

EIGHTH DIVISION

[CA-G.R. CV NO. 96584, October 31, 2014]

**GENERALI PILIPINAS LIFE ASSURANCE COMPANY, INC.,
PLAINTIFF-APPELLEE, VS. GERRY SANTOS MOJICA, DEFENDANT-
APPELLANT.**

D E C I S I O N

GARCIA-FERNANDEZ, J.:

This is an appeal by defendant-appellant Gerry Santos Mojica from the decision^[1] of the Regional Trial Court of Makati City, Branch 141 (RTC) in an action for collection of money with damages in Civil Case No. 04-1111 on June 24, 2010, which ordered him to pay plaintiff-appellee Generali Pilipinas Life Assurance Company, Inc. the amount of P514,639.17 as unpaid monthly drawing allowances he advanced, HMI membership dues, group premium and other liabilities, plus an interest computed at 6% per annum from the finality of the decision until fully paid and to pay plaintiff-appellee the amount of P70,000.00 as attorney's fees and costs of suit.

The factual antecedents of the case are as follows:

Plaintiff-appellee is a domestic corporation engaged in the business of life and non-life insurance. To market its products, it contracted defendant-appellant's services under a "Unit Manager's Agreement" on January 19, 2001 and subsequently, under an "Associate Branch Manager Agreement" on January 24, 2002. Defendant-appellant's task as a manager was to recruit, train and appoint sales underwriters and see to it that they are productive for the benefit of plaintiff-appellee. Defendant-appellant served as a unit manager from 2001 to 2002 and as an associate branch manager from 2002 to 2003. Pursuant to the aforesaid contracts and in order to provide funds to organize, develop and maintain strong sales force, plaintiff-appellee and defendant-appellant executed a "Memorandum of Agreement" on February 19, 2001, which granted the latter Monthly Drawing Allowance (MDA) of P40,000.00. The MDA was later reduced to P30,000.00 subject to meeting the monthly validation requirements and performance standards. According to plaintiff-appellee, a MDA is released to qualified leaders of the company to serve as support for initial development of a branch or unit subject to the attainment of certain production parameters, which does not form part of the manager's compensation but has to be offset by his future commissions.

From February 1, 2001 to July 2002 or for 18 months, defendant-appellant received a total of P660,000.00 drawing allowances from plaintiff-appellee through check vouchers and bank credit advice. Defendant-appellant admitted that plaintiff-appellee granted him a MDA of P40,000.00 which was later reduced to P30,000.00. Defendant-appellant confirmed his signatures in the check vouchers for the first two months of his contract with plaintiff-appellee while the allowances for the succeeding months were credited through his BDO-ATM account. However, after July 2002,

plaintiff-appellee stopped releasing further drawing allowances to defendant-appellant as the latter allegedly failed to meet the validation requirements set by the company. Defendant-appellant allegedly failed to comply with his production targets as stated in his Business Plan compared with his Schedule of Special Drawing Allowance. During the 18-month period when defendant-appellant received the MDA, he earned a total of P232,493.00 as sales commission out of which he received P80,100.00 while the remaining P151,000.00 was used as repayment of his drawing allowances and other obligations. Aside from the unpaid drawing allowances, defendant-appellant allegedly owed plaintiff-appellee the HMI contributions from 2001 to 2003 amounting to P5,700.00 and a group insurance premium of P308.00. At the time defendant-appellant resigned in March 2003, his remaining total obligation to plaintiff-appellee amounted to P514,000.00. For defendant-appellant's failure to return said amount, plaintiff-appellee filed a complaint for collection of sum of money with damages before the RTC.

On November 18, 2004, defendant-appellant filed his answer with counterclaim.^[2] He alleged that the complaint filed by plaintiff-appellee was baseless; that defendant-appellant was a regular employee of plaintiff-appellee and as such he had no obligation to return the MDA to the latter considering that he received the same as his monthly salaries; and that the trial court had no jurisdiction over the subject matter of the case which involved an employer-employee relationship.

After the issues were joined, the case was referred by the RTC to the Philippine Mediation Center for amicable settlement. The parties, however, failed to settle. Trial on the merits ensued thereafter. Plaintiff-appellee presented three witnesses, namely: 1.) Rafael Navarro Gaba, plaintiff's Senior Assistant Vice-President for Organization; 2.) Jane R. Alejo, plaintiff's Agency Compensation and Benefits Officer; 3.) Atty. Jeffrey Punzalan, an associate of Tan Acut and Lopez Law Offices, plaintiff's counsel. Meanwhile, defendant-appellant filed a Motion to Dismiss^[3], which assailed the trial court's jurisdiction. Plaintiff-appellee filed an Opposition to defendant-appellant's motion.^[4] In an Order dated July 7, 2008, the RTC denied defendant-appellant's motion to dismiss.^[5] The motion for reconsideration thereof was likewise denied.^[6]

Defendant-appellant filed a petition for certiorari with the Court of Appeals^[7], which was denied in a decision^[8] dated June 23, 2009 in CA-G.R. SP No. 107227. Defendant-appellant's motion for reconsideration was likewise denied in a resolution^[9] dated September 24, 2009.

On June 24, 2010, the RTC rendered a decision^[10], the dispositive portion of which reads as follows:

"WHEREFORE, judgment is hereby rendered in favor of the plaintiff, ordering the defendant:

1) To pay the plaintiff the amount of P514,639.17 as unpaid monthly drawing allowances he advanced, HMI membership dues, group premium and other liabilities, plus an interest computed at 6% per annum from the finality of this decision until fully paid;

2) To pay the plaintiff the amount of P70,000.00 as attorney's fees and costs of suit.

SO ORDERED."

Hence, this appeal. Defendant-appellant assigned the following errors to the RTC:

I.

THE TRIAL COURT ERRED IN FINDING THAT DEFENDANT-APPELLANT WAS A CONTRACTUAL EMPLOYEE OF PLAINTIFF-APPELLEE.

II.

THE TRIAL COURT ERRED IN FINDING THAT DEFENDANT-APPELLANT HAD SOMETHING TO LIQUIDATE TO PLAINTIFF-APPELLEE FOR THE MDA HE RECEIVED.

III.

THE TRIAL COURT ERRED IN ACQUIRING JURISDICTION OVER THE INSTANT CASE.

IV.

THE TRIAL COURT ERRED, GRANTING WITHOUT ADMITTING THAT IT HAS JURISDICTION, IN NOT GRANTING DEFENDANT-APPELLANT'S COUNTER- CLAIM.

Defendant-appellant contends that he has no obligation to return the monthly drawing allowances (MDA) he received from plaintiff-appellee because the same were his salaries, being a regular employee of the latter; that he used the MDA to pay office space rentals of his unit as well as other operating expenses; that the proceedings in the trial court are null and void for lack of jurisdiction because the issues are properly lodged in labor tribunals; that he suffered social humiliation with what plaintiff-appellee did to him; and thus, he is entitled to P100,000.00 as moral damages, P75,000.00 as exemplary damages and P100,000.00 as attorney's fees.

The appeal is bereft of merit.

The cardinal rule in the interpretation of contracts is embodied in Article 1370 of the Civil Code which provides that "if the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control." As explained by the Supreme Court in one case^[11], this provision is akin to the "plain meaning rule" applied by Pennsylvania courts, which assumes that the intent of the parties to an instrument is embodied in the writing itself, and when the words are clear and unambiguous the intent is to be discovered only from the express language of the agreement. A court's purpose in examining a

contract is to interpret the intent of the contracting parties, as objectively manifested by them. The process of interpreting a contract requires the court to make a preliminary inquiry as to whether the contract before it is ambiguous. A contract provision is ambiguous if it is susceptible of two reasonable alternative interpretations. Where the written terms of the contract are not ambiguous and can only be read one way, the court will interpret the contract as a matter of law. If the contract is determined to be ambiguous, then the interpretation of the contract is left to the court, to resolve the ambiguity in the light of the intrinsic evidence.^[12]

In *Bautista vs. Court of Appeals*, the Supreme Court further elucidated, viz:^[13]

"The rule is that where the language of a contract is plain and unambiguous, its meaning should be determined without reference to extrinsic facts or aids. The intention of the parties must be gathered from that language, and from that language alone. Stated differently, where the language of a written contract is clear and unambiguous, the contract must be taken to mean that which, on its face, it purports to mean, unless some good reason can be assigned to show that the words should be understood in a different sense. Courts cannot make for the parties better or more equitable agreements than they themselves have been satisfied to make, or rewrite contracts because they operate harshly or inequitably as to one of the parties, or alter them for the benefit of one party and to the detriment of the other, or by construction, relieve one of the parties from the terms which he voluntarily consented to, or impose on him those which he did not."

This Court agrees with the RTC in ruling that defendant-appellant is an independent contractor under the clear terms of the agreements, thus:

According to the Unit Manager's Agreement:

The Unit Manager, in the performance of his duties required herein, shall be considered an independent contractor and not an employee of Generali Pilipinas. He shall be free to exercise his own judgment as to time, place and means of soliciting insurance. However, he shall observe and conform to all existing rules and regulations as may be prescribed by Generali Pilipinas from time to time. Under no circumstances shall the Unit Manager (and/or his agents) be considered employees of Generali Pilipinas.

According to the Associate Branch Manager's Agreement:

The Branch Manager, in the performance of his duties required herein, shall be considered an independent contractor and not an employee of Generali Pilipinas. He shall be free to exercise his own judgment as to time, place and means of soliciting insurance. However, he shall observe and conform to all existing rules and regulations as may be prescribed by Generali Pilipinas from time to time.