

## SECOND DIVISION

[ G.R. No. 178055, July 02, 2014 ]

**AMECOS INNOVATIONS, INC. AND ANTONIO F. MATEO,  
PETITIONERS, VS. ELIZA R. LOPEZ, RESPONDENT.**

### DECISION

**DEL CASTILLO, J.:**

Assailed in this Petition for Review on *Certiorari*<sup>[1]</sup> are the March 22, 2007 Resolution<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 96959 which affirmed the June 30, 2006 Decision<sup>[3]</sup> of the Regional Trial Court (RTC) of Caloocan City, Branch 121, dismissing the Complaint<sup>[4]</sup> for lack of jurisdiction, and its May 23, 2007 Resolution<sup>[5]</sup> denying petitioners' Motion for Reconsideration.<sup>[6]</sup>

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

Petitioner Amecos Innovations, Inc. (Amecos) is a corporation duly incorporated under Philippine laws engaged in the business of selling assorted products created by its President and herein co-petitioner, Antonio F. Mateo (Mateo). On May 30, 2003, Amecos received a Subpoena<sup>[7]</sup> from the Office of the City Prosecutor of Quezon City in connection with a complaint filed by the Social Security System (SSS) for alleged delinquency in the remittance of SSS contributions and penalty liabilities in violation of Section 22(a) and 22(d) in relation to Section 28(e) of the SSS law, as amended.

By way of explanation, Amecos attributed its failure to remit the SSS contributions to herein respondent Eliza R. Lopez (respondent). Amecos claimed that it hired respondent on January 15, 2001 as Marketing Assistant to promote its products; that upon hiring, respondent refused to provide Amecos with her SSS Number and to be deducted her contributions; that on the basis of the foregoing, Amecos no longer enrolled respondent with the SSS and did not deduct her corresponding contributions up to the time of her termination in February 2002.

Amecos eventually settled its obligations with the SSS; consequently, SSS filed a Motion to Withdraw Complaint<sup>[8]</sup> which was approved by the Office of the City Prosecutor.<sup>[9]</sup>

Thereafter, petitioners sent a demand letter<sup>[10]</sup> to respondent for P27,791.65 representing her share in the SSS contributions and expenses for processing, but to no avail. Thus, petitioners filed the instant Complaint for sum of money and damages against respondent docketed as Civil Case No. 04-27802 and raffled to Branch 51 of the Metropolitan Trial Court (MeTC) of Caloocan City. Petitioners claimed that because of respondent's misrepresentation, they suffered actual damages in the amount of P27,791.65 allegedly incurred by Amecos by way of

settlement and payment of its obligations with the SSS.<sup>[11]</sup> Mateo also allegedly suffered extreme embarrassment and besmirched reputation as a result of the filing of the complaint by the SSS. Hence they prayed for P50,000.00 as moral damages, P50,000.00 as exemplary damages, P50,000.00 as attorney's fees, and costs of the suit.

Respondent filed her Answer with Motion to Dismiss<sup>[12]</sup> claiming that she was formerly an employee of Amecos until her illegal dismissal in February 2002; that Amecos deliberately failed to deduct and remit her SSS contributions; and that petitioners filed the instant Complaint in retaliation to her filing of an illegal dismissal case. Respondent also averred that the regular courts do not have jurisdiction over the instant case as it arose out of their employer-employee relationship.

The parties then submitted their respective Position Papers.<sup>[13]</sup>

### ***Ruling of the Metropolitan Trial Court***

On March 24, 2006, the MeTC issued its Decision,<sup>[14]</sup> which decreed as follows:

All viewed from the foregoing, the court hereby dismisses the complaint for lack of jurisdiction.

SO ORDERED.<sup>[15]</sup>

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

Petitioners appealed to the RTC. On June 30, 2006, the RTC rendered its Decision<sup>[16]</sup> disposing as follows:

WHEREFORE, premises considered, the instant appeal is accordingly DISMISSED for lack of merit.

SO ORDERED.<sup>[17]</sup>

The RTC affirmed the view taken by the MeTC that under Article 217(a)(4) of the Labor Code,<sup>[18]</sup> claims for actual, moral, exemplary and other forms of damages arising from employer-employee relationship are under the jurisdiction of the Labor Arbiters or the National Labor Relations Commission (NLRC); that since petitioners and respondent were in an employer-employee relationship at the time, the matter of SSS contributions was thus an integral part of that relationship; and as a result, petitioners' cause of action for recovery of damages from respondent falls under the jurisdiction of the Labor Arbiters, pursuant to Article 217(a)(4) of the Labor Code.

Petitioners filed a Motion for Reconsideration<sup>[19]</sup> which the RTC denied.<sup>[20]</sup>

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

Petitioners thus instituted a Petition for Review<sup>[21]</sup> with the CA claiming that the RTC seriously erred in sustaining the dismissal of the Complaint by the MeTC on the

ground of lack of jurisdiction. On March 22, 2007, the CA rendered the assailed Resolution, viz:

ACCORDINGLY, the petition for review is DENIED DUE COURSE and this case is DISMISSED.

SO ORDERED.<sup>[22]</sup>

Finding no error in the Decision of the RTC, the CA held that:

x x x The matter of whether the SSS employer's contributive shares required of the petitioners to be paid due to the complaint of the respondent necessarily flowed from the employer-employee relationship between the parties. As such, the lower courts were correct in ruling that jurisdiction over the claim pertained to the Labor Arbiter and the National Labor Relations Commission, not to the regular courts, even if the claim was initiated by the employer against the employee.<sup>[23]</sup>

Petitioners moved to reconsider, but in the second assailed Resolution<sup>[24]</sup> dated May 23, 2007, the CA denied petitioners' Motion for Reconsideration.<sup>[25]</sup> Hence, the instant Petition.

### **Issues**

The issues raised in this Petition are:

WHETHER THE REGULAR CIVIL COURT AND NOT THE LABOR ARBITER OR  
X X X THE NATIONAL LABOR RELATIONS COMMISSION HAS  
JURISDICTION OVER CLAIM[S] FOR REIMBURSEMENT ARISING FROM  
EMPLOYER-EMPLOYEE RELATIONS.

WHETHER THE REGULAR CIVIL COURT AND NOT THE LABOR ARBITER OR  
X X X THE NATIONAL LABOR RELATIONS COMMISSION HAS  
JURISDICTION OVER CLAIM[S] FOR DAMAGES FOR  
MISREPRESENTATION ARISING FROM EMPLOYER-EMPLOYEE RELATIONS.

<sup>[26]</sup>

### ***Petitioners' Arguments***

In praying that the assailed CA Resolutions be set aside, petitioners argue that their Complaint is one for recovery of a sum of money and damages based on Articles 19,<sup>[27]</sup> 22,<sup>[28]</sup> and 2154<sup>[29]</sup> of the Civil Code; that their cause of action is based on *solutio indebiti* or unjust enrichment, which arose from respondent's misrepresentation that there was no need to enroll her with the SSS as she was concurrently employed by another outfit, Triple A Glass and Aluminum Company, and that she was self-employed as well. They argue that the employer-employee relationship between Amecos and respondent is merely incidental, and does not necessarily place their dispute within the exclusive jurisdiction of the labor tribunals; the true source of respondent's obligation is derived from Articles 19, 22, and 2154 of the Civil Code. They add that by reason of their payment of respondent's counterpart or share in the SSS premiums even as it was not their legal obligation to do so, respondent was unjustly enriched, for which reason she must return what

petitioners paid to the SSS.

Petitioners cite the pronouncements of the Court to the effect that where the employer-employee relationship is merely incidental and the cause of action proceeds from a different source of obligation, such as tort, malicious prosecution or breach of contract, the regular courts have jurisdiction;<sup>[30]</sup> that when the cause of action is based on Articles 19 and 21 of the Civil Code, the case is not cognizable by the labor tribunals;<sup>[31]</sup> that money claims of workers which fall within the original and exclusive jurisdiction of Labor Arbiters are those money claims which have some reasonable causal connection with the employer-employee relationship;<sup>[32]</sup> and that when a person unjustly retains a benefit to the loss of another, or when a person retains money or property of another against the fundamental principles of justice, equity and good conscience, a case of *solutio indebiti* arises.<sup>[33]</sup>

### ***Respondent's Arguments***

Respondent, on the other hand, maintains that jurisdiction over petitioners' case lies with the Labor Arbiter, as their cause of action remains necessarily connected to and arose from their employer-employee relationship. At any rate, respondent insists that petitioners, as employers, have the legal duty to enroll her with the SSS as their employee and to pay or remit the necessary contributions.

### **Our Ruling**

The Court denies the Petition.

This Court holds that as between the parties, Article 217(a)(4) of the Labor Code is applicable. Said provision bestows upon the Labor Arbiter original and exclusive jurisdiction over claims for damages arising from employer-employee relations. The observation that the matter of SSS contributions necessarily flowed from the employer-employee relationship between the parties – shared by the lower courts and the CA – is correct; thus, petitioners' claims should have been referred to the labor tribunals. In this connection, it is noteworthy to state that "the Labor Arbiter has jurisdiction to award not only the reliefs provided by labor laws, but also damages governed by the Civil Code."<sup>[34]</sup>

At the same time, it cannot be assumed that since the dispute concerns the payment of SSS premiums, petitioners' claim should be referred to the Social Security Commission (SSC) pursuant to Republic Act No. 1161, as amended by Republic Act No. 8282.<sup>[35]</sup> As far as SSS is concerned, there is no longer a dispute with respect to petitioners' accountability to the System; petitioners already settled their pecuniary obligations to it. Since there is no longer any dispute regarding coverage, benefits, contributions and penalties to speak of, the SSC need not be unnecessarily dragged into the picture.<sup>[36]</sup> Besides, it cannot be made to act as a collecting agency for petitioners' claims against the respondent; the Social Security Law should not be so interpreted, lest the SSC be swamped with cases of this sort.

At any rate, it appears that petitioners do not have a cause of action against respondent. The Complaint in Civil Case No. 04-27802 reads in part:

4. On or about 15 January 2001, [petitioners] hired [respondent] as a Marketing Assistant to promote the products of [petitioners].
5. Immediately, [respondent] represented that she had other gainful work and that she was also self-employed for which reason, she refused to divulge her [SSS] Number and refused to be deducted her share in the [SSS] contributions. In her bio-data submitted to [petitioners], she did not even indicate her SSS [N]umber. x x x [These] representations were later found out to be untrue and [respondent]knew that.
6. Misled by such misrepresentation, [petitioners'] employees no longer deducted her corresponding SSS contributions up to the time of her termination from employment on or about 18 February 2002.
7. On or about 30 May 2003, to the unpleasant surprise and consternation of [petitioner] Mateo, he received a Subpoena x x x pursuant to a criminal complaint against [petitioner] Dr. Antonio Mateo for alleged un-remitted SSS Contributions including that corresponding to the [respondent]. Upon subsequent clarification with the Social Security System, only that portion corresponding to the [respondent's] supposed unremitted contribution remained as the demandable amount. The total amount demanded was P18,149.95. x x x
8. On or about 24 July 2003, [petitioner] Mateo had to explain to the Social Security System the circumstances as to why no contributions reflected for [respondent]. x x x
9. On or about 31 July 2003, [petitioners] had to pay the Social Security System the amount of P18,149.95 including the share which should have been deducted from [respondent] in the amount of P12,291.62. x x x
10. With this development, some of [petitioners'] employees felt troubled and started to doubt x x x whether or not their SSS contributions were being remitted or paid by the [petitioners]. [Petitioner] Mateo had to explain to them why there was an alleged deficiency in SSS contributions and had to assure them that their contributions were properly remitted.
11. As a result of these events, [petitioner] Mateo, for days, felt deep worry and fear leading to sleepless nights that the Social Security System might prosecute him for a possible criminal offense.