

**JOSE D. CALDERON, SR., BELEN F. CALDERON, ALEJANDRO F. DIZON,
JOSE F. CALDERON, AND ARTIMON R. ALA, PETITIONERS, VS. COURT
OF APPEALS, HONORABLE GREGORIO C. PINEDA, AS JUDGE OF ...**

G.R. No. 52235. October 28, 1980

Ponente: MELENCIO-HERRERA, J.

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MELENCIO-HERRERA, J.:

The principal issue of law posed for resolution in this Petition for Review on Certiorari of the Decision of respondent Court of Appeals may be propounded thus: Is it the regular Courts of Justice or the Labor Arbiters of the National Labor Relations Commission (NLRC) that have exclusive jurisdiction over this case for unpaid salaries, allowances, other reimbursable expenses, and damages?

From October, 1971 to November 1, 1976, private respondent, Atty. Antonio C. Amor, who appears herein on his own behalf, was the Executive Vice President of the Luzon Brokerage Corporation (LBC for short), receiving regular salaries, allowances and other reimbursable expenses monthly, and bonuses annually.

On November 2, 1976, petitioner Jose D. Calderon, Sr. (Calderon, Sr., for brevity) acquired full ownership of LBC and its various sister companies. Private respondent claims that even during the negotiations before the sale petitioner Calderon Sr. had induced him to remain as Executive Vice President with the same compensation and benefits and the commitment that said petitioner would assign to him the same number of LBC shares of stock originally owned by him (private respondent) prior to the sale. After the sale, private respondent continued to serve in that capacity until his resignation on December 31, 1977, provoked by his inclusion as a defendant in a certain Civil Case No. Q-24052, presumably instituted by LBC, thereby rendering his position as an officer of the company untenable. Private respondent demanded payment of all his monies and bonuses from May, 1977 to December 31, 1977, but petitioners refused to pay his claims.

On March 3, 1978, private respondent filed a Complaint with a prayer for Preliminary Attachment (Civil Case No. 28845) against LBC and the present petitioners before the Court of First Instance of Rizal, Branch XXI, alleging that petitioners, as defendants therein, had

"x x x wilfully and deliberately violated his legal rights by fraudulently withholding, refusing and failing to pay his valid claims for salaries, allowances, representation, and other reimbursable expenses causing him to suffer moral, actual and other forms of damages"

and praying for the payment to him of the amounts of P229,355.38 for unpaid salaries, allowances, representation and other reimbursable expenses, moral damages under several causes of action in the aggregate sum of P1.7 M, which, in addition to other sundry items, total "at least P2 M over and above legal counterclaims".[1] Additionally, private respondent demanded the assignment to him of 1,200 shares of LBC which petitioner, Calderon, Sr., had allegedly promised.

Petitioners moved to dismiss the Complaint on the ground that the trial Court lacked jurisdiction over the nature

of the action since private respondent's claims arose from employer-employee relations and fell within the exclusive jurisdiction of the Labor Arbiter under Presidential Decree No. 442 (the Labor Code).

The trial Court, Hon. Gregorio C. Pineda, presiding, denied dismissal and upheld its jurisdiction on the ground that the employee-employer relationship no longer exists between the parties.

On May 11, 1978, petitioners instituted Certiorari proceedings with the Court of Appeals (CA-G.R. No. SP-07858) directly attacking the trial Court Order denying the Motion to Dismiss.

On May 1, 1978, Presidential Decree No. 1367, amending the Labor Code, was promulgated.

On July 6, 1978, LBC formally withdrew as co-petitioner in the Certiorari case before the Appellate Court leaving as the remaining petitioners herein, Calderon, Sr., Jose F. Calderon, Belen F. Calderon, Alejandro F. Dizon and Artimon R. Ala.

On July 31, 1979, the Court of Appeals[2] dismissed the Certiorari petition and sustained the jurisdiction of respondent Court of First Instance, following the ruling of this Tribunal (Second Division) in *Garcia vs. Martinez*, per Aquino, J.,[3] which considered the amendatory provisions of PD No. 1367 as curative and retrospective in nature.

The Appellate Court also denied, on December 6, 1979, petitioners' Motion for Reconsideration after receiving the opinions of several amici curiae whom it had called to assist it in the resolution of the issue involved.

Hence, the present Petition for Review on Certiorari before us assailing the actuations of respondent Court of Appeals, to which we gave due course on February 25, 1980. On the same date, we issued a Restraining Order enjoining respondent Trial Judge from proceeding with the case before him until otherwise ordered.

Petitioners ascribe two main errors to the Court of Appeals:

- The Court of Appeals erred in ruling that PD No. 1367 should not be limited in its application to cases where the main cause of action is only for damages and consequently erred in holding that the resolution in the *Garcia vs. Martinez* case, G.R. No.L-47629, promulgated May 28, 1979, is applicable to the case at bar.
- The Court of Appeals erred in ruling that the withdrawal of the Luzon Brokerage Corporation from the proceedings has rendered moot the question of lack of jurisdiction.

The law in point is Article 217 of the Labor Code (PD No. 442), as amended by PD No. 1367, reading as follows:

"Art. 217. Jurisdiction of Labor Arbiter and the Commission -

a).

The Labor Arbiters shall have exclusive jurisdiction to hear and decide the following cases involving all workers, whether agricultural or non-agricultural:

1.

Unfair labor practice cases;

2.

Unresolved issues in collective bargaining including those which involve wages, hours of work and other terms and conditions of employment;

3.

All other cases arising from employer-employee relations indorsed by the Regional Directors in accordance with the provisions of this Code; Provided, that the Regional Directors shall not indorse and Labor Arbiters shall not entertain claims for moral or other forms of damages. (As amended by PD No. 1367, May 1, 1978)."

b).

The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters, compulsory arbitrators and voluntary arbitrators in appropriate cases provided in Article 263 of this Code." (Italics supplied)

Were this case exclusively one for damages, there would be no question, in the light of the aforequoted provision, that jurisdiction appertains to the Courts. However, the claim for unpaid salaries, allowances, representation, and other reimbursable expenses poses a question of interpretation. Would such a claim categorize this case as a labor controversy, or is it nonetheless a civil dispute, or is it both?

It cannot be gainsaid that the matter of salaries, allowances, representation, and other reimbursable expenses ordinarily revolve around an employer-employee relationship. However, the existence of that relationship alone should not be determinative of the issue of jurisdiction with which we are here confronted. Thus, in *Quisaba vs. Sta. Ines Melale Veneer & Plywood, Inc.*,^[4] this Court, speaking through Justice, later Chief Justice Fred Ruiz Castro, held:

"Although the acts complained of seemingly appear to constitute 'matters involving employee-employer relations' as Quisaba's dismissal was the severance of a pre-existing employee-employer relations, his complaint is grounded not on his dismissal per se, as in fact he does not ask for reinstatement or backwages, but on the manner of his dismissal and the consequent effects of such dismissal.

"Civil law consists of that 'mass of precepts that determine or regulate the relations . . . that exist between members of a society for the protection of private interests (1 Sanchez Roman 3).

"The 'right' of the respondents to dismiss Quisaba should not be confused with the manner in which the right was exercised and the effects flowing therefrom. If the dismissal was done anti-socially or oppressively, as the complaint alleges, then the respondents violated article 1701 of the Civil Code which prohibits acts of oppression by either capital or labor against the other, and article 21, which makes a person liable for damages if he wilfully causes loss or injury to another in a manner that is contrary to morals, good customs or public policy, the sanction for which, by way of moral damages, is provided in article 2219, no. 10 (Cf. *Phil. Refining Co. vs. Garcia*, L-21962, Sept. 27, 1966, 18 SCRA 107)."

A similar situation confronts us in this case. Private respondent resigned from the employ of LBC. He does not seek reinstatement. He claims, however, that the manner in which his salaries and allowances and other expenses were refused to be paid was "oppressive, wilful, fraudulent and in bad faith." If proven, it would constitute an act that is "anti-social" or "oppressive" in violation of Article 1701 of the Civil Code reading:

"Art. 1701. Neither capital nor labor shall act oppressively against the other, or impair the interest or convenience of the public."

and of Article 21 of the same Code providing:

"Art. 21. Any person who wilfully causes loss or injury to another in a manner that is contrary to morals, good customs or public policy shall compensate the latter for the damage."

In other words, the real nature of the underlying obligation sought to be enforced in this case is civil in character. In fact, it may even be said that the claim for salaries and allowances is in the nature of actual or compensatory damages not only because private respondent has resigned but more so because it refers to a pecuniary loss

suffered by private respondent resulting from an alleged breach of an obligation arising from contract, express or implied. The salaries and allowances claimed are but the natural and probable consequences of the breach of that obligation. They are intertwined. Thus, it would be impossible for the trial Court to determine the question of whether or not actual damages should be awarded and how much, without delving into the question of breach of an obligation owing by one party to the other. Similarly, in respect of moral damages, they can not be recovered unless they are the proximate result of another's wrongful act or omission, translated herein as the alleged unlawful act of non-payment. Stated otherwise, there is only one delict of wrong committed and that is the fraudulent refusal to pay, the actual and moral damages resulting therefrom being part of a single cause of action.

Verily, the alleged oppressive act of non-payment, is intrinsically a civil dispute within the jurisdiction of regular Courts to resolve and beyond that of Labor Arbiters.

"x x x . - The case at bar is intrinsically concerned with a civil (not a labor) dispute; it has to do with an alleged violation of Quisaba's rights as a member of society, and does not involve an existing employee-employer relation within the meaning of section 2(1) of Presidential Decree No. 21. The complaint is thus properly and exclusively cognizable by the regular courts of justice, not by the National Labor Relations Commission." [5]

Moreover, we note that private respondent additionally claims for the assignment to him of 1,200 LBC shares, an issue connected with the alleged "fraudulent" and "oppressive" refusal to pay of petitioners, and, again, clearly beyond the periphery of jurisdictional competence of Labor Arbiters.

To state that this case involves both a labor controversy and a civil dispute would be to sanction split jurisdiction, "which is obnoxious to the orderly administration of justice."

We find no error, therefore, when respondent Court of Appeals applied herein the ruling in *Garcia vs. Martinez* [6] involving a claim for damages allegedly arising from an unjustified dismissal of an employee, in so far as it considered the amendatory provision of PD No. 1367 eliminating the power of Labor Arbiters to award moral and other forms of damages as curative and retrospective in nature. In other words, said amendatory decree cured the lack of jurisdiction of respondent trial Court at the time the instant claim was filed before it. And this is at it should be as said amendment decisively lays at rest the conflict of jurisdiction between Courts and labor agencies over claims for damages, a question which has reached this Tribunal ever so often in the past.

The withdrawal of LBC from the Certiorari proceedings in the Appellate Court, subject of the second assigned error, loses importance considering the ruling in the *Quisaba* case (*supra*), reiterated herein, that it is not solely the matter of employer-employee relations that determines the intrinsic nature of a controversy like this one. Besides, it is obvious that petitioners, not being the employer of private respondent, are impleaded for their alleged tortious act in "fraudulently" and "oppressively" refusing to pay the monies claimed.

WHEREFORE, Certiorari is denied and the judgment of the Court of Appeals under review hereby upheld. The Restraining Order heretofore issued is hereby lifted.

Without pronouncement as to costs.

SO ORDERED.

Teehankee, Acting C.J., Makasiar, Fernandez, and Guerrero, JJ., concur.

[1] Complaint, CA-G.R. No. SP-07858 Rollo, pp. 20-39.

[2] Special Fifth Division, composed of Justices Porfirio V. Sison (ponente), Milagros A. German and Ambrosio

M. Geraldez.

[3] G. R. No. L-47629, 90 SCRA 331 (1979).

[4] 58 SCRA 771 (1974).

[5] Quisaba vs. Sta. Ines Malale Veneer & Plywood, Inc., *supra*.

[6] 90 SCRA 331 (1979).

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