

## THIRD DIVISION

[ G.R. No. 155990, September 12, 2007 ]

**UNIVERSAL AQUARIUS, INC. AND CONCHITA TAN,  
PETITIONERS, VS. Q.C. HUMAN RESOURCES MANAGEMENT  
CORPORATION, RESPONDENT.[\*]**

### D E C I S I O N

#### **AUSTRIA-MARTINEZ, J.:**

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Decision<sup>[1]</sup> dated August 23, 2002 of the Court of Appeals (CA) in CA-G.R. SP No. 65570 and the CA Resolution<sup>[2]</sup> dated October 22, 2002 which denied petitioners' Motion for Reconsideration.

The facts:

Universal Aquarius, Inc. (Universal) is engaged in the manufacture and distribution of chemical products in Metro Manila. It operates a chemical plant in Antipolo City. Conchita Tan (Tan), as a proprietor under the name and style of Marman Trading (Marman), is engaged in the trading, delivery and distribution of chemical products in Metro Manila, with a depot in Antipolo City adjoining Universal's chemical plant.

Q.C. Human Resources Management Corporation (Resources) is engaged in supplying manpower to various establishments. It supplied Universal with about seventy-four (74) temporary workers to assist Universal in the operation of its chemical plant in Antipolo City.

On December 13, 2000, Rodolfo Capocyan (Capocyan), claiming to be the general counsel/national president of the labor organization called *Obrero Pilipino* (Universal Aquarius Chapter), hereinafter referred to as *Obrero Pilipino*, sent a Notice of Strike to Universal.

On the same date, Resources informed the Regional Office of the Department of Labor and Employment that the officers and members of *Obrero Pilipino* are its employees and not employees of Universal.

Five days later, or on December 19, 2000, Capocyan and 36 other union officers and members<sup>[3]</sup> of *Obrero Pilipino*, picketed, barricaded and obstructed the entry and exit of Universal's Antipolo City chemical plant and intercepted Universal's delivery trucks thereby disrupting its business operations. Marman's depot, which adjoined Universal's plant, suffered a similar fate.

On December 27, 2000, Universal and Tan filed a Complaint against the strikers and Resources before the Regional Trial Court, Branch 74, Antipolo City (RTC) for breach

of contract and damages suffered due to the disruption of their respective business operations, docketed as Civil Case No. 00-6029.<sup>[4]</sup> The Complaint alleges, in part:

(17) On December 19, 2000, at about 2:00 o'clock in the morning, in gross violation of all applicable laws, rules and regulations, defendants Capocyan, et al., willfully, unlawfully and feloniously picketed, barricaded and otherwise obstructed entry and exit to and from the main gate of plaintiff Universal's plant; x x x

(23) In a parallel move, and a companion activity to their unlawful obstruction of plaintiff Universal's premises, Capocyan, et al., likewise picketed, obstructed and otherwise barricaded the premises of plaintiff Marman, whose depot adjoined that of plaintiff Universal; x x x

(26) As a consequence of the companion blockade on plaintiff Marman's premises, its business operations were paralyzed;

(27) Plaintiff Universal's and plaintiff Marman's operations continue to be at a standstill, causing damages in the form of unearned sales x x x

(31) Defendant Resources represented itself to be able to provide temporary workers who are competent to assist in plaintiff Universal's plant operations; it held itself out as a manpower firm with a pool of what can generally be described as law-abiding workers, as that is essential in its business of job-contracting;

(32) Defendant Resources instead sent a band of scoundrels who allowed themselves to be misdirected and misguided by Capocyan, an attorney (?), and "national president" of Obrero Pilipino (?)

x x x<sup>[5]</sup>

On January 3, 2001, Universal forged an Agreement (To End Labor Dispute) with Obrero Pilipino.<sup>[6]</sup> Thus, the strike which affected the business operations of Universal and Marman ended. Universal and Tan then filed a Notice of Dismissal as against the strikers.<sup>[7]</sup>

On January 8, 2001, Resources filed a Motion to Dismiss on the grounds that the complaint stated no cause of action against it; that, assuming the existence of such cause of action, the same was lost upon dismissal of the case against the individual defendants; and lack of jurisdiction.<sup>[8]</sup>

In an Order dated February 2, 2001, the RTC denied the Motion to Dismiss.<sup>[9]</sup> Resources filed a Motion for Reconsideration<sup>[10]</sup> but it was denied by the RTC in its Order dated May 11, 2001.<sup>[11]</sup>

On July 11, 2001, Resources filed a petition for *certiorari* and prohibition with the CA.<sup>[12]</sup> On August 23, 2002, the CA rendered a Decision which set aside the Orders dated February 2, 2001 and May 11, 2001 of the RTC and dismissed the complaint for lack of cause of action.<sup>[13]</sup> The CA held that:

It was very clear from the allegations in the complaint that the claims of plaintiffs (private respondents in this case) stemmed from the strike, which resulted in the disruption of their business operations. From the four corners of the complaint, it was apparent that the right of the plaintiffs to operate their business was violated when the defendants, Rodolfo Capocyan and company, staged the strike in the premises of Universal Aquarius and Marman, thereby disrupting the plant's operations. Q.C. Human Resources Management Corporation (the petitioner in this case) was made defendant in the complaint only because it was the employer of the strikers. However, subsequent events erased the cause of action of plaintiffs, that is, when Universal Aquarius agreed to end the dispute by giving financial assistance to the striking workers and the dismissal of the case against them. With this turn of events, the trial court had no more issue to resolve, and the dismissal of the complaint against the strikers necessarily warranted the dismissal of the complaint against Q.C. Human Resources Management Corporation because plaintiffs had no more cause of action against it.<sup>[14]</sup>

Universal and Tan filed a Motion for Reconsideration<sup>[15]</sup> but it was denied by the CA in its Resolution dated October 22, 2002.<sup>[16]</sup>

The present petition is anchored on the following grounds:

The Honorable Court of Appeals seriously erred in dismissing Civil Case No. 00-6829 for lack of cause of action.

The Honorable Court of Appeals seriously erred in holding that the lower court committed grave abuse of discretion tantamount to lack of jurisdiction when he denied the motion to dismiss filed by respondent Resources.<sup>[17]</sup>

Universal and Tan aver that the complaint stated a cause of action against Resources that would warrant cognizance by the RTC; the allegations of the complaint clearly point out that Universal is suing Resources for the latter's failure to supply the former with temporary workers who will help in its business.

On the other hand, Resources contends that the complaint stated no cause of action against it since there is nothing in the allegations thereof that it participated in the acts committed by its employees.

The petition is partly impressed with merit.

Section 1(g) Rule 16<sup>[18]</sup> of the 1997 Rules of Civil Procedure makes it clear that failure to make a sufficient allegation of a cause of action in the complaint warrants the dismissal thereof. Section 2, Rule 2 of the 1997 Rules of Civil Procedure defines a cause of action as the act or omission by which a party violates the right of another. It is the delict or the wrongful act or omission committed by the defendant in violation of the primary right of the plaintiff.<sup>[19]</sup> Its essential elements are as follows:

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. Act or omission on the part of such defendant in violation of the right of the plaintiff or constituting a breach of the obligation of the defendant to the plaintiff for which the latter may maintain an action for recovery of damages or other appropriate relief.<sup>[20]</sup>

It is only upon the occurrence of the last element that a cause of action arises, giving the plaintiff the right to maintain an action in court for recovery of damages or other appropriate relief.<sup>[21]</sup>

In *Hongkong and Shanghai Banking Corporation Limited v. Catalan*,<sup>[22]</sup> this Court held:

The elementary test for failure to state a cause of action is whether the complaint alleges facts which if true would justify the relief demanded. Stated otherwise, may the court render a valid judgment upon the facts alleged therein? The inquiry is into the sufficiency, not the veracity of the material allegations. If the allegations in the complaint furnish sufficient basis on which it can be maintained, it should not be dismissed regardless of the defense that may be presented by the defendants.<sup>[23]</sup>

Verily, it is beside the point whether or not the allegations in the complaint are true, for with a motion to dismiss complaint based on lack of cause of action, the movant only *hypothetically* admits the truth of the facts alleged in the complaint; that is, *assuming arguendo* that the facts alleged are true, those allegations are insufficient for the court to render a valid judgment upon the same in accordance with the prayer of the complaint.<sup>[24]</sup>

The complaint does not have to establish or allege facts proving the existence of a cause of action at the outset; this will have to be done at the trial on the merits of the case.<sup>[25]</sup> To sustain a motion to dismiss for lack of cause of action, the complaint must show that the claim for relief does not exist, rather than that a claim has been defectively stated, or is ambiguous, indefinite or uncertain.<sup>[26]</sup>

Anent Universal's claim for breach for contract and damages, the Court is convinced that the Complaint sufficiently states a cause of action against Resources. The Complaint alleged that Universal had a contract of employment of temporary workers with Resources; and that Resources violated said contract by supplying it with unfit, maladjusted individuals who staged a strike and disrupted its business operations. Given these hypothetically admitted facts, the RTC, in the exercise of its original and exclusive jurisdiction,<sup>[27]</sup> could have rendered judgment over the dispute.

However, with regard to Tan's claim for damages, the Court finds that she has no cause of action against Resources. A thorough reading of the allegations of the Complaint reveals that Tan's claim for damages clearly springs from the strike effected by the employees of Resources. It is settled that an employer's liability for acts of its employees attaches only when the tortious conduct of the employee