submitted by respondent Amelita A. Subosa, Audit Supervisor, an audit of the same showed that "hotel receipts submitted [we]re much higher than the actual amount that they paid on accommodation."

Petitioners were accordingly directed, by Memoranda Nos. ACL-276 and 277 dated December 12, 2000 issued by respondent Human Resources Management Officer Agnes C. Lacuesta,[7] to show cause in writing why no administrative sanction should be imposed upon them "for violation of the [SEAFDEC AQC] Rules on Personnel Conduct and Discipline," particularly the following provisions:

IV. Moral Turpitude

- Misrepresentation or false statements whether oral or written with intent to gain or take advantage.
- x x x fraudulent machinations for financial gain the commission of which are as stated in the Audit Findings .
- ..

x x x (Underscoring supplied).

And an Ad Hoc Committee to conduct an investigation on the Audit Report was created by respondent Dan D. Baliao, Head Administrative Division.[8]

While petitioners appear to have proffered their explanation behind the charges against them, they, by letter of January 24, 2001,[9] waived participating in the administrative hearing and accordingly submitted for decision the administrative charges "on the basis of the written charges by the management and of [their] written explanation."

By separate Memoranda of March 5, 2001,[10] respondent Platon notified petitioners that a study and evaluation of the evidence against them established that they committed the "serious charges," hence, effective at the close of office hours of even date, they were terminated for cause "on the ground of misrepresentation or false statements

with intent to gain or take advantage and fraudulent machination for financial gain under Section IV (a & b) of the Department" Rules on Personnel Conduct and Discipline in relation to Article 282 (a and b) of the Labor Code of the Philippines."

More than a year later or on May 3, 2002, petitioners filed the Complaint[11] against respondents subject of the present petition, the pertinent allegations of which read:

- This case is not a suit against the Southeast Asian Fisheries Development Center (SEAFDEC) or against the Japan international Cooperation Agency (JICA), but against the defendants in their individual and personal capacities who are individual officers and employees of SEAFDEC, for their commission of malicious, oppressive and inequitable actionable acts for which they alone are liable but which they sought to cover up with the pretense of "official actions";

x x x

- The plaintiffs are the actual implementors and trainors for this Seventh Session, which, being a "Special Project" is a work and a responsibility governed by the MOA and is outside of their regular duties and responsibilities as employees of SEAFDEC. For this reason, they are given by JICA, from its own funds, honoraria, per diems and accommodation allowances as part of the Training program, specifically provided under par. 3.04 of the MOA, Annex "A" hereof, which amount cannot be altered or changed as specifically provided under par. 3.03 of the same MOA. The specific sums payable is provided in the "itemized breakdown of the contract amount" attached to the MOA as Annex "2" thereof. No funds of SEAFDEC is involved in this Training;

- On the other hand, the defendants had nothing to do with this JICA Training nor do they have any participation in its implementation, except as officers or employees of SEAFDEC who must do or act what the MOA requires of SEAFDEC under its terms and conditions;

- This notwithstanding, the defendants, in conspiracy and cooperation with each other, have interfered and violated the aforementioned MOA between SEAFDEC and JICA by acts and omissions:

- (a) which reduced, and later eventually denied, the plaintiffs the benefits they are entitled thereunder; and

- (b) thereafter, without legal bases and in excess and abuse of their authority, have illegally and unlawfully terminated the employment of plaintiffs with SEAFDEC for alleged violations which in fact are authorized by the MOA and have nothing to do with plaintiffs' work with SEAFDEC;

all of which caused the plaintiffs' damage and injury, . . .

x x x

- However, when plaintiffs presented for liquidation and reimbursement the receipts for expenses corresponding to the excess amount over the SEAFDEC rate, which however did not exceed the JICA rate, the aforementioned defendants disapproved reimbursement. Instead, through the defendants Amelita Subosa as Audit Supervisor and defendants Merlinda Junio and Teresita Hilado as members of the Internal Audit Team, the said defendants caused a verification and audit of these expenses whether they were validly incurred;

- This was never done in the past Six Sessions of the Training for the basic reason that it was not necessary as the expenses incurred were within the amount already budgeted and provided for under Annex "2" of the MOA and the budgeted amount thereunder, whether spent or not, should have been paid to the plaintiffs;

- In this self-authorized audit and examination, the aforementioned defendants-members of the Internal Audit Team conveniently found and recommended that the plaintiffs' request for reimbursement be denied, such that until the present, plaintiffs were not paid their honoraria and per diems nor reimbursed the expenses they incurred

over the SEAFDEC rate but below the JICA rate for the field trips to the aforementioned places, including the last one in Manila;

- Worse and in addition to this unlawful acts, the aforementioned defendants charged the plaintiffs with "(A) misrepresentation or false statements whether oral or written with intent to gain or take advantage; and (B) x x x fraudulent machination for financial gain" for submitting their claims for reimbursement, which as these defendants who are officers of SEAFDEC should know, are without legal and factual basis because:

x x x

e. Even if *arguendo* defendants have such authority, the conduct and framework thereof should be the MOA between SEAFDEC and JICA, and not the unauthorized and illegal impositions and actions of the defendants which are in fact violative of the provisions of the MOA itself;

- Worst, prompted by malice, bad faith and evil motive, defendants unlawfully and illegally constituted an Investigating Committee composed of defendants Demetrio Estenor, Salvador Rex Tillo, Teresita Natividad, Teresa Mallare, Agnes Lacuesta, Jocelyn Coniza and Nelda Ebron, which conducted an *ex parte* investigation of the case; which disregarded plaintiffs' objections and requests for the disqualifications of its members, and which on the basis defendants' own evidence, decided and found the plaintiffs guilty of violating what actually were fabricated charges based on the unauthorized and illegal acts and impositions of the defendants, on the basis of which, they recommended plaintiffs for dismissal from service;

- Using this recommendation as an excuse and justification, defendant Dr. Rolando Platon at first tried to persuade the plaintiffs to voluntarily retire from service; when plaintiffs refused, he promptly terminated their services with SEAFDEC on March 5, 2001;

- The termination is without factual and legal bases because (a) the acts complained of were allowed under the MOA between SEAFDEC and JICA: (b) defendant Dan Baliao had no authority nor jurisdiction to constitute the Investigating Committee because the acts subject of its investigation involve not SEAFDEC, but JICA project governed by the MOA; (c) the Investigating Committee itself has no legal basis for its existence and for its investigation because it should have been JICA not SEAFDEC which should initiate and conduct the same; and (d) the defendants who are SEAFDEC officers and employees are not involved in the JICA Training project, hence, they have no power or authority to assume investigation and adjudication of matters arising from JICA projects like the one in question;

21.1. Even assuming *arguendo* that they have, the penalty imposed which is the dismissal of the plaintiffs from service in SEAFDEC is oppressively and inequitably disproportionate to the alleged violation which involve JICA project considering that (a) plaintiff Rodrigo Lacierda has twenty two (22) years; (b) plaintiff Jessica Saliente has nineteen (19) years; (c) plaintiff Ruby Salde has twenty three (23) years; and (d) plaintiff Armniel Sim has seven (7) years of services with SEAFDEC;

x x x

- The defendants, in conspiracy and cooperation with each other, by acts earlier-specified, have unlawfully and illegally interfered with and intruded into the contractual relations between the plaintiffs and JICA under a "stipulation pour autri" or stipulation for the benefit of the plaintiffs as provided under the MOA between SEAFDEC and JICA, made unauthorized alterations and changes in the MOA, required plaintiffs to comply therewith when such compliance was unnecessary thereunder, and on the pretext that plaintiffs failed to abide by their unauthorized changes and alterations, denied the plaintiffs the benefits to which they are entitled and unlawfully and illegally terminated the employment of plaintiffs without authority to do so from either SEAFDEC

or JICA;

- These unlawful interference and meddling of defendants in the professional and contractual relations of the plaintiffs have been causing plaintiffs continuing damage and injury and are violations of and contrary to the standard of conduct prescribed under Art. 19, and thereby make defendants jointly and severally liable under Arts. 20 and 21 of the Chapter on Human Relations and under Article 2176 of the Chapter on Quasi-Delicts, of the Civil Code of the Philippines;

- The defendants should, therefore, be compelled to abide and comply with the terms and conditions of the MOA, particularly pars. 3.03 and 3.04, Article 3 thereof, in relation to Annex "B" attached thereto and forming part of the contract; to declare as null and void the creation, investigation and recommendation of the Investigating Committee and the Notice of Termination issued by defendant Rolando Platon; and to order the defendants concerned to restore and return the plaintiffs to their respective work or positions in the SEAFDEC before the illegal and unlawful termination of their services by the defendants, without loss of seniority, diminution in ranks or salaries.

x x x (Underscoring supplied).

Petitioners thus prayed as follows:

WHEREFORE, it is most respectfully prayed of this Honorable Court that:

- After due hearing, a writ of preliminary mandatory injunction be issued directing the defendants, their agents and/or representatives, to restore and return the plaintiffs to their respective work/positions in SEAFDEC and to all the salaries, benefits and other privileges appurtenant thereto without loss of seniority, diminution of ranks or pay, to continue during the pendency of this case;

- After trial on the merits, that judgment be rendered for plaintiffs and against the defendants:

- Making the writ of preliminary mandatory injunction, when granted, final and permanent;

- Directing the defendants, jointly and severally, to pay to the plaintiffs actual damages in the amount of at least: (a) P482,000.00 for plaintiff Rodrigo Lacierda; (b) P482,000.00 for plaintiff Jessica L. Saliente; (c) P407,000.00 for plaintiff Ruby Salde; and P194,000.0 for plaintiff Armniel Sim, plus all such other remunerations, benefits and privileges which this Honorable Court may hereafter determine, as well as moral damages of at least P100,000.00 for each plaintiff;

- Ordering the defendants, jointly and severally, to pay the plaintiffs attorney's fees of P200,000.00, plus a contingent 25% of whatever amount adjudged in their favor; litigation expenses of at least P100,000.00, such amount of exemplary damages as may be just and equitable; and

- To pay the costs.

x x x[12] (Emphasis and underscoring supplied).

Respondents, in their Answer,[13] justified the conduct of an audit of petitioners' travel expenses and the constitution of an Ad Hoc Committee to investigate them for the charges found to have been committed by them - bases of petitioners' termination from employment. And they alleged that "[i]n reality this is a suit against [SEAFDEC] of which the Honorable Court has no jurisdiction over its person, and [s]imilarly, [the] cause of action being one of reinstatement and recovery of wages, salaries, allowances and per diems, the Honorable Court has also no jurisdiction over the subject matter . . . [it involving] employer-employee relations."

Finally, respondents alleged that the MOA relied upon by petitioners is an agreement between SEAFDEC and JICA under which petitioners have no right, hence, they have no cause of action.

By Order of October 25, 2002,[14] Branch 36 of the Iloilo RTC dismissed petitioners' complaint for want of jurisdiction over the subject matter thereof and the person of the defendants-herein respondents, it holding that nothing in the allegations of the complaint shows that respondents acted in their personal capacities or beyond the scope of their official functions as in fact respondents' assailed acts could only be performed by them in their official functions as administrators of SEAFDEC.

A careful analysis of the complaint will reveal that there is really nothing in the averments of the complaint which indicate that defendants acted in their personal capacities or beyond the scope of their official functions, except plaintiffs' general allegation to that effect. On the contrary, what they alleged were acts which could only be performed by the defendants in their official duties/functions as executives or administrators of SEAFDEC, and could not have been done had they acted in their personal capacities. At most, it may be argued that defendants committed some indiscretions or lapses in their investigation or misappreciation of facts, but still their actions were work related and within the scope of their functions as officials of SEAFDEC. Accordingly, under such circumstances and as correctly contended by the defendants, the suit against them is in reality a suit directed against SEAFDEC. In fact, it can also be observed in the complaint that the reliefs sought for by the plaintiff is directed to SEAFDEC and not to the defendants who cannot perform the same in their personal capacity.

Aside from the foregoing, the Court is also of the belief that it has no jurisdiction over the subject matter of the case even assuming that it could validly acquire jurisdiction over SEAFDEC. To reiterate, a careful reading of the allegations in the complaint will show that plaintiffs are complaining about their alleged illegal separation from service and the non-payment of their salaries and other benefits, all of which were allegedly caused by the defendants. Thus, they prayed to be restored and returned to their respective work/positions in SEAFDEC; to be given the salaries, benefits and other privileges; to be awarded actual damages by reason of the deprivation of the salaries and benefits they should have received; and to be paid moral damages. Such allegations and reliefs clearly indicate that plaintiffs cause/s of action arose out of employer-employee relationship which under the law, is under the original and exclusive jurisdiction of the Labor Arbiter and not the Regional Trial Court. Article 217 of the Labor Code, as amended by R.A. 6715 provides that "the Labor Arbiter shall have original and exclusive jurisdiction to hear and decide x x x the following cases involving all workers, whether agricultural or non-agricultural:

- x x x

- Termination disputes;

- 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;

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

- x x x

- x x x all other claims, arising from employer-employee relations x x x involving an amount exceeding five thousand pesos (P5,000.00) whether or not accompanied with a claim for reinstatement.

It may also be worthwhile to note that plaintiffs admitted that they have also raised the issue of unlawful termination in another forum (paragraph 22, complaint; TSN, September 10, 2002, pp. 14-15) which has the authority to resolve said issue, i.e. they filed a motion for reconsideration of the order of termination which to date has not yet been resolved. However, notwithstanding the fact that the issue of termination is still pending in another venue, they sought relief from the Court on the very same issue hoping that they could secure a favorable judgment. Such act, therefore, constitutes a violation of the rule on forum shopping which Circular No. 28-91 intends to stop. According to the Supreme Court "what is truly important to consider in determining

whether forum-shopping exists or not is the vexation caused the courts and parties-litigant by a party who asks different courts and/or administrative agencies to rule on the same or related causes and/or grant the same or substantially the same reliefs, in the process creating possibility of conflicting decisions being rendered by the different for a upon the same issues" (Golango v. Court of Appeals, 283 SCRA 493; MSF Tire and Rubber Inc. vs. Court of Appeals, 311 SCRA 784). (Emphasis and underscoring supplied).

Petitioners' Motion for Reconsideration having been denied, they filed the present petition, they maintaining that

4.1. The lower court (Iloilo RTC Branch 36) has jurisdiction over the respondents who are sued in their private capacities, hence it should not have dismissed the plaintiffs' complaint;

4.2. The lower court erred in holding that petitioners' complaint for interference with contract, specific performance and damages is a labor case, since petitioners' action is based on tort; the restoration of petitioners to their former position in SEAFDEC is only incidental to the prayed for nullification of the acts complained of, hence the lower court has jurisdiction over the subject matter of the complaint.[15] (Emphasis and underscoring supplied).

The assailed orders dismissing petitioners complaint are in order, hence, the petition must be DENIED.

The issue raised is one of jurisdiction over the subject matter - meaning, the nature of the cause of action and of the relief sought.[16]

It is settled that jurisdiction over a particular case is determined by the allegations of the complaint, or the allegations of the complaint and the relief sought, or the allegations of the pleadings - the complaint, motion to dismiss, and answer in some cases.[17]

The allegations in the complaint-bases of determining jurisdiction must be of the ultimate facts and the relief prayed for.[18]

A court cannot be divested of jurisdiction by the ingenuous omission by a plaintiff of any reference to a matter which clearly shows that said court has jurisdiction, nor can a court be conferred with jurisdiction where it has none by a contrived wording by a plaintiff's allegations in the complaint in order to impress that it is within said court's jurisdiction.

From the allegations of petitioners' complaint, it is clear that their cause of action arose from the termination of their employment on the basis of the findings and recommendation of the Ad Hoc Investigating

Committee, of which some of respondents were members, which termination petitioners claim to be "without factual and legal bases."

Petitioners' allegation in the complaint that respondents "unlawfully and illegally interfered with and intruded into the contractual relations between [them] and JICA" is a mere conclusion, not an allegation of ultimate fact, worded as such in an attempt to justify their contention that the complaint is one based on tort.

Petitioners' primary prayer - for the defendants-herein respondents to be ordered "to restore and return [petitioners] to their respective work/positions in SEAFDEC and to all the salaries, benefits and other privileges appurtenant thereto without loss of seniority, diminution of ranks or pay to continue during the pendency of this case," betrays their cause of action, however. If respondents were sued in their personal capacity as emphatically stressed by petitioners, for tort and damages, they would under no circumstance, power or authority be able to carry out such primary prayer. Where lies petitioners' logic?

WHEREFORE, the petition is hereby DENIED. The assailed Orders of October 25, 2002 and January 14, 2003 of the Regional Trial Court of Iloilo, Branch 36 are hereby AFFIRMED.

Costs against petitioners.

SO ORDERED.

Panganiban, (Chairman), Sandoval-Gutierrez, Corona, and Garcia, JJ., concur.

- [1] Rollo at 10-39 exclusive of annexes.
- [2] Annex "F" to petition, Id. at 123-127.
- [3] Annex "I" to petition, Id. at 154-157.
- [4] SEAFDEC v. Acosta, 226 SCRA 49 (1993).
- [5] Rollo at 59-64.
- [6] Annex "H" to petition, Id. at 88.
- [7] Annexes "J" and "K" to petition, Id. at 90-91.
- [8] Annex "L" to petition, Id. at 92.
- [9] Annex "M" to petition, Id. at 93.
- [10] Annexes "O"- "Q" inclusive, Id. at 95-97.
- [11] Annex "A" to petition, Id. at 43-58 exclusive of annexes.
- [12] Rollo at 56.
- [13] Id. at 65-75, exclusive of annexes.
- [14] Supra note 2.
- [15] Rollo at 14-15.
- [16] Perkins v. Roxas, 72 Phil. 514 (1941).
- [17] Quiazon, PHILIPPINE COURTS AND THEIR JURISDICTION.
- [18] Payomo v. Floyd, 42 Phil. 788 (1922).

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