

SECOND DIVISION

[G.R. No. 241865, February 19, 2020]

**TRIFON B. TUMAODOS, PETITIONER, VS. SAN MIGUEL
YAMAMURA PACKAGING CORPORATION, RESPONDENT**

DECISION

INTING, J.:

Before the Court is a Petition for Review^[1] under Rule 45 of the Rules of Court assailing the Decision^[2] dated August 9, 2017 and the Resolution^[3] dated April 19, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 10322. The assailed Decision granted the petition for *certiorari* filed by San Miguel Yamamura Packaging Corporation (respondent), and nullified and set aside the Decision^[4] dated March 1, 2016 and the Resolution^[5] dated May 18, 2016 of the National Labor Relations Commission (NLRC) in NLRC Case No. VAC-02-000081-2016 as well as all other issuances and proceedings rendered in the same case.

The assailed Resolution, on the other hand, denied the Motion for Reconsideration^[6] filed by Trifon B. Tumaodos (petitioner).

The Antecedents

Petitioner became an employee of respondent on October 6, 1988. As an employee of respondent, petitioner became a member of SMC Employees & Its Subsidiaries Multi-Purpose Cooperative (Cooperative).^[7]

Due to its plant reorganization, respondent implemented an Involuntary Separation Program effective November 15, 2014.^[8] Petitioner was one of the employees who availed himself of the program. His separation package was computed at P3,080,244.66, but respondent withheld the amount of P1,400,000.00 on behalf of the Cooperative, to which petitioner allegedly had an outstanding indebtedness.^[9]

On October 13, 2014, respondent paid out petitioner's separation benefits, less the amount withheld. Petitioner signed a Receipt and Release in favor of respondent, but he made a notation that the amount of P1,400,000.00 was still subject to verification.^[10]

On November 28, 2014, respondent received a letter from petitioner wherein he claimed that he no longer had any outstanding obligation to the Cooperative. Thus, petitioner demanded respondent to release to him the withheld amount. On February 13, 2015, respondent also received a letter from the Cooperative, disputing petitioner's assertions and also claiming entitlement to the withheld amount.

Due to petitioner's and the Cooperative's conflicting claims, respondent, on March 17, 2015, filed a Complaint for Interpleader with Consignation before Branch 55, Regional Trial Court (RTC), Mandaue City.^[11]

Meanwhile, on April 22, 2015, petitioner filed a complaint before the NLRC Regional Arbitration Branch No. VII for non-payment of separation pay and damages. The case was docketed as NLRC RAB VII 04-1000-15.^[12] Considering that settlements failed, the Labor Arbiter (LA) directed the parties to simultaneously file their respective position papers.^[13]

In the [Petitioner's] Position Paper,^[14] petitioner alleged that on March 13, 2007, he applied for an ordinary loan with the Cooperative in the amount of P250,000.00. When the loan was granted, respondent had been deducting from his salary the amount of P5,091.00 per payday, or a total of P10,182.00 per month, even though he had not so authorized respondent to make deductions for the payment of his loan with the Cooperative. Deductions were made from petitioner's salary since March 2007 until June 2011, when respondent allegedly noticed certain anomalous and unscrupulous practices of the Cooperative. For this reason, respondent issued a Memorandum^[15] dated June 23, 2011 informing the Cooperative that it would no longer accommodate deductions on the employees' payrolls.^[16]

Petitioner claimed that respondent made deductions totaling P529,464.00, which was more than double the sum that he owed to the Cooperative. He averred that he had not only paid his loan in full but had made excess payment in the amount of P279,464.00, which respondent must return.^[17]

Petitioner further alleged that sometime in the early part of 2011, he applied for a loan with Home Development and Mutual Fund (Pag-IBIG). As a requirement for the Pag-IBIG loan, he requested for a Certificate of Employment and Compensation from respondent. However, the Human Resource (HR) Manager refused to issue the document unless petitioner would sign what appeared, then, to be a blank form, but later turned out to be an Authority to Deduct. Petitioner signed the form in order that he could obtain the required employment certificate.^[18]

Anent the deduction of P1,400,000.00 from his separation pay, petitioner alleged that respondent merely relied on the purported Authority to Deduct without seeing the loan documents or determining his total obligations. Petitioner asserted that the Authority to Deduct had suspicious discrepancies; that the loans reflected therein were fictitious and fabricated; and that the Cooperative and the HR Manager took advantage of the existing deductions from petitioner's salary to make it appear that petitioner obtained a loan from the Cooperative, when in truth, he did not. Petitioner averred that the Cooperative could not have known about the P5,091.00 deduction in his salary, unless respondent connived with it in disclosing such amount and allowed it to unduly "piggyback" on the same deduction as if it were in payment of the alleged fictitious loans appearing in the Authority to Deduct.^[19]

For its part, respondent alleged in its Position Paper^[20] that it had a long-standing agreement with the Cooperative, whereby it undertook to deduct the amount of monthly amortizations from the salary of the employees who were members of the Cooperative, subject to the company's policies on deduction.^[21] This agreement

was formalized in the Memorandum of Agreement (MOA)^[22] dated May 14, 2013. After the execution of the MOA, the Cooperative submitted to the HR Department several Authorities to Deduct signed by the employee-members concerned, including petitioner, to effect the implementation of the payroll deductions.^[23] In view of such authority from the employees and due to its obligations under the MOA to make the subject deductions, respondent withheld a portion of petitioner's separation pay.^[24]

Petitioner, however, asserted that he no longer had any obligation to the Cooperative. He thus demanded the release of the withheld amount. At the same time, the Cooperative also claimed entitlement to the same amount and invoked the provisions of the MOA and the Cooperative Code of the Philippines. Moreover, the Cooperative filed a complaint for collection of sum of money before the Cooperative Development Authority Voluntary Arbitration Secretariat in relation to petitioner's alleged outstanding obligations to it.

Respondent averred that it acted in good faith when it withheld the sum supposedly due to petitioner or to the Cooperative in the hope of determining who between the two is entitled to such amount.^[25]

On October 29, 2015, the LA rendered a Decision,^[26] the dispositive portion of which reads:

WHEREFORE, PREMISES CONSIDERED, judgment is hereby rendered ordering the respondent corporation SAN MIGUEL YAMAMURA PACKAGING CORPORATION to pay complainant the following:

| | |
|--------------------------------------------------|--------------------|
| <i>Refund of the deductions since March 2007</i> | P 529,464.00 |
| <i>Separation Pay Withheld</i> | P 1,400.000.00 |
| <i>Plus 6% interest</i> | P 115,767.84 |
| <i>Moral Damages</i> | P 50,000.00 |
| <i>Exemplary Damages</i> | <u>P 30,000.00</u> |
| | P 2,125,231.84 |
| <i>10% Attorneys Fees</i> | P 212,523.18 |

Or in the total aggregate sum of TWO MILLION THREE HUNDRED THIRTY SEVEN THOUSAND SEVEN HUNDRED FIFTY FIVE PESOS AND 2/100 (P2,337,755.02).^[.]

Other claims are denied for lack of merit and basis.

SO ORDERED.^[27]

Respondent appealed to the NLRC. It posted the full amount of the judgment award but subsequently moved to reduce the required bond on the ground that the amount of P1,400,000.00 had already been consigned before the RTC in connection with the

Complaint for Interpleader with Consignation it previously filed.^[28]

On March 1, 2016, the NLRC rendered its Decision^[29] affirming the ruling of the LA. On March 18, 2016, the NLRC issued a Resolution^[30] which merely noted the motion to reduce bond.^[31] Subsequently, in the Resolution^[32] dated May 18, 2016, the NLRC denied respondent's motion for reconsideration with respect to both its Decision and its inaction on the motion to reduce bond.

Aggrieved, respondent filed a petition for *certiorari* with the CA. Respondent contended, among others, that the NLRC committed grave abuse of discretion amounting to lack or excess of jurisdiction when it held that the LA had jurisdiction over the case, notwithstanding the fact that petitioner's asserted claim has no reasonable causal connection with the employer-employee relationship, and that the ultimate issue at hand is the validity or authority to deduct or the lack thereof which should be brought before the RTC.^[33] Respondent also averred that the interpleader case was filed prior to the labor case and was the more appropriate action; hence, the labor case should be dismissed and the resolution of the issue should be deferred to the RTC in which the interpleader case was pending.^[34] Respondent further argued that the NLRC committed grave abuse of discretion when it affirmed the order for the refund of P529,464.00, notwithstanding that it is contrary to the principle of unjust enrichment and that petitioner was already barred by estoppel.^[35]

In resolving the petition for *certiorari*, the CA particularly concentrated on the issue of whether the labor tribunals had jurisdiction to resolve the instant case. Answering in the negative, the CA ruled that the issues raised and the reliefs prayed for by petitioner in his position paper are not cognizable by the labor tribunals.^[36] The dispositive portion of the CA assailed Decision dated August 9, 2017 reads:

WHEREFORE, the Petition is GRANTED. The Decision and Resolution dated March 1, 2016 and May 18, 2016, respectively, as well as all other issuances and proceedings rendered in NLRC Case No. VAC-02-000081-2016, are NULLIFIED and SET ASIDE.

SO ORDERED.^[37]

The CA found that petitioner was not seeking to enforce his rights under the Labor Code, other labor statutes, or any collective bargaining agreement, and his claims could not be resolved by referring to labor law provisions.^[38] On the contrary, the CA held that the money claim presented before the labor tribunal relates, on the one hand, to petitioner's supposed financial obligations to the Cooperative, if there were still any; and on the other hand, to respondent's contractual obligation to the Cooperative pursuant to the MOA provision wherein respondent undertook to deduct any unpaid loan balances from the final pay of the borrower-employee in the event of his/her retirement, resignation, or termination.^[39] To the CA, the determination of these matters does not require the expertise in labor management relations, wage structures or other terms and conditions of employment; rather, it entails the application of civil law, particularly on obligations and contracts.^[40]

Hence, this petition.

Assignment of Errors

I

AS A MATTER OF LAW, LABOR COURTS HAVE JURISDICTION OVER, AND THE AUTHORITY TO AWARD, EMPLOYMENT BENEFITS SUCH AS SEPARATION PAY. THUS, THE COURT OF APPEALS GRAVELY ERRED WHEN IT HELD THAT THE LABOR COURT HAS NO JURISDICTION OVER THE SUBJECT MATTER.

II

THE HONORABLE COURT ERRED WHEN IT HELD THAT THE ISSUES IN THIS CASE DO NOT REQUIRE THE APPLICATION OF ANY LABOR LAWS.

[41]

The Court's Ruling

The petition is bereft of merit.

In cases involving workers and their employers, the delineation between the jurisdiction of the regular courts and that of the labor courts has always been a matter of dispute.^[42] In this case, the Court agrees with the CA that it is the regular courts that have jurisdiction over petitioner's claims.

Not all controversies or money claims by an employee against the employer or *vice versa* fall within the exclusive jurisdiction of the LA.^[43] With regard to money claims and damages, Article 224 (formerly Article 217) of the Labor Code, as amended, bestows upon the LA original and exclusive jurisdiction over cases filed by workers involving wages, among others, if accompanied by a claim for reinstatement;^[44] all claims, except those for Employees Compensation, Social Security, Medicare and maternity benefits, arising from employer-employee relations involving an amount exceeding P5,000.00 regardless of whether accompanied with a claim for reinstatement;^[45] and claims for actual, moral, exemplary and other forms of damages arising from employer-employee relations.^[46]

As can be gleaned above, the jurisdiction of the LA over money claims and damages is confined to those cases which are either accompanied by a claim for reinstatement or arising from employer-employee relations. Here, the Court finds that petitioner's claims do not fall under any of these cases.

In ruling that the determination of the case is beyond the competence of the labor tribunals, the CA found that although employment relations existed between respondent and petitioner, and the subject of the complaint before the LA was petitioner's money claims against respondent, such money claims did not involve and did not arise out of such employment relationship.^[47] Hence, the CA held that the jurisdiction over petitioner's claims belonged to the RTC, and not the labor tribunals.