

**PHILIPPINE CROP INSURANCE CORPORATION, PETITIONER, VS.
COURT OF APPEALS, HON. JUDGE ELMO N. ALAMEDA, RENATO S.
ALLAS, LYDIA H. ALMERON, WILLIE U. ANTALAN, RAMON P.
AQUINO, NESTO...**

G.R. No. 169558. September 29, 2008

Ponente: QUISUMBING, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-169558/>

QUISUMBING, J.:

In this special civil action for certiorari before us, petitioner seeks the nullification of the Decision[1] dated January 27, 2005 and the Resolution[2] dated August 4, 2005 of the Court of Appeals in CA-G.R. SP No. 77773, which had dismissed its earlier petition for certiorari assailing the Order[3] dated May 13, 2003 of the Regional Trial Court (RTC) of Tuguegarao City, Cagayan, Branch 5, in Civil Case No. 6123.

The facts in this case are as follows.

Petitioner Philippine Crop Insurance Corporation (PCIC) is a government-owned and controlled corporation engaged in the business of crop insurance. Private respondents Renato S. Allas, Lydia H. Almeron, Willie U. Antalan, Ramon P. Aquino, Nestor M. de Roma, Roberto T. Feri, Osmundo M. Gumasing, Rosa P. Calubaquib, Telita C. Barasi, Patrocinia D. Herrero, Charito A. Mallillin, Teresita A. Caranguian, Delfin B. Cruz, Romeo P. Mapagu, Estrella May K. Miguel, Vicente T. Paddayuman, Delfrando T. Sevilla, Elvira Simangan-Interior, Celestino P. Tabaniag and Cirilo B. Tega, Jr. are all retired employees and officers of petitioner.

Prior to the effectivity on July 1, 1989 of Republic Act No. 6758,[4] or the Compensation and Position Classification Act of 1989, private respondents were employed with PCIC and were receiving cost of living allowance (COLA) equivalent to 40% of their basic salary, amelioration allowance equivalent to 10% of their basic salary and additional COLA known as equity pay.

To implement the law, the Department of Budget and Management (DBM) issued Corporate Compensation Circular (CCC) No. 10[5] specifying that the COLA, amelioration allowance and equity pay previously granted to government employees shall be deemed included in the basic salary. It disallowed without qualification all allowances and fringe benefits granted to said employees on top of their basic salary effective November 1, 1989. Pursuant to DBM-CCC No. 10, petitioner stopped paying the aforementioned benefits to private respondents.

On August 12, 1998, the Supreme Court nullified DBM-CCC No. 10 in *De Jesus v. Commission on Audit*[6] due to its non-publication in the Official Gazette or in a newspaper of general circulation in the country.[7]

On February 4, 2003, private respondents instituted an action for specific performance against petitioner before the Regional Trial Court of Tuguegarao City, Cagayan, Branch 5. They prayed that petitioner be ordered to pay them the subject benefits from July 1, 1989 up to their respective retirement dates or the publication of DBM-CCC No. 10, whichever is earlier. They alleged that the nullification of DBM-CCC No. 10 rendered the integration of the subject benefits into their salaries ineffective. They added that the Office of the Government

Corporate Counsel[8] and the Commission on Audit[9] sustained their entitlement to the subject benefits. But petitioner still refused to pay them.

On March 11, 2003, petitioner filed a Motion to Dismiss[10] on the grounds that (1) the complaint stated no cause of action since the parties have no contractual relationship; (2) the subject benefits have already been integrated into the basic salaries of private respondents; and (3) private respondents' reliance on the De Jesus case was misplaced since said case involved the payment of a different benefit which was not integrated into the basic salaries of the employees concerned.

In their opposition,[11] private respondents averred that the sufficiency of the complaint should be tested based on the strength of its allegations and no other. They also argued that there was a contractual relationship between the parties since their claim for the subject benefits accrued when they were still petitioner's employees.

On May 13, 2003, the trial court issued an Order denying the motion to dismiss. It noted that the allegations in the complaint for specific performance constituted a valid cause of action on which the court could render a valid judgment. It held that where the allegations are sufficient but the veracity of the facts is assailed, the motion to dismiss should be denied.

Dissatisfied, petitioner filed a special civil action for certiorari[12] with the Court of Appeals. It argued that public respondent judge committed grave abuse of discretion amounting to lack or excess of jurisdiction in denying its motion to dismiss despite the fact that (1) the complaint stated no cause of action since the parties have no contractual relationship; (2) private respondents failed to exhaust all administrative remedies; (3) the claim was barred by laches; (4) the claim had already been paid in full since the subject benefits were already integrated into the basic salaries of private respondents; and (5) the De Jesus case did not invalidate the mandatory consolidation of allowances and compensation of government employees.

The appellate court dismissed the petition and thus affirmed that the complaint stated a cause of action. First, it ruled that while the complaint is labeled as an action for specific performance thereby giving the impression that it is based on contract, a close reading of its allegations reveals that the action is based on law, particularly Section 12[13] of Rep. Act No. 6758. In determining the sufficiency of a cause of action, only the facts alleged in the complaint and no other should be considered. Thus, it is the body of the complaint and not its title which defines a cause of action. Second, it held that private respondents have sufficiently alleged in their complaint facts constituting the elements of a cause of action: (1) that they are entitled to the subject benefits under Rep. Act No. 6758; (2) that petitioner is bound by said law to pay the subject benefits; and (3) that petitioner has refused to pay said benefits. Third, it declared that the doctrine of exhaustion of administrative remedies does not apply since private respondents' claim to the subject benefits involves a purely legal issue. Fourth, it noted that private respondents made several demands on petitioner to pay the subject benefits but they were compelled to commence legal action only after petitioner refused to heed their demands. Hence, they are not barred by laches since they have not slept on their rights.

In sum, the appellate court ruled that public respondent judge did not commit grave abuse of discretion in denying petitioner's motion to dismiss. The decretal portion of the decision reads:

WHEREFORE, for lack of merit, the instant petition is DENIED due course and, accordingly, DISMISSED. The assailed order of the Regional Trial Court of Cagayan (Tuguegarao, Branch 5) dated May 13, 2003 is hereby AFFIRMED.

SO ORDERED.[14]

In the present petition, petitioner submits these issues for our consideration:

I.

THERE WAS NO CAUSE OF ACTION, ABSENT A BINDING CONTRACT BETWEEN THE PETITIONER AND THE PRIVATE RESPONDENTS.

II.

THE ACTION FOR SPECIFIC PERFORMANCE IS CAPABLE OF PECUNIARY ESTIMATION. THERE WAS NO CAUSE OF ACTION BECAUSE THE PRIVATE RESPONDENTS FAILED AND OMITTED TO QUANTIFY THE AMOUNTS OF THEIR RESPECTIVE CLAIMS. ALSO, THE COURT DID NOT ACQUIRE JURISDICTION OVER THE CASE DUE TO NON-PAYMENT OF DOCKET FEES.

III.

THE PRIVATE RESPONDENTS EXPRESSLY ADMITTED THAT THEIR COLA, AMELIORATION ALLOWANCE AND EQUITY PAY WERE ALREADY PAID THRU SALARY INTEGRATION BY VIRTUE OF BOARD RESOLUTION NO. 89-055 AND 90-002.

IV.

THE INTEGRATION OR CONSOLIDATION OF THE COLA, AMELIORATION ALLOWANCE AND EQUITY PAY IS MANDATED BY SECTION 12 OF R.A. [NO.] 6758, NOTWITHSTANDING THE DE JESUS RULING DECLARING THE NULLITY OF DBM CIRCULAR NO. 10 DUE TO NON-PUBLICATION.

V.

THE ISSUE INVOLVED IN THE CASE IS NOT PURELY LEGAL AND THE PRIVATE RESPONDENTS HAVE NOT EXHAUSTED ALL ADMINISTRATIVE REMEDIES IN THE DEPARTMENT OF BUDGET AND MANAGEMENT.

VI.

THE CLAIM OF THE PRIVATE RESPONDENTS ARE DEEMED TO [HAVE] BEEN ABANDONED AND ARE NOW BARRED BY LACHES AFTER A PERIOD OF INACTION FOR MORE THAN 14 YEARS.[15]

Petitioner contends that a complaint for specific performance implies that the basis is a contractual relationship between the parties. In this case, private respondents failed to make any allegation, much less produce any evidence, to support the existence of any express contract with petitioner. Thus, the complaint should have been dismissed outright for lack of or failure to state a cause of action. Petitioner adds that private respondents failed to specify the amounts they are claiming although the same were capable of pecuniary estimation. In that way, they were able to avoid the payment of the correct docket fees, which is also a ground to dismiss their complaint. Petitioner also argues that private respondents themselves admitted that their COLA, amelioration allowance and equity pay were already paid through salary integration. Moreover, the validity of Rep. Act No. 6758 and the integration of the COLA, amelioration allowance and equity pay in private respondents' salaries remained valid notwithstanding the De Jesus ruling. Petitioner further argues that the issues in this case are not purely legal and private respondents have not exhausted all administrative remedies. Finally, petitioner posits that private respondents' claims are deemed to have been abandoned and barred by laches after a period of inaction for more than 14 years.

Private respondents counter that the present petition is improper since it seeks to reverse the decision of the Court of Appeals on questions of law which is not covered by Rule 65. Further, the issues raised have already been

passed upon by the appellate court, some of which are defenses which should be threshed out during the trial proper. In any event, private respondents insist that their complaint stated a cause of action since it sought to compel petitioner to pay their COLA, amelioration allowance and equity pay.

Notwithstanding petitioner's formulation of six issues, we only have to resolve one issue, i.e., whether the Court of Appeals gravely erred and abused its discretion when it affirmed public respondent judge's order denying petitioner's motion to dismiss. The appellate court upheld the public respondent judge's ruling that the complaint stated a cause of action.

Section 1,[16] Rule 8 of the Rules of Court requires the complaint to contain a plain, concise and direct statement of the ultimate facts upon which the plaintiff bases his claim. A fact is essential if it cannot be stricken out without leaving the statement of the cause of action inadequate. A complaint states a cause of action only when it has its three indispensable elements, namely: (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect or not to violate such right; and (3) an act or omission on the part of such defendant violative of the right of plaintiff or constituting a breach of the obligation of defendant to the plaintiff for which the latter may maintain an action for recovery of damages.[17]

These elements are present in the case at bar. Private respondents have sufficiently alleged in their complaint that (1) they are entitled to the subject benefits under Rep. Act No. 6758; (2) petitioner is bound by said law to pay the subject benefits; and (3) petitioner has refused to pay said benefits.

Although the complaint is labeled as an action for specific performance thereby giving the impression that it is based on contract, the allegations therein reveal that the action is based on law, i.e., Rep. Act No. 6758. We have ruled that the cause of action is determined from the allegations of a complaint, not from its caption.[18] Moreover, the focus is on the sufficiency, not the veracity, of the material allegations. The determination is confined to the four corners of the complaint and nowhere else.[19]

We need not pass upon the other issues raised by petitioner since the same are matters best threshed out in a hearing on the merits. Reason dictates that the parties proceed with the trial where they can present their respective evidence.

Everything considered, there was no grave abuse of discretion by the Court of Appeals when it affirmed public respondent judge's order denying petitioner's motion to dismiss.

WHEREFORE, the Decision dated January 27, 2005 and the Resolution dated August 4, 2005 of the Court of Appeals in CA-G.R. SP No. 77773 are AFFIRMED. Accordingly, the Regional Trial Court of Tuguegarao City, Cagayan, Branch 5, is hereby DIRECTED to continue with the proceedings in Civil Case No. 6123 and decide the said case with dispatch.

No pronouncement as to costs.

SO ORDERED.

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

[1]Rollo, pp. 26-33. Penned by Associate Justice Edgardo P. Cruz, with Associate Justices Mario L. Guariña III and Jose C. Mendoza concurring.

[2] Id. at 34.

[3] Records, pp. 57-57A.

[4]AN ACT PRESCRIBING A REVISED COMPENSATION AND POSITION CLASSIFICATION SYSTEM IN THE GOVERNMENT AND FOR OTHER PURPOSES, approved on August 21, 1989.

[5]OFFICIAL GAZETTE, Vol. 95, No. 9, March 1, 1999, pp. 1-40 (RULES AND REGULATIONS FOR THE IMPLEMENTATION OF THE REVISED COMPENSATION AND POSITION CLASSIFICATION SYSTEM PRESCRIBED UNDER R.A. NO. 6758 FOR GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS [GOCCS] AND FINANCIAL INSTITUTIONS [GFIS], effective on July 1, 1989).

[6] G.R. No. 109023, August 12, 1998, 294 SCRA 152.

[7] Id. at 158.

[8]Records, pp. 9-16.

[9]Id. at 17-22 and 23-25.

[10] Id. at 32-37.

[11] Id. at 50-53.

[12] Id. at 58-72.

[13] Sec. 12. Consolidation of Allowances and Compensation. - All allowances, except for representation and transportation allowances; clothing and laundry allowances; subsistence allowance of marine officers and crew on board government vessels and hospital personnel; hazard pay; allowances of foreign service personnel stationed abroad; and such other additional compensation not otherwise specified herein as may be determined by the DBM, shall be deemed included in the standardized salary rates herein prescribed. Such other additional compensation, whether in cash or in kind, being received by incumbents only as of July 1, 1989 not integrated into the standardized salary rates shall continue to be authorized.

Existing additional compensation of any national government official or employee paid from local funds of a local government unit shall be absorbed into the basic salary of said official or employee and shall be paid by the National Government.

[14] Rollo, p. 33.

[15] Id. at 9.

[16]Section 1. In general.-Every pleading shall contain in a methodical and logical form, a plain, concise and direct statement of the ultimate facts on which the party pleading relies for his claim or defense, as the case may be, omitting the statement of mere evidentiary facts.

If a defense relied on is based on law, the pertinent provisions thereof and their applicability to him shall be clearly and concisely stated.

[17] Cerofer Realty Corporation v. Court of Appeals, G.R. No. 139539, February 5, 2002, 376 SCRA 144, 148; See Malicdem v. Flores, G.R. No. 151001, September 8, 2006, 501 SCRA 248, 259.

[18] Benito v. Saquitán-Ruiz, G.R. No. 149906, December 26, 2002, 394 SCRA 250, 251; Gochan v. Gochan, G.R. No. 146089, December 13, 2001, 372 SCRA 256, 263-264.

[19] Malicdem v. Flores, *supra*.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.