

## SECOND DIVISION

[ G.R. No. 200114, August 24, 2015 ]

**SOCIAL SECURITY SYSTEM, PETITIONER, VS. DEBBIE UBAÑA,  
RESPONDENT.**

### D E C I S I O N

**DEL CASTILLO, J.:**

This Petition for Review on *Certiorari*<sup>[1]</sup> assails: 1) the July 29, 2011 Decision<sup>[2]</sup> of the Court of Appeals (CA) denying the Petition for *Certiorari* in CA-G.R. SP No. 110006 and affirming the March 6, 2007 Order<sup>[3]</sup> of the Regional Trial Court (RTC) of Daet, Camarines Norte, Branch 39 in Civil Case No. 7304; and 2) the CA's January 10, 2012 Resolution<sup>[4]</sup> denying petitioner's Motion for Reconsideration of the herein assailed Decision.

#### ***Factual Antecedents***

On December 26, 2002, respondent Debbie Ubana filed a civil case for damages against the DBP Service Corporation, petitioner Social Security System (SSS), and the SSS Retirees Association<sup>[5]</sup> before the RTC of Daet, Camarines Norte. The case was docketed as Civil Case No. 7304 and assigned to RTC Branch 39.

In her Complaint,<sup>[6]</sup> respondent alleged that in July 1995, she applied for employment with the petitioner. However, after passing the examinations and accomplishing all the requirements for employment, she was instead referred to DBP Service Corporation for "transitory employment." She took the pre-employment examination given by DBP Service Corporation and passed the same. On May 20, 1996, she was told to report for training to SSS, Naga City branch, for immediate deployment to SSS Daet branch. On May 28, 1996, she was made to sign a six-month Service Contract Agreement<sup>[7]</sup> by DBP Service Corporation, appointing her as clerk for assignment with SSS Daet branch effective May 27, 1996, with a daily wage of only P171.00. She was assigned as "Frontliner" of the SSS Members Assistance Section until December 15, 1999. From December 16, 1999 to May 15, 2001, she was assigned to the Membership Section as Data Encoder. On December 16, 2001, she was transferred to the SSS Retirees Association as Processor at the Membership Section until her resignation on August 26, 2002. As Processor, she was paid only P229.00 daily or P5,038.00 monthly, while a regular SSS Processor receives a monthly salary of P18,622.00 or P846.45 daily wage. Her May 28, 1996 Service Contract Agreement with DBP Service Corporation was never renewed, but she was required to work for SSS continuously under different assignments with a maximum daily salary of only P229.00; at the same time, she was constantly assured of being absorbed into the SSS plantilla. Respondent claimed she was qualified for her position as Processor, having completed required training and passed the SSS qualifying examination for Computer Operations Course given by

the National Computer Institute, U.P. Diliman from May 16 to June 10, 2001, yet she was not given the proper salary. Because of the oppressive and prejudicial treatment by SSS, she was forced to resign on August 26, 2002 as she could no longer stand being exploited, the agony of dissatisfaction, anxiety, demoralization, and injustice. She asserted that she dedicated six years of her precious time faithfully serving SSS, foregoing more satisfying employment elsewhere, yet she was merely exploited and given empty and false promises; that defendants conspired to exploit her and violate civil service laws and regulations and Civil Code provisions on Human Relations, particularly Articles 19, 20, and 21.<sup>[8]</sup> As a result, she suffered actual losses by way of unrealized income, moral and exemplary damages, attorney's fees and litigation expenses.

Respondent prayed for an award of P572,682.67 actual damages representing the difference between the legal and proper salary she should have received and the actual salary she received during her six-year stint with petitioner; P300,000.00 moral damages; exemplary damages at the discretion of the court; P20,000.00 attorney's fees and P1,000.00 appearance fees; and other just and equitable relief.

Petitioner and its co-defendants SSS Retirees Association and DBP Service Corporation filed their respective motions to dismiss, arguing that the subject matter of the case and respondent's claims arose out of employer-employee relations, which are beyond the RTC's jurisdiction and properly cognizable by the National Labor Relations Commission (NLRC).

Respondent opposed the motions to dismiss, arguing that pursuant to civil service rules and regulations, service contracts such as her Service Contract Agreement with DBP Service Corporation should cover only a) lump sum work or services such as janitorial, security or consultancy services, and b) piece work or intermittent jobs of short duration not exceeding six months on a daily basis.<sup>[9]</sup> She posited that her service contract involved the performance of sensitive work, and not merely janitorial, security, consultancy services, or work of intermittent or short duration. In fact, she was made to work continuously even after the lapse of her 6-month service contract. Citing Civil Service Commission Memorandum Circular No. 40, respondent contended that the performance of functions outside of the nature provided in the appointment and receiving salary way below that received by regular SSS employees amount to an abuse of rights; and that her cause of action is anchored on the provisions of the Civil Code on Human Relations.

### ***Ruling of the Regional Trial Court***

On October 1, 2003, the RTC issued an Order<sup>[10]</sup> dismissing respondent's complaint for lack of jurisdiction, stating that her claim for damages "has a reasonable causal connection with her employer-employee relations with the defendants"<sup>[11]</sup> and "is grounded on the alleged fraudulent and malevolent manner by which the defendants conspired with each other in exploiting [her], which is a clear case of unfair labor practice,"<sup>[12]</sup> falling under the jurisdiction of the Labor Arbiter of the NLRC. Thus, it decreed:

WHEREFORE, premises considered, the aforementioned Motion to Dismiss the complaint of the herein plaintiff for lack of jurisdiction is hereby GRANTED. The above-entitled complaint is hereby DISMISSED.

SO ORDERED.<sup>[13]</sup>

Respondent moved for reconsideration. On March 6, 2007, the RTC issued another Order<sup>[14]</sup> granting respondent's motion for reconsideration. The trial court held:

Section 2(1), Art. K-B, 1987 Constitution, expressly provides that "the civil service embraces all branches, subdivisions, instrumentalities, and agencies of the government, including government-owned or controlled corporation[s] with original charters." Corporations with original charters are those which have been created by special law[s] and not through the general corporation law. In contrast, labor law claims against government-owned and controlled corporations without original charters fall within the jurisdiction of the Department of Labor and Employment and not the Civil Service Commission. (Light Rail Transit Authority vs. Perfecto Venus, March 24, 2006.)

Having been created under an original charter, RA No. 1161 as amended by R.A. 8282, otherwise known as the Social Security Act of 1997, the SSS is governed by the provision[s] of the Civil Service Commission. However, since the SSS denied the existence of an employer-employee relationship, and the case is one for Damages, it is not the Civil Service Commission that has jurisdiction to try the case, but the regular courts.

A perusal of the Complaint filed by the plaintiff against the defendant SSS clearly shows that the case is one for Damages.

Paragraph 15 of her complaint states, thus:

xxx. Likewise, they are contrary to the Civil Code provisions on human relations which [state], among others, that Every person, must in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due and observe honesty and good faith (Article 19) and that Every person who, contrary to law, willfully or negligently [causes] damages to another, shall indemnify the latter for the same. (Art. 20)

*"Article 19 provides a rule of conduct that is consistent with an orderly and harmonious relationship between and among men and women It codifies the concept of what is justice and fair play so that abuse of right by a person will be prevented. Art. 20 speaks of general sanction for all other provisions of law which do not especially provide their own sanction. Thus, anyone, who, whether willfully or negligently, in the exercise of his legal right or duty, causes damage to another, shall indemnify his or her victim for injuries suffered thereby." (Persons and Family Relations, Sta. Maria, Melencio, Jr. (2004) pp. 31-32.)*

Wherefore, all premises considered, the Motion for Reconsideration is hereby GRANTED. The case against defendant Social Security System represented by its President is hereby reinstated in the docket of active civil cases of this court.

SO ORDERED.<sup>[15]</sup> [Italics in the original]

Petitioner moved for reconsideration, but the RTC stood its ground in its June 24, 2009 Order<sup>[16]</sup>

### ***Ruling of the Court of Appeals***

In a Petition for *Certiorari*<sup>[17]</sup> filed with the CA and docketed as CA-G.R. SP No. 110006, petitioner sought a reversal of the RTC's June 24, 2009 and March 6, 2007 Orders and the reinstatement of its original October 1, 2003 Order dismissing Civil Case No. 7304, insisting that the trial court did not have jurisdiction over respondent's claims for "unrealized salary income" and other damages, which constitute a labor dispute cognizable only by the labor tribunals. Moreover, it claimed that the assailed Orders of the trial court were issued with grave abuse of discretion. It argued that the trial court gravely erred in dismissing the case only as against its co-defendants DBP Service Corporation and SSS Retirees Association and maintaining the charge against it, considering that its grounds for seeking dismissal are similar to those raised by the two. It maintained that DBP Service Corporation and SSS Retirees Association are legitimate independent job contractors engaged by it to provide manpower services since 2001, which thus makes respondent an employee of these two entities and not of SSS; and that since it is not the respondent's employer, then there is no cause of action against it.

On July 29, 2011, the CA issued the assailed Decision containing the following pronouncement:

Hence, petitioner seeks recourse before this Court *via* this Petition for *Certiorari* challenging the RTC Orders. For the resolution of this Court is the sole issue of:

WHETHER OR NOT THE RTC HAS JURISDICTION TO HEAR AND  
DECIDE CIVIL CASE NO. 7304.

The petition is devoid of merits.

The rule is that, the nature of an action and the subject matter thereof, as well as, which court or agency of the government has jurisdiction over the same, are determined by the material allegations of the complaint in relation to the law involved and the character of the reliefs prayed for, whether or not the complainant/plaintiff is entitled to any or all of such reliefs. A prayer or demand for relief is not part of the petition of the cause of action; nor does it enlarge the cause of action stated or change the legal effect of what is alleged. In determining which body has jurisdiction over a case, the better policy is to consider not only the status or relationship of the parties but also the nature of the action that is the subject of their controversy.

A careful perusal of Ubana's Complaint in Civil Case No. 7304 unveils that Ubana's claim is rooted on the principle of abuse of right laid in the New Civil Code. She was claiming damages based on the alleged exploitation [perpetrated] by the defendants depriving her of her rightful income. In

asserting that she is entitled to the damages claimed, [she] invoked not the provisions of the Labor Code or any other labor laws but the provisions on human relations under the New Civil Code. Evidently, the determination of the respective rights of the parties herein, and the ascertainment whether there were abuses of such rights, do not call for the application of the labor laws but of the New Civil Code. *Apropos* thereto, the resolution of the issues raised in the instant complaint does not require the expertise acquired by labor officials. It is the courts of general jurisdiction, which is the RTC in this case, which has the authority to hear and decide Civil Case No. 7304.

Not every dispute between an employer and employee involves matters that only labor arbiters and the NLRC can resolve in the exercise of their adjudicatory or quasi-judicial powers. Where the claim to the principal relief sought is to be resolved not by reference to the Labor Code or other labor relations statute or a collective bargaining agreement but by the general civil law, the jurisdiction over the dispute belongs to the regular courts of justice and not to the Labor Arbiter and the NLRC. In such situations, [resolution] of the dispute requires expertise, not in labor management relations nor in wage structures and other terms and conditions of employment, but rather in the application of the general civil law. Clearly, such claims fall outside the area of competence or expertise ordinarily ascribed to Labor Arbiters and the NLRC and the rationale for granting jurisdiction over such claims to these agencies disappears.

It is the character of the principal relief sought that appears essential in this connection. Where such principal relief is to be granted under labor legislation or a collective bargaining agreement, the case should fall within the jurisdiction of the Labor Arbiter and the NLRC, even though a claim for damages might be asserted as an incident to such claim.

The pivotal question is whether the Labor Code has any relevance to the principal relief sought in the complaint. As pointed out earlier, Ubana did not seek refuge from the Labor Code in asking for the award of damages. It was the transgression of Article[s] 19 and 20 of the New Civil Code that she was insisting in waging this case. The primary relief sought herein is for moral and exemplary damages for the abuse of rights. The claims for actual damages for unrealized income are the natural consequence for abuse of such rights.

While it is true that labor arbiters and the NLRC have jurisdiction to award not only reliefs provided by labor laws, but also damages governed by the Civil Code, these reliefs must still be based on an action that has a reasonable causal connection with the Labor Code, other labor statutes, or collective bargaining agreements. Claims for damages under paragraph 4 of Article 217 must have a reasonable causal connection with any of the claims provided for in the article in order to be cognizable by the labor arbiter. Only if there is such a connection with the other claims can the claim for damages be considered as arising from employer-employee relations. In the present case, Ubana's claim for damages is not related to any other claim under Article 217, other labor