INCON INDUSTRIAL CORPORATION, PETITIONER, VS. HON. COURT OF APPEALS, HON. DIONISIO C. SISON IN HIS CAPACITY AS PRESIDING JUDGE OF THE REGIONAL TRIAL COURT OF VALENZUELA CITY, BR...

G.R. NO. 161871. July 24, 2007

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

For review on certiorari are the Resolutions dated March 27, 2003[1] and January 23, 2004[2] of the Court of Appeals, in CA-G.R. SP No. 71145, which had dismissed the petition for certiorari filed by herein petitioner assailing the Orders dated March 5, 2001[3] and May 22, 2002[4] of the Regional Trial Court of Valenzuela City, Branch 75.

The antecedent facts are as follows.

Precila V. Abarrientos worked for petitioner Incon Industrial Corporation as operator of a plastic-molding machine. However, petitioner assigned her to fill in as operator of a blowing machine on days when the operator assigned for the blowing machine was absent. Precila allegedly did so without any prior training. Precila, later, was fatally injured while operating the blowing machine.

On August 28, 2000, Precila's parents, Fermin and Delfina Abarrientos, filed a complaint[5] in the Regional Trial Court of Valenzuela City, Branch 75, for breach of contract and damages against petitioner.

Petitioner filed a motion to dismiss[6] on the grounds that (1) the trial court had no jurisdiction over the subject and nature of the action; (2) the Abarrientos spouses had already waived their claim; and (3) the spouses are guilty of forum shopping. The trial court denied the motion for lack of merit.[7] The parties were thus required to file their respective answers.

Petitioner filed a motion for reconsideration[8] instead. Petitioner stressed that the spouses' claims involved benefits under the Labor Code accruing to their daughter Precila. Hence, the Department of Labor and Employment (DOLE) had jurisdiction over the subject matter of the case. Again, the trial court denied the motion.[9]

Undeterred, petitioner filed with the Court of Appeals a petition for certiorari alleging that the trial court's dismissal of its aforesaid motion to dismiss and motion for reconsideration constituted grave abuse of discretion. The appellate court, however, found that the petition failed to: (1) include the trial court judge as respondent; and (2) state the material dates showing the timeliness of its filing. Thus, the petition for certiorari was dismissed. Petitioner's motion for reconsideration of said dismissal was also denied.

Hence, the instant petition for review, raising the following as issues:

WHETHER OR NOT THE LOWER COURT (REGIONAL TRIAL COURT OF VALENZUELA CITY

> BRANCH 75) ERRED IN NOT DISMISSING THE COMPLAINT, AS THE COMPLAINT REFERS MAINLY TO CLAIM FOR MINIMUM WAGE, COST OF LIVING ALLOWANCE, EMERGENCY ALLOWANCE, 13TH MONTH PAY, PRODUCTION SHARE BENEFITS, OVERTIME PAY, REST DAY HOLIDAY PAY (ART. 94) NIGHT SHIFT DIFFERENTIAL PAY, HENCE THE LOWER COURT (RTC) ERRED IN DISMISSING PETITIONER'S MOTION TO DISMISS;
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> WHETHER OR NOT THE LOWER COURT (HONORABLE COURT OF APPEALS) ERRED IN DISMISSING PETITIONER'S PETITION FOR CERTIORARI ON MINOR TECHNICALITIES.[10]

Petitioner contends that the cause of action in this case arises from an employer-employee relationship and hinges on alleged violation of the Labor Code. Thus, the complaint falls within the exclusive jurisdiction of the DOLE. Petitioner also alleges that the spouses' claim has already been settled as evidenced by an Order[11] issued by the DOLE Regional Director decreeing the closure of the case upon receipt by Precila's parents of financial assistance amounting to P105,000. Petitioner maintains the trial court thus erred in denying its motion to dismiss and assuming jurisdiction over the complaint. Petitioner also faults the Court of Appeals for dismissing its petition for certiorari on purely technical grounds.

The Abarrientos spouses, on the other hand, counter that the petition for certiorari filed with the Court of Appeals deserved outright dismissal for failure to comply with mandatory jurisdictional requirements. The spouses also stress that their claim for damages is based not on the employer-employee relationship between petitioner and their daughter, but on petitioner's imprudence or negligence leading to the death of their daughter.

We shall now discuss the issues seriatim.

Who has jurisdiction over this case, the trial court or the Labor Arbiter?

We agree with petitioner. The Labor Arbiter has jurisdiction.

Well-settled is the rule that the allegations in the complaint determine the nature of the action and, consequently, the jurisdiction of the proper court. The complaint filed by the Abarrientos spouses demanded the payment of night shift differential, overtime pay, rest day compensation, holiday pay, and service incentive leave pay, that their daughter allegedly failed to receive from petitioner. In addition, they prayed for actual, moral, and exemplary damages for the death of their daughter.

After carefully examining the aforesaid complaint, we are convinced that the allegations therein are in the nature of an action based on the employer-employee relationship between petitioner and their daughter. It is evident that the spouses sued petitioner for claims provided under the Labor Code.

We have repeatedly stated that what is essential in this regard is the character of the principal relief sought. Where such principal relief can be granted under the Labor Code, the case should fall within the jurisdiction of the Labor Arbiter, even though a claim for damages might be asserted as an incident to such claim.[12]

The Labor Code states in no uncertain terms:

> ART. 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... the following cases involving all workers ...:
>
> x x x x
>
> - Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations;

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x x x x

- ...[A]ll other claims, arising from employer-employee relations ... regardless of whether accompanied with a claim for reinstatement.

Clearly, the action brought by the spouses comes within the exclusive jurisdiction of the Labor Arbiter. The trial court committed grave abuse of discretion in denying petitioner's motion to dismiss on the ground of lack of jurisdiction. The Court of Appeals likewise erred in dismissing the petition for certiorari for noncompliance with the rules.

Entrenched in jurisprudence is the principle that rules of procedure are mere tools designed to aid the courts in the speedy, just and inexpensive determination of cases. Liberal construction of the rules is the controlling principle for the attainment of substantial justice. Therefore, cases should be decided on their merits and not on mere technicalities.[13]

Aside from matters of life, liberty, honor or property which would warrant the suspension of the rules of the most mandatory character, the other factors for such suspension to be considered are: (1) the existence of compelling circumstances; (2) the merits of the case; (3) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules; (4) a lack of any showing that the review sought is merely frivolous and dilatory; and (5) the other party will not be unjustly prejudiced thereby.[14]

In this case, the utter lack of jurisdiction of the trial court to decide the complaint brought before it is a compelling circumstance that warrants liberal construction of the rules by the Court of Appeals. Further, since the trial court definitely committed grave abuse of discretion in denying petitioner's motion to dismiss on the ground of lack of jurisdiction, the petition for certiorari filed with the Court of Appeals is clearly meritorious.

WHEREFORE, the petition is GRANTED. The Resolutions dated March 27, 2003 and January 23, 2004 of the Court of Appeals in CA-G.R. SP No. 71145, as well as the Orders dated March 5, 2001 and May 22, 2002 of the Regional Trial Court of Valenzuela City, Branch 75 in Civil Case No. 231-V-00, are REVERSED and SET ASIDE. In lieu thereof, an Order is hereby issued dismissing private respondents' complaint below against herein petitioner for lack of jurisdiction by the trial court in a matter involving claims for benefits under the Labor Code.

No pronouncement as to costs.

SO ORDERED.

Carpio, Carpio-Morales, Tinga, and Velasco, Jr., JJ., concur.

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[1] Rollo, pp. 25-28.

[2] Id. at 29-30.

[3] Id. at 38.

[4] Id. at 31.

[5] Records, pp. 1-6.

[6] Id. at 19-24.

[7] Id. at 42.

[8] Id. at 43-48.

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[9] Id. at 72.

[10] Rollo, p. 95.

[11] Records, p. 25.

[12] Tolosa v. National Labor Relations Commission, G.R. No. 149578, April 10, 2003, 401 SCRA 291, 300, citing San Miguel Corporation v. NLRC, No. L-80774, May 31, 1988, 161 SCRA 719, 730.

[13] Sanchez v. Court of Appeals, G.R. No. 152766, June 20, 2003, 404 SCRA 540, 545.

[14] Id. at 546.

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