

VICTORIAS MILLING CO. INC., PETITIONER, VS. INTERMEDIATE APPELLATE COURT AND ALBERT W. ONSTOTT, RESPONDENTS.*G.R. No. 66880. August 02, 1991*

Ponente: DAVIDE, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-66880/>**DAVIDE, JR., J.:**

This is a petition to annul the Resolution of the then Intermediate Appellate Court (now Court of Appeals) in A.C.-G.R. CV No. 01482, entitled Albert W. Onstott versus Pacific Airways Corp. and Victorias Milling Co. Inc., of 29 February 1984 denying for lack of merit petitioner's motion to dismiss the appeal from an Order of the trial court dismissing a complaint or to certify it to this Court, and the resolution of 23 March 1984 denying the motion for its reconsideration.

As disclosed by the pleadings of the parties, the following antecedents are not disputed:

On 11 February 1981, private respondent Onstott filed with the then Court of First Instance of Rizal (Branch XXVIII at Pasay City) a complaint, docketed as Civil Case No. 8822-P,[1] against Pacific Airways Corporation (PACO) and Victorias Milling Company (hereinafter referred to as petitioner) for the recovery of moral and exemplary damages, attorney's fees, expenses of litigation and the costs of suit, based on Articles 19, 20 and 21 of the Civil Code of the Philippines, as a consequence of his alleged dismissal without any valid or just cause on 19 June 1980 as President and General Manager of PACO. The dismissal is contained in Resolution No. 80-17 of 19 June 1980 of the Board of Directors of PACO. He had served the corporation for 34 years. There is no allegation whatsoever that he was even employed by petitioner. As far as could be gathered from the complaint, the only possible ground for impleading petitioner as party defendant is that it "owns the majority and controlling interest in PACO." [2]

Instead of filing a responsive pleading, petitioner filed on 9 March 1981 a Motion To Dismiss on the ground that the complaint states no cause of action against it. It asserts that it has a distinct and separate personality, which Onstott himself admits when he alleges that PACO and petitioner are corporations organized and existing under and by virtue of the laws of the Philippines, and that there are no factual averments which might constitute grounds for piercing the veil of corporate fiction.[3] In his opposition to the motion[4] filed on 23 March 1981, Onstott claims that the aforesaid allegation regarding the controlling interest is precisely intended to pierce the veil of corporate fiction, and show that PACO is merely an alter ego of petitioner.

On 19 January 1982, the trial court, through then Judge Enrique Agana, Sr., issued an Order[5] dismissing the complaint: (a) for lack of cause of action against herein petitioner and (b) for lack of jurisdiction pursuant to the provisions of Presidential Decree No. 902-A (Reorganization of the Securities and Exchange Commission with additional Powers, etc.). Onstott sought to reconsider the same in his motion filed on 26 April 1982,[6] wherein he faults the trial court for failing to give due consideration to the fact that the complaint is essentially one for damages based on Articles 19, 20, 21 and 32 of the Civil Code, and therefore falls within the jurisdiction of the Court of First Instance (now Regional Trial Court). Petitioner filed an Opposition[7] on 14 May 1982 wherein it

reiterated its argument that the mere allegation that petitioner owns the majority and controlling interest in PACO is not sufficient to spell out a cause of action against the former; as a mere stockholder of PACO, it has no interest in the controversy; and that the trial court has no jurisdiction over the subject matter of the case -- it falls within the exclusive original jurisdiction of Labor Arbiters under Article 217 of the Labor Code of the Philippines (P.D. No. 442) as amended by P.D. No. 1691 and as held in *Pepsi Cola Bottling Co., et al. vs. Martinez, et al.*, G.R. No. 58877, 15 March 1982; *Ebson vs. De Guzman, et al.*, G.R. No. 58265, 25 March 1982; and *Aguda vs. Vallejos*, G.R. No. 58133, 26 March 1982.

On 23 June 1983, the trial court, per Judge Sofronio G. Sayo, handed down an order denying the motion for reconsideration based not on the reasons stated in the questioned order of 19 January 1982 -- lack of cause of action, as against petitioner, and for lack of jurisdiction over the subject matter pursuant to the provisions of P.D. No. 902-A -- but "for lack of jurisdiction over the subject matter of the action pursuant to the provisions of the Labor Code, as amended by Presidential Decree No. 1691." [8] The court ruled that the claim of Onstott arose out of an employer-employee relationship and pursuant to Article 217 of the Labor Code, as amended by P.D. No. 1691, the Labor Arbiters of the National Labor Relations Commission have jurisdiction over it.

Unsatisfied with the Order, Onstott filed with the trial court on 19 July 1982 a Notice of Appeal, [9] which reads as follows:

"COMES NOW the Plaintiff, x x x unto this Honorable Court hereby respectfully gives its intention to appeal the Order of this Honorable Court dated June 23, copy whereof was received on July 5, 1983 by the undersigned counsel, denying Plaintiff's Motion for Reconsideration dated April 26, 1982 and dismissing the above-entitled case, to the Intermediate Appellate Court."

The appeal was docketed in the Intermediate Appellate Court as A.C.-G.R. CV No. 01482.

On 3 January 1984, Onstott filed his brief with respondent court [10] wherein he assigns the following errors:

- "1. The trial court erred in not assuming jurisdiction over the case; and
2. The trial court erred in dismissing the complaint as against Victorias Milling Co., Inc., for lack of cause of action."

On 10 January 1984, petitioner filed a Motion to Dismiss or Certify Appeal alleging therein that on the basis of the assigned errors, it is obvious that only pure questions of law are involved in the appeal and praying that the appeal be dismissed or that it be certified to this Court. [11] In a Manifestation dated 25 January 1984, [12] PACO informed the respondent Court that it is adopting this motion for petitioner. Onstott filed his opposition to the motion on 7 February 1984. [13]

In a minute resolution promulgated on 29 February 1984, [14] respondent court denied the motion to dismiss or certify appeal for lack of merit.

Its motion for reconsideration of the aforesaid resolution having been denied in the resolution of 23 March 1984, [15] petitioner filed the instant petition on 5 April 1984 alleging therein that respondent Court acted without or in excess of its jurisdiction or with grave abuse of discretion in issuing the above-mentioned resolution and that there is no appeal and adequate remedy in the ordinary course of law except thru this petition.

It is the petitioner's stand that the appeal before the respondent Court from the order of the trial court of 23 June 1983 raises pure questions of law which must, therefore, be decided by this Court and not by said respondent Court.

On 11 April 1984, We required respondents to comment on the petition and issued a temporary restraining order

enjoining respondent Court from further proceeding with A.C.-G.R. CV No. 01482.[16]

PACO filed on 31 May 1984 a motion to admit petition for intervention,[17] which was granted on 9 July 1984.[18]

In his comment filed on 18 June 1984,[19] Onstott argues that the appeal also involves questions of fact because, as could be gathered from the brief, the main issue raised is the misappreciation of the facts by the trial court resulting in the dismissal of the case. He claims that he is suing under the provisions of the Civil Code on human rights but the trial court considered the action or suit as arising out of a labor dispute; to settle the issue of jurisdiction and the correctness of the dismissal of the trial court, the appellate court must refer to the allegations of the complaint to determine whether or not the facts therein alleged are constitutive of a labor case.

In the Resolution of 1 August 1984, We gave due course to the petition and required the parties to submit simultaneously their memoranda.

There is merit in the petition.

The appeal interposed by Onstott stems from the Order of the trial court dated 23 June 1983 dismissing the complaint "for lack of jurisdiction over the subject matter of the action pursuant to the provisions of the Labor Code, as amended by Presidential Decree No. 1691." Whether or not such dismissal is correct is neither a question of fact nor of fact and law; it involves a pure question of law because what is to be resolved is whether, admitting the facts alleged in the complaint to be true, the trial court has jurisdiction over it in the light of the laws governing jurisdiction. Settled is the rule that what determines the nature of the action and correspondingly, the court which has jurisdiction over it, are the allegations in the information or complaint.[20] In cases of motions to dismiss on ground of lack of jurisdiction, the allegations in the complaint are deemed admitted.[21] The hypothetical admission of the facts alleged renders then beyond dispute and forecloses any issue of fact for purposes of the motion. The court is not called upon to rule on their probative value. However, whether the conclusion drawn therefrom for purposes of applying the law on jurisdiction is accurate or correct is a question of law.[22] Otherwise stated, there is a question of law in a given case when the doubt or difference arises as to what the law is on a certain state of facts.[23]

Jurisdiction is conferred by law,[24] and judicial decisions applying or interpreting the laws or the Constitution shall form part of the legal system of the country.[25] The Court's interpretation of a statute constitutes part of the law as of the date it was originally passed since it merely establishes the contemporaneous legislative intent that the interpreted law carried into effect.[26]

Consequently, the first assigned error in the Brief for Appellant -- that the trial court erred in not assuming jurisdiction over the case -- is unequivocally a question of law.

Whether the second error assigned in the Brief also involves a pure question of law is a matter which should not be considered here since it has no valid premise at all. As stated earlier, the order of the trial court of 23 June 1983 dismissed the complaint solely on the basis of lack of jurisdiction. It did not reiterate or restate that portion of the order of 19 January 1982 dismissing the complaint as against petitioner for lack of cause of action.

The respondent court should have granted the second alternative of petitioner's motion by certifying the appeal to this Court pursuant to Section 3 of Rule 50 of the Rules of Court which provides:

"Sec. 3. Where appealed case erroneously brought. - Where the appealed case has been erroneously brought to the Court of Appeals, it shall not dismiss the appeal, but shall certify the case to the proper court, with a specific and clear statement of the grounds therefor."

However, at this point in time, to require the respondent Court to certify to this Court A.C.-G.R. CV No. 01482 would further delay the disposition of the case. The issue raised in the appeal before the respondent Court is simple and the pleadings on hand are more than sufficient to support a resolution thereon. Procedural process then would not be impaired if at this instance, this Court should forthwith rule on the legal issue posed by the appeal, as if the latter were directly filed with it, thereby settling a procedural controversy which successfully prevented even the joinder of issues for more than ten years. This step is not without precedent. This Court has even ruled that remand of cases to lower courts for reception of evidence is not necessary if on the basis of the records, the Court could already resolve the dispute.[27]

Thus, We now rule as if the appeal were directly brought to Us.

We agree with the trial court that the subject matter of Civil Case No. 8822-P falls within the Labor Arbiters' exclusive jurisdiction pursuant to Article 217 of the Labor Code of the Philippines, as amended by P.D. No. 1691.

Presidential Decree No. 1691, which took effect on 1 May 1980, restored to the Labor Arbiters of the NLRC their jurisdiction over all money claims of workers and all other claims arising from employer-employee relations, including moral and exemplary damages. This authority over the latter was earlier removed by P.D. No. 1367 which took effect on 1 May 1978.[28] Presidential Decree No. 1691 was even given retroactive application to pending cases as the precise purpose of the amendment was to hopefully settle once and for all the conflict of jurisdiction between regular courts and labor agencies.[29]

This is the law that governs the case at bar. Petitioner alleges that he was dismissed on 19 June 1980 and that he filed his complaint with the trial court on 11 February 1981.

His complaint for damages is indubitably one which arises out of his alleged illegal dismissal as President and General Manager of PACO. However disguised, the cause of action is absolutely founded upon such dismissal. That it is allegedly brought under Articles 19, 20, and 21 of the Civil Code is of no moment because the claim for damages cannot stand independently of the alleged illegal dismissal; it is undoubtedly or absolutely intertwined and irretrievably connected with the illegal dismissal. Where the acts complained of arose out of a labor dispute or are mere incidents of a labor dispute, claims and prayer for actual, moral and exemplary damages could not alter the complexion of the case as one arising from a labor dispute, but merely subsumed by the nature of the main case over which the regular courts have no jurisdiction.[30] Elsewise stated, the grant of jurisdiction to the Labor Arbiters by Article 217 of the Labor Code is sufficiently comprehensive to include claims for moral and exemplary damages sought to be recovered from an employer by an employee upon the theory of his illegal dismissal. However, in such a case, the Labor Arbiter must consider the Civil Code provisions on damages.[31]

We thus rule that the appeal interposed by private respondent Onstott from the Order of the trial court of 23 June 1983 in Civil Case No. 8822-P dismissing the complaint for lack of jurisdiction is without merit.

WHEREFORE, the petition is GRANTED. The appeal of private respondent before the respondent Court (A.C.-G.R. CV No. 01482) is DISMISSED, and the Order of 23 June 1983 of the trial court in Civil Case No. 8822-P entitled Albert W. Onstott vs. Pacific Airways Corporation and Victorias Milling Company is AFFIRMED.

The temporary restraining order issued on 11 April 1984 is hereby made permanent.

No pronouncement as to costs.

SO ORDERED.

Fernan, C.J., Gutierrez, Jr., Feliciano, and Bidin, JJ., concur.

[1] Annex "C" Petition; Rollo, 13-17.

[2] Paragraph 3 of Complaint; Rollo, 14.

[3] Annex "D" of Petition; Id., 18-20.

[4] Annex "E" of Petition; Id., 21-22.

[5] Annex "G" of Petition; Rollo, 25.

[6] Annex "H" of Petition; Id., 26-33.

[7] Annex "I" of Petition; Id., 34-45.

[8] Annex "J" of Petition; Rollo, 46-48.

[9] Annex "K" of Petition; Id., 49-50.

[10] Annex "L" of Petition; Id., 51-62.

[11] Annex "M" of Petition; Rollo, 63-64.

[12] Annex "M-1" of Petition; Id., 65.

[13] Annex "N" of Petition; Id., 66-67.

[14] Annex "A" Petition; Id., 11.

[15] Annex "B" of Petition; Id., 12.

[16] Rollo, 78.

[17] Id., 91.

[18] Id., 103.

[19] Id., 95.

[20] *People vs. San Antonio*, 14 SCRA 63; *Casaria, et al. vs. Rosales*, 14 SCRA 368; *Ching, et al. vs. Malaya*, 153 SCRA 412; and *Malayan Integrated Industries Corp. vs. Mendoza, et al.*, 154 SCRA 548.

[21] *Time Inc. vs. Reyes, et al.*, 39 SCRA 303.

[22] *Cunanan vs. De Lazatin, et al.*, 74 Phil. 719.

[23] *Ramos, et al. vs. Pepsi Cola Bottling Co. of the P.I., et al.*, 19 SCRA 289.

[24] *Sonora vs. Tongoy, et al.*, 44 SCRA 411; *Aban, et al. vs. Enage, et al.*, 120 SCRA 778; *People vs. Estrella*, 164 SCRA 114.

[25] Article 8, Civil Code of the Philippines.

[26] *Senarillos vs. Hermosissima, et al.*, 100 Phil. 501.

[27] *Velasco vs. Court of Appeals*, 95 SCRA 621; *Quisumbing vs. Court of Appeals*, 122 SCRA 703; *Board of*

Liquidators vs. Zulueta, 115 SCRA 548; Republic vs. Central Surety and Insurance Co., 125 SCRA 641; Hechanova, et al. vs. Court of Appeals, et al., 145 SCRA 550; Ortigas and Co. vs. Ruiz, et al., 148 SCRA 327; NPC, et al. vs. Court of Appeals, et al., 185 SCRA 169.

[28] Cardinal Advertising, Inc. vs. Vallejos, et al., 114 SCRA 472.

[29] Atlas Fertilizer Corp. vs. Navarro, et. al., 149 SCRA 432, citing Ebon vs. De Guzman, 113 SCRA 52; National Federation of Labor vs. Eisma, 127 SCRA 419. See also Getz Corp. Phil. Inc. vs. Court of Appeals, 116 SCRA 86; Sentinel Insurance Co. vs. Bautista, 127 SCRA 623; Abad vs. Regional Trial Court,. 154 SCRA 664; PLDT, et al. vs. Dulay, et al., 172 SCRA 31; and Polotan-Tuvera vs. Dayrit, et al., 160 SCRA 423.

[30] Pucan, et al. vs. Bengzon, et al., 155 SCRA 692.

[31] Primero, et al. vs. Intermediate Appellate Court, et al., 156 SCRA 435.

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.