

SENTINEL INSURANCE COMPANY, INC., PETITIONER, VS. PORFIRIO M. BAUTISTA AND THE NATIONAL LABOR RELATIONS COMMISSION, RESPONDENTS.

G.R. No. 55774. February 20, 1984

Ponente: DE CASTRO, J.

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DE CASTRO, J.:

Petition for certiorari with writ of preliminary injunction seeking review of the resolution of the National Labor Relations Commission which affirmed the decision of the Labor Arbiter awarding to private respondent the sum of P84,587.58 representing unpaid legal fees. The pertinent portion of the decision was as follows:

"Coming now to the money claim raised by complainant, we noted that the position paper, as well as the documentary evidence submitted by respondent never did touch on this issue. Respondent's silence on this point has led us to the inevitable conclusion that complainant is indeed entitled to these monetary claims. More so, in the light of the fact that the contract of employment entered into by the parties provides among others that "Should your duties permit, you may handle recovery cases for the company for which you will be entitled to fifteen (15%) per cent legal fees for amount actually recovered." (par. 4).

"As computed, complainant's legal fees for the recovery cases he handled for the company are as follows:

1. Sentinel Insurance vs. Mt. Ampiro Timber, et als. (P147,583.87 x 15%) P22,137.58
2. Sentinel Insurance vs. Carmel Corporation P240,000.00 x 15%) P36,000.00
3. Maritime Company of the Phil. vs. Sea Gems Fishing Corporation (P183,000.00 x 15%) = P27,450.00 - P10,000.00) P17,450.00
4. Rose Industries vs. Nemesio Ascuetas (P60,000.00 x 15%) P 9,000.00

Total P84,587.58

"WHEREFORE, in the light of the foregoing considerations, the complaint for illegal dismissal should be, as it is hereby DISMISSED for lack of merit.

"However, respondent is hereby ordered to pay complainant the amount indicated above."[1]

Petitioner, Sentinel Insurance Company, was in accord with the portion of the decision dismissing the complaint of respondent, Porfirio Bautista; however, it disagreed with the portion which awarded P84,587.58 to Bautista because contending that the Labor Arbiter was without jurisdiction to make such award, the same being within the exclusive jurisdiction of the civil courts.

The factual background of the case is as follows:

Porfirio M. Bautista was hired as Legal Officer by Sentinel and his letter of appointment provided, among others, the following:

"4. Should your duties permit, you may handle recovery cases for the company for which you will be entitled fifteen (15%) per cent legal fees for amount actually recovered."[2]

In the course of his employment, Bautista handled a number of cases for which he was paid fifteen (15%) per cent on amounts recovered except for the four cases in question which, according to Bautista, he deferred the billing and collection of his percentage on said cases because of his awareness of the tight financial condition of the company.

Bautista also handled thirteen other cases which, according to petitioner, were defaulted and/or dismissed for reasons attributable to him. Believing that the defaults/dismissals of the thirteen cases were the results of the wanton connivance of Bautista with the adverse parties and/or gross negligence sufficient to warrant his dismissal for loss of trust and confidence, petitioner served private respondent notice of termination of his services on April 2, 1979 to take effect March 31, 1979. On March 29, 1979, petitioner applied for clearance to terminate employment with the Ministry of Labor and Employment but which was opposed by Bautista on May 31, 1979. In his opposition, Bautista questioned the legality of his dismissal and at the same time asserted his claim for unpaid legal fees in the sum of P87,800.00 pursuant to the terms and conditions of his employment, particularly the provision on legal fees.

No settlement having been arrived at in the conciliatory hearing, the case was referred to the National Capital Region of the Ministry of Labor and Employment. In the position paper submitted, petitioner presented its reasons for the application for clearance but remained silent on the matter of the money claim.

On September 28, 1979, the Labor Arbiter rendered the questioned decision. Dissatisfied with the portion awarding the money claim, petitioner appealed to the National Labor Relations Commission and argued that the Labor Arbiter erred in assuming that Bautista was entitled to the legal fees irrespective of the means by which he effected recoveries for the company.

Considering that there was no dispute that the appointment of Bautista provided for the 15% legal fees on top of his basic salary and finding that there appeared to be no qualification for entitlement of the disputed fees and there being no denial that Bautista handled the four cases subjects of the controversy and succeeded in recovering for the company, the National Labor Relations Commission on August 29, 1980 affirmed the decision of the Labor Arbiter and dismissed the appeal.

Sentinel Insurance sought reconsideration of the dismissal which was however denied on December 10, 1980. Hence this petition for certiorari. On January 12, 1981, We issued a temporary restraining order enjoining the National Labor Relations Commission from enforcing and/or carrying out any writ of execution issued or might be issued pursuant to its resolution and to continue until otherwise ordered.

It is alleged that at the time Bautista instituted his money claim by way of opposition, the employer-employee relationship has ceased. The allegation is without basis. Bautista filed a timely opposition to the application for authority to terminate his employment. The employer-employee tie certainly existed at that point of time. Although Bautista did not seek reinstatement, he demanded compliance with one of the express terms of the employment, thus the dispute is one arising from employer-employee relationship.

The main argument of petitioner is that the money claim is civil in character cognizable only by regular courts and therefore beyond the jurisdiction and competence of the Labor Arbiter. Petitioner invoked the ruling in *Jose D. Calderon, Sr. vs. Court of Appeals*[3] promulgated on October 28, 1980 where this Court held that an alleged oppressive act of non-payment of salaries, allowances and other reimbursable expenses is intrinsically a civil dispute within the jurisdiction of regular courts to resolve and beyond that of Labor Arbiters. The Calderon case was based on PD No. 1367 enacted May 1, 1978 and which removed from the exclusive jurisdiction of Labor

Arbiters money claims arising from employer-employee relations, the jurisdiction of said Labor Arbiters over said cases being expressly limited to those which are duly endorsed by the Regional Directors in accordance with the provisions of the Labor Code and which in no case shall include claims for moral or other forms of damages.[4]

The Calderon case, however, is no longer controlling because the law upon which said decision was based, Article 217 of the Labor Code as amended by PD No. 1367, has been superceded by PD No. 1691 which took effect May 1, 1980 and which restored to the Labor Arbiters original and exclusive jurisdiction over claims, monetary or otherwise, provided by law or by appropriate agreement, arising from employer-employee relations, except those expressly excluded therefrom.[5]

Although the cause of action arose when PD No. 1367 was then the prevailing law and upon which the Calderon case was premised, said Decree was no longer applicable when the case was resolved by the National Labor Relations Commission on August 29, 1980. The law then in force was PD No. 1691.

Article 217 as amended by PD No. 1367 and PD No. 1691 was again amended by Batas Pambansa Bilang 130 which took effect August 21, 1981. On June 1, 1982, said Article 217 was amended anew by Batas Pambansa Bilang 227 vesting on Labor Arbiters jurisdiction over cases that workers may file involving wages, hours of work and other terms and conditions of employment and all money claims of workers, except claims for employees' com-pensation, social security, medicare and maternity benefits.

Undoubtedly, the claim of 15% legal fees arose out of employer-employee relationship and clearly falls within the coverage of Article 217 as amended by PD No. 1691 and Batas Pambansa Bilang 227.

In Garcia vs. Martinez,[6] promulgated May 28, 1979, PD No. 1367 was held to be an amendatory decree in the nature of a curative statute with retrospective application to a pending proceeding which cured the lack of jurisdiction of the Court of First Instance of Davao City over a complaint for damages allegedly arising from the dismissal of a radio station manager which was filed on August 2, 1976. PD No. 1691 and BP No. 227 are likewise curative statutes which cured the lack of jurisdiction of the Labor Arbiter at the start of the proceeding and should be given retrospective application to this pending proceedings, as the precise purpose of the amendments was to settle once and for all the conflict of jurisdiction between regular courts and labor agencies.

Moreover, petitioner is estopped from questioning the jurisdiction of the Labor Arbiter to award the money claim considering that in the position paper it submitted to the Labor Arbiter, it never objected but in fact remained silent as to the claim which was asserted not only in the opposition for termination of employment but also raised as an issue at the conciliation hearing.

Also, as correctly argued by respondent Bautista, it was petitioner who commenced the action for dismissal, and he merely asserted a claim expressly provided by the terms of his employment so much so that petitioner cannot pretend that the Labor Arbiter possessed jurisdiction over issues of illegal dismissal, as in fact, it did not question the portion of the decision which sustained the dismissal because it was in its favor, but alleged that the Labor Arbiter did not have the authority to adjudicate the claim for legal fees although part of the express terms of the contract of employment because it is to its disadvantage.[7]

Furthermore, 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.[8] In a number of cases this Court expounded on this holding that evidently, the lawmaking authority had second thoughts about depriving Labor Arbiters and the National Labor Relations Commission of the jurisdiction to award damages in labor cases because that setup means duplicity of suits, splitting the cause of action and possible conflicting findings and conclusions by two tribunals of one and the same claim.[9]

In view of the foregoing, We hold that the National Labor Relations Commission did not commit grave abuse of discretion in sustaining the money claim granted by the Labor Arbiter which arose out of an employer-employee relationship and which, as we hereby hold, was within the exclusive jurisdiction of the Labor Arbiter.

WHEREFORE, the instant petition is hereby dismissed. The temporary restraining order heretofore issued is hereby lifted. No costs. SO ORDERED.

Makasiar, (Chairman), Concepcion, Jr., Guerrero, and Escolin, JJ., concur.

Aquino and Abad Santos, JJ., in the result.

[1] pp. 26-27, Rollo.

[2] Annex "A", Petition, p. 16, Rollo.

[3] 100 SCRA 459.

[4] Abad vs. Phil. American General Insurance Company, G. R. No. 50563, October 30, 1981.

[5] Pepsi-Cola Bottling Co. vs. Martinez, G. R. No. 58877, March 15, 1982; Ebon vs. de Guzman, G. R. No. 58265, March 25, 1982; Aguda vs. Vallejos, G. R. No. 58133, March 26, 1982; Cardinal Industries Inc. vs. Vallejos, G. R. No. 57032, June 19, 1982.

[6] G. R. No. L-47629, 90 SCRA 331.

[7] p. 10, Rollo, Brief for Private Respondent.

[8] Calderon, Sr. vs. Court of Appeals, 100 SCRA 466.

[9] Ebon vs. de Guzman, G. R. No. 58265, March 25, 1982- Aguda vs. Vallejos, G. R. No. 58133, March 26, 1982.

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