

GETZ CORPORATION PHILS., INC., OSCAR G. BALAGOT, EDUARDO M. ORTIZ, JOSELITO M. TAN, AND BEATRIZ ALO, PETITIONERS, VS. THE COURT OF APPEALS, HON. ALEJANDRO R. BONCAROS, PRESIDING...

G.R. No. 59823. August 21, 1982

Ponente: MELENCIO-HERRERA, J.

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MELENCIO-HERRERA, J.:

The issue for resolution concerns the jurisdiction of regular Courts of justice over claims for money and damages arising out of employer-employee relationship.

Petitioner Getz Corporation Philippines, Inc., is a domestic corporation engaged in the distribution and sale of consumer goods as well as machinery and heavy equipments throughout the Philippines. The other petitioners are officers of the corporation.

Respondent Samuel Erum was employed by petitioner corporation on January 3, 1969 as Territory Salesman. He was subsequently promoted to the position of Area Manager, then to District Manager. He was District Manager for the Visayas and Mindanao areas with home base at Cebu City when his services were terminated on January 8, 1979 by petitioner corporation for alleged loss of trust and confidence, gross negligence in the performance of managerial functions, and violation of company policies.

On March 20, 1979, respondent, with his wife Leticia Siwa Erum as his co-plaintiff, filed against petitioner-corporation and its officers with the Court of First Instance of Negros Oriental, an action for Recovery of Termination Pay, Other Employment Benefits and Damages, docketed as Civil Case No. 7214.[1] He prayed that his dismissal be declared oppressive, malicious and illegal; that the effective date of termination of his employment be fixed as of the date of the finality of the Decision; and that petitioners be ordered to pay in solidum, his unpaid salary and other employment benefits, termination pay, moral and exemplary damages, attorney's fees and costs.

On June 18, 1979, petitioners filed a Motion to Dismiss the complaint on the ground that the Trial Court had no jurisdiction over the subject matter of the action; that venue was improperly laid; and that the Complaint stated no cause of action in so far as plaintiff Leticia Siwa Erum is concerned.[2]

On December 5, 1980, the Trial Court dismissed the case for lack of jurisdiction over the subject matter of the action, stating that the controversy over the act of severance of employment and the money claims resulting therefrom arose out of employer-employee relationship which fall squarely within the jurisdiction of the Labor Arbiters. The Court cited the case of *Garcia vs. Martinez*[3] to support its ruling.[4]

Respondent moved for reconsideration[5] citing the Resolution of this Court in that same case of *Garcia vs. Martinez*, 90 SCRA 331 (1979), wherein we set aside the Decision in the same case rendered earlier, on the basis of Presidential Decree No. 1367, which took effect on May 1, 1978, giving ordinary Courts jurisdiction to award actual and moral damages in case of illegal dismissal. Said amendatory decree was deemed a curative statute and

given retroactive effect to cover a claim filed in a regular Court before the issuance of the decree.

On April 9, 1981, the Trial Court applying the ruling in *Calderon vs. Court of Appeals*,^[6] which was also based on PD 1367, reconsidered and set aside its Order of December 5, 1980, reinstated the case, and directed the petitioners to file an Answer thereto.^[7]

Petitioners sought to reconsider the Order, claiming that the *Calderon* case is not applicable, and that the case arose out of employer-employee relationship and is not a simple money claim.^[8] The Trial Court denied reconsideration on September 1, 1981.^[9]

Petitioners filed with the Court of Appeals a Petition for Certiorari and Prohibition with Preliminary Injunction (CA-G.R. No. SP-13157-SCRA) seeking to set aside the Orders dated April 9, 1981 and September 1, 1981 of the Trial Court, and praying that the latter Court be ordered to dismiss Civil Case No. 7214.^[10]

On January 26, 1982, respondent Court of Appeals upheld the questioned Orders of the Trial Court and dismissed the Petition for lack of merit.^[11]

A Motion for Clarification and/or Reconsideration was filed by petitioners arguing that the Trial Court had no jurisdiction to rule on the legality of respondent's dismissal, to fix the date of termination of his employment, and to award salary and other employment benefits.^[12]

Respondent Court of Appeals denied the Motion stating that the arguments set forth therein regarding difficulties arising from the division of jurisdiction between Courts and the Ministry of Labor are more properly directed to the Legislature.^[13]

On April 6, 1982, petitioners filed the present Petition for Review on Certiorari contending that the *Calderon* case upon which the respondent Courts relied upon, is not applicable in this case as the acts complained of arose out of employer-employee relationship which properly pertains to the Labor Arbiters; and that under Presidential Decree No. 1691, private respondents' claim for actual and compensatory damages are now within the exclusive competence of the labor tribunals.

On April 21, 1982, respondents filed a Motion to Dismiss, contending that the grounds relied upon for review are without merit, reiterating the applicability of the *Calderon* case; that the grounds raised are unsubstantial to merit consideration by this Court; and that the Petition is intended for delay.

We considered respondents' Motion to Dismiss as their Comment and gave due course to the Petition.

We find merit in petitioners' submissions.

The dismissal from the service of respondent, Samuel Erum, gave rise to the cause of action in this case. His claims for termination pay, other employment benefits, and damages, clearly arose out of an employer-employee relationship. Although the cause of action came into being when PD 1367 expressly stipulating that "Labor Arbiters shall not entertain claims for moral or other forms of damages" was still in effect, and upon which the *Calderon* case was premised, said Decree was no longer applicable when the Trial Court dismissed the case for lack of jurisdiction on December 5, 1980, and when it reconsidered and set aside said Order of dismissal on April 9, 1981 and reinstated the case in its docket. PD 1367 had been superseded by PD 1691 enacted on May 1, 1980, which restored to Labor Arbiters and the National Labor Relations Commission (NLRC) exclusive jurisdiction over all money claims of workers and all other claims arising from employer-employee relations, including moral and exemplary damages.^[14] The pertinent provisions of PD 1691, read:

"Article 217. Jurisdiction of Labor Arbiters and the Commission. - (a) The Labor Arbiters shall have the original and 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 that involve wages, hours of work and other terms and conditions of employment;
3. All money claims of workers, including those based on non-payment or underpayment of wages, overtime compensation, separation pay and other benefits provided by law or appropriate agreement, except claims for employees compensation, social security, medicare and maternity benefits;
4. Cases involving household services; and
5. All other claims arising from employer-employee relations, unless expressly excluded by this Code.

(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).

The provisions reading "all money claims of workers x x x " and "all other claims arising from employer-employee relations x x x " are comprehensive enough to include claims for moral and exemplary damages of a dismissed employee against his employer.[15]

Thus, the conclusion is inescapable that the Court of First Instance of Negros Oriental has no jurisdiction over the complaint filed by private respondents before it for unpaid salary and other employment benefits, termination pay, moral and exemplary damages.

WHEREFORE, the Petition is granted and the judgment of respondent Court of Appeals hereby set aside. Respondent Judge is directed to dismiss Civil Case No. 7214 without prejudice to the right of respondent Samuel Erum to refile his claims against petitioner Getz Corporation Philippines, Inc., with the proper Regional Office of the Ministry of Labor and Employment. SO ORDERED.

Teehankee, (Chairman), Makasiar, Plana, Vasquez, and Relova, JJ., concur. Gutierrez, Jr., took no part.

[1] Annex "A", pp. 24 to 32, Rollo.

[2] Annex "B", pp. 33-37, *ibid*.

[3] 84 SCRA 577 (1978)

[4] Annex "C", pp. 38-43, Rollo.

[5] Annex "D", pp. 44-50, *ibid*.

[6] 100 SCRA 459.

[7] Annex "E", p. 51, Rollo.

[8] Annex "F", pp. 52-56, *ibid*.

[9] Annex "G", p. 57, *ibid*.

[10] Annex "H", pp. 58-65, *ibid*.

[11] Annex "I", pp. 103-110, *ibid.*

[12] Annex "J", pp. 111-115, *ibid.*

[13] Annex "K", p. 117. *ibid.*

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

[15] *Ebon, et als. vs. Judge de Guzman, et als.*, G.R. No. 58265, March 25, 1982.

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