Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

ANTONIO LOCSIN II,
Petitioner,

- versus -

MEKENI FOOD CORPORATION,
Respondent.

G.R. No. 192105

Present:

CARPIO, *Chairperson,*
BRION,
DEL CASTILLO,
PERLAS-BERNABE, *and*
LEONEN,* *JJ.*

Promulgated:
DEC 09 2013

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DECISION

DEL CASTILLO, *J.*:

In the absence of specific terms and conditions governing a car plan agreement between the employer and employee, the former may not retain the installment payments made by the latter on the car plan and treat them as rents for the use of the service vehicle, in the event that the employee ceases his employment and is unable to complete the installment payments on the vehicle. The underlying reason is that the service vehicle was precisely used in the former's business; any personal benefit obtained by the employee from its use is merely incidental.

This Petition for Review on *Certiorari*[1] assails the January 27, 2010 Decision[2] of the Court of Appeals (CA) in CA-G.R. SP No. 109550, as well as its April 23, 2010 Resolution[3] denying petitioner's Motion for Partial Reconsideration.[4]

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* Per Special Order No. 1627 dated December 6, 2013.

1 *Rollo*, pp. 10-27.

2 CA *rollo*, pp. 210-218; penned by Associate Justice Ricardo R. Rosario and concurred in by Associate Justices Jose C. Reyes, Jr. and Amy C. Lazaro-Javier.

3 Id. at 250-251.

4 Id. at 226-232.

Factual Antecedents

In February 2004, respondent Mekeni Food Corporation (Mekeni) – a Philippine company engaged in food manufacturing and meat processing – offered petitioner Antonio Locsin II the position of Regional Sales Manager to oversee Mekeni's National Capital Region Supermarket/Food Service and South Luzon operations. In addition to a compensation and benefit package, Mekeni offered petitioner a car plan, under which one-half of the cost of the vehicle is to be paid by the company and the other half to be deducted from petitioner's salary. Mekeni's offer was contained in an Offer Sheet[5] which was presented to petitioner.

Petitioner began his stint as Mekeni Regional Sales Manager on March 17, 2004. To be able to effectively cover his appointed sales territory, Mekeni furnished petitioner with a used Honda Civic car valued at ₱280,000.00, which used to be the service vehicle of petitioner's immediate supervisor. Petitioner paid for his 50% share through salary deductions of ₱5,000.00 each month.

Subsequently, Locsin resigned effective February 25, 2006. By then, a total of ₱112,500.00 had been deducted from his monthly salary and applied as part of the employee's share in the car plan. Mekeni supposedly put in an equivalent amount as its share under the car plan. In his resignation letter, petitioner made an offer to purchase his service vehicle by paying the outstanding balance thereon. The parties negotiated, but could not agree on the terms of the proposed purchase. Petitioner thus returned the vehicle to Mekeni on May 2, 2006.

Petitioner made personal and written follow-ups regarding his unpaid salaries, commissions, benefits, and offer to purchase his service vehicle. Mekeni replied that the company car plan benefit applied only to employees who have been with the company for five years; for this reason, the balance that petitioner should pay on his service vehicle stood at ₱116,380.00 if he opts to purchase the same.

On May 3, 2007, petitioner filed against Mekeni and/or its President, Prudencio S. Garcia, a Complaint[6] for the recovery of monetary claims consisting of unpaid salaries, commissions, sick/vacation leave benefits, and recovery of monthly salary deductions which were earmarked for his cost-sharing in the car plan. The case was docketed in the National Labor Relations Commission (NLRC), National Capital Region (NCR), Quezon City as NLRC NCR CASE NO. 00-05-04139-07.

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5 *Rollo*, p. 39.
6 Records, p. 2.

On October 30, 2007, Labor Arbiter Cresencio G. Ramos rendered a Decision,[7] decreeing as follows:

> WHEREFORE, in the light of the foregoing premises, judgment is hereby rendered directing respondents to turn-over to complainant x x x the subject vehicle upon the said complainant's payment to them of the sum of ₱100,435.84.
>
> SO ORDERED.[8]

Ruling of the National Labor Relations Commission

On appeal,[9] the Labor Arbiter's Decision was reversed in a February 27, 2009 Decision[10] of the NLRC, thus:

> WHEREFORE, premises considered, the appeal is hereby Granted. The assailed Decision dated October 30, 2007 is hereby REVERSED and SET ASIDE and a new one entered ordering respondent-appellee Mekeni Food Corporation to pay complainant-appellee the following:
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> 1. Unpaid Salary in the amount of ₱12,511.45;
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> 2. Unpaid sick leave/vacation leave pay in the amount of ₱14,789.15;
>
> 3. Unpaid commission in the amount of ₱9,780.00; and
>
> 4. Reimbursement of complainant's payment under the car plan agreement in the amount of ₱112,500.00; and
>
> 5. The equivalent share of the company as part of the complainant's benefit under the car plan 50/50 sharing amounting to ₱112,500.00.
>
> Respondent-Appellee Mekeni Food Corporation is hereby authorized to deduct the sum of ₱4,736.50 representing complainant-appellant's cash advance from his total monetary award.
>
> All other claims are dismissed for lack of merit.
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> SO ORDERED.[11]

The NLRC held that petitioner's amortization payments on his service vehicle amounting to ₱112,500.00 should be reimbursed; if not, unjust enrichment would result, as the vehicle remained in the possession and ownership of Mekeni.

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7 Id. at 96-105.
8 Id. at 105.
9 Docketed as NLRC LAC No. 01-000047-08.
10 Records, pp. 184-191; penned by Commissioner Isabel G. Panganiban-Ortiguerra and concurred in by Presiding Commissioner Benedicto R. Palacol and Commissioner Nieves Vivar-de Castro.
11 Id. at 190-191.

In addition, the employer's share in the monthly car plan payments should likewise be awarded to petitioner because it forms part of the latter's benefits under the car plan. It held further that Mekeni's claim that the company car plan benefit applied only to employees who have been with the company for five years has not been substantiated by its evidence, in which case the car plan agreement should be construed in petitioner's favor.

Mekeni moved to reconsider, but in an April 30, 2009 Resolution,[12] the NLRC sustained its original findings.

Ruling of the Court of Appeals

Mekeni filed a Petition for *Certiorari*[13] with the CA assailing the NLRC's February 27, 2009 Decision, saying that the NLRC committed grave abuse of discretion in holding it liable to petitioner as it had no jurisdiction to resolve petitioner's claims, which are civil in nature.

On January 27, 2010, the CA issued the assailed Decision, decreeing as follows:

> *WHEREFORE*, the petition for *certiorari* is *GRANTED*. The *Decision* of the National Labor Relations Commission dated 27 February 2009, in NLRC NCR Case No. 00-05-04139-07, and its *Resolution* dated 30 April 2009 denying reconsideration thereof, are *MODIFIED* in that the reimbursement of Locsin's payment under the car plan in the amount of ₱112,500.00, and the payment to him of Mekeni's 50% share in the amount of ₱112,500.00 are *DELETED*. The rest of the decision is *AFFIRMED*.
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> SO ORDERED.[14]

In arriving at the above conclusion, the CA held that the NLRC possessed jurisdiction over petitioner's claims, including the amounts he paid under the car plan, since his Complaint against Mekeni is one for the payment of salaries and employee benefits. With regard to the car plan arrangement, the CA applied the ruling in *Elisco Tool Manufacturing Corporation v. Court of Appeals*,[15] where it was held that –

> *First*. Petitioner does not deny that private respondent Rolando Lantan acquired the vehicle in question under a car plan for executives of the Elizalde group of companies. Under a typical car plan, the company advances the purchase price of a car to be paid back by the employee through monthly

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12 Id. at 209-211.
13 CA *rollo*, pp. 3-28.
14 Id. at 217.
15 367 Phil. 242 (1999).

> deductions from his salary. The company retains ownership of the motor vehicle until it shall have been fully paid for. However, retention of registration of the car in the company's name is only a form of a lien on the vehicle in the event that the employee would abscond before he has fully paid for it. There are also stipulations in car plan agreements to the effect that should the employment of the employee concerned be terminated before all installments are fully paid, the vehicle will be taken by the employer and all installments paid shall be considered rentals per agreement.[16]

In the absence of evidence as to the stipulations of the car plan arrangement between Mekeni and petitioner, the CA treated petitioner's monthly contributions in the total amount of ₱112,500.00 as rentals for the use of his service vehicle for the duration of his employment with Mekeni. The appellate court applied Articles 1484-1486 of the Civil Code,[17] and added that the installments paid by petitioner should not be returned to him inasmuch as the amounts are not unconscionable. It made the following pronouncement:

> Having used the car in question for the duration of his employment, it is but fair that all of Locsin's payments be considered as rentals therefor which may be forfeited by Mekeni. Therefore, Mekeni has no obligation to return these payments to Locsin. Conversely, Mekeni has no right to demand the payment of the balance of the purchase price from Locsin since the latter has already surrendered possession of the vehicle.[18]

Moreover, the CA held that petitioner cannot recover Mekeni's corresponding share in the purchase price of the service vehicle, as this would constitute unjust enrichment on the part of petitioner at Mekeni's expense.

The CA affirmed the NLRC judgment in all other respects. Petitioner filed his Motion for Partial Reconsideration,[19] but the CA denied the same in its April 23, 2010 Resolution.

Thus, petitioner filed the instant Petition; Mekeni, on the other hand, took no further action.

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16 Id. at 252.

17 Art. 1484. In a contract of sale of personal property the price of which is payable in installments, the vendor may exercise any of the following remedies:

(1) Exact fulfillment of the obligation, should the vendee fail to pay;

(2) Cancel the sale, should the vendee's failure to pay cover two or more installments;

(3) Foreclose the chattel mortgage on the thing sold, if one has been constituted, should the vendee's failure to pay cover two or more installments. In this case, he shall have no further action against the purchaser to recover any unpaid balance of the price. Any agreement to the contrary shall be void.

Art. 1485. The preceding article shall be applied to contracts purporting to be leases of personal property with option to buy, when the lessor has deprived the lessee of the possession or enjoyment of the thing.

Art. 1486. In the cases referred to in the two preceding articles, a stipulation that the installments or rents paid shall not be returned to the vendee or lessee shall be valid insofar as the same may not be unconscionable under the circumstances.

18 CA *rollo*, p. 216.

19 Id. at 226-232.

Issue

Petitioner raises the following solitary issue:

> **WITH ALL DUE RESPECT, THE HONORABLE COURT OF APPEALS ERRED IN NOT CONSIDERING THE CAR PLAN PRIVILEGE AS PART OF THE COMPENSATION PACKAGE OFFERED TO PETITIONER AT THE INCEPTION OF HIS EMPLOYMENT AND INSTEAD LIKENED IT TO A CAR LOAN ON INSTALLMENT, IN SPITE OF THE ABSENCE OF EVIDENCE ON RECORD.**[20]

Petitioner's Arguments

In his Petition and Reply,[21] petitioner mainly argues that the CA erred in treating his monthly contributions to the car plan, totaling ₱112,500.00, as rentals for the use of his service vehicle during his employment; the car plan which he availed of was a benefit and it formed part of the package of economic benefits granted to him when he was hired as Regional Sales Manager. Petitioner submits that this is shown by the Offer Sheet which was shown to him and which became the basis for his decision to accept the offer and work for Mekeni.

Petitioner adds that the absence of documentary or other evidence showing the terms and conditions of the Mekeni company car plan cannot justify a reliance on Mekeni's self-serving claims that the full terms thereof applied only to employees who have been with the company for at least five years; in the absence of evidence, doubts should be resolved in his favor pursuant to the policy of the law that affords protection to labor, as well as the principle that all doubts should be construed to its benefit.

Finally, petitioner submits that the ruling in the *Elisco Tool* case cannot apply to his case because the car plan subject of the said case involved a car loan, which his car plan benefit was not; it was part of his compensation package, and the vehicle was an important component of his work which required constant and uninterrupted mobility. Petitioner claims that the car plan was in fact more beneficial to Mekeni than to him; besides, he did not choose to avail of it, as it was simply imposed upon him. He concludes that it is only just that his payments should be refunded and returned to him.

Petitioner thus prays for the reversal of the assailed CA Decision and Resolution, and that the Court reinstate the NLRC's February 27, 2009 Decision.

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[20] *Rollo*, p. 19.
[21] Id. at 197-203.

Respondent's Arguments

In its Comment,[22] Mekeni argues that the Petition does not raise questions of law, but merely of fact, which thus requires the Court to review anew issues already passed upon by the CA – an unauthorized exercise given that the Supreme Court is not a trier of facts, nor is it its function to analyze or weigh the evidence of the parties all over again.[23] It adds that the issue regarding the car plan and the conclusions of the CA drawn from the evidence on record are questions of fact.

Mekeni asserts further that the service vehicle was merely a loan which had to be paid through the monthly salary deductions. If it is not allowed to recover on the loan, this would constitute unjust enrichment on the part of petitioner.

Our Ruling

The Petition is partially granted.

To begin with, the Court notes that Mekeni did not file a similar petition questioning the CA Decision; thus, it is deemed to have accepted what was decreed. The only issue that must be resolved in this Petition, then, is whether petitioner is entitled to a refund of all the amounts applied to the cost of the service vehicle under the car plan.

When the conclusions of the CA are grounded entirely on speculation, surmises and conjectures, or when the inferences made by it are manifestly mistaken or absurd, its findings are subject to review by this Court.[24]

From the evidence on record, it is seen that the Mekeni car plan offered to petitioner was subject to no other term or condition than that Mekeni shall cover one-half of its value, and petitioner shall in turn pay the other half through deductions from his monthly salary. Mekeni has not shown, by documentary evidence or otherwise, that there are other terms and conditions governing its car plan agreement with petitioner. There is no evidence to suggest that if petitioner failed to completely cover one-half of the cost of the vehicle, then all the deductions from his salary going to the cost of the vehicle will be treated as rentals for his use thereof while working with Mekeni, and shall not be refunded. Indeed, there is no such stipulation or arrangement between them. Thus, the CA's reliance on *Elisco Tool* is without basis, and its conclusions arrived at in the questioned decision are manifestly mistaken. To repeat what was said in *Elisco Tool* –

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22 Id. at 185-195.

23 Citing *Nicolas v. Court of Appeals*, 238 Phil. 622 (1987).

24 *Vda. de Dayao v. Heirs of Gavino Robles*, G.R. No. 174830, July 31, 2009, 594 SCRA 620, 627.

> *First*. Petitioner does not deny that private respondent Rolando Lantan acquired the vehicle in question under a car plan for executives of the Elizalde group of companies. Under a typical car plan, the company advances the purchase price of a car to be paid back by the employee through monthly deductions from his salary. The company retains ownership of the motor vehicle until it shall have been fully paid for. However, retention of registration of the car in the company's name is only a form of a lien on the vehicle in the event that the employee would abscond before he has fully paid for it. **There are also stipulations in car plan agreements to the effect that should the employment of the employee concerned be terminated before all installments are fully paid, the vehicle will be taken by the employer and all installments paid shall be considered rentals per agreement**.[25] (Emphasis supplied)

It was made clear in the above pronouncement that installments made on the car plan may be treated as rentals only when there is an express stipulation in the car plan agreement to such effect. It was therefore patent error for the appellate court to assume that, even in the absence of express stipulation, petitioner's payments on the car plan may be considered as rentals which need not be returned.

Indeed, the Court cannot allow that payments made on the car plan should be forfeited by Mekeni and treated simply as rentals for petitioner's use of the company service vehicle. Nor may they be retained by it as purported loan payments, as it would have this Court believe. In the first place, there is precisely no stipulation to such effect in their agreement. Secondly, it may not be said that the car plan arrangement between the parties was a benefit that the petitioner enjoyed; on the contrary, it was an absolute necessity in Mekeni's business operations, which benefited it to the fullest extent: without the service vehicle, petitioner would have been unable to rapidly cover the vast sales territory assigned to him, and sales or marketing of Mekeni's products could not have been booked or made fast enough to move Mekeni's inventory. Poor sales, inability to market Mekeni's products, a high rate of product spoilage resulting from stagnant inventory, and poor monitoring of the sales territory are the necessary consequences of lack of mobility. Without a service vehicle, petitioner would have been placed at the mercy of inefficient and unreliable public transportation; his official schedule would have been dependent on the arrival and departure times of buses or jeeps, not to mention the availability of seats in them. Clearly, without a service vehicle, Mekeni's business could only prosper at a snail's pace, if not completely paralyzed. Its cost of doing business would be higher as well. The Court expressed just such a view in the past. Thus –

> In the case at bar, the **disallowance of the subject car plan** benefits **would hamper the officials in the performance of their functions** to promote and develop trade **which requires mobility in the performance of official business**. Indeed, **the car plan benefits are supportive of the implementation of the objectives and mission of the agency** relative to the nature of its

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[25] *Elisco Tool Manufacturing Corporation v. Court of Appeals* supra note 15 at 252.

> operation **and responsive to the exigencies of the service**.[26] (Emphasis supplied)

Any benefit or privilege enjoyed by petitioner from using the service vehicle was merely incidental and insignificant, because for the most part the vehicle was under Mekeni's control and supervision. Free and complete disposal is given to the petitioner only after the vehicle's cost is covered or paid in full. Until then, the vehicle remains at the beck and call of Mekeni. Given the vast territory petitioner had to cover to be able to perform his work effectively and generate business for his employer, the service vehicle was an absolute necessity, or else Mekeni's business would suffer adversely. Thus, it is clear that while petitioner was paying for half of the vehicle's value, Mekeni was reaping the full benefits from the use thereof.

In light of the foregoing, it is unfair to deny petitioner a refund of all his contributions to the car plan. Under Article 22 of the Civil Code, "[e]very person who through an act of performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him." Article 2142[27] of the same Code likewise clarifies that there are certain lawful, voluntary and unilateral acts which give rise to the juridical relation of quasi-contract, to the end that no one shall be unjustly enriched or benefited at the expense of another. In the absence of specific terms and conditions governing the car plan arrangement between the petitioner and Mekeni, a quasi-contractual relation was created between them. Consequently, Mekeni may not enrich itself by charging petitioner for the use of its vehicle which is otherwise absolutely necessary to the full and effective promotion of its business. It may not, under the claim that petitioner's payments constitute rents for the use of the company vehicle, refuse to refund what petitioner had paid, for the reasons that the car plan did not carry such a condition; the subject vehicle is an old car that is substantially, if not fully, depreciated; the car plan arrangement benefited Mekeni for the most part; and any personal benefit obtained by petitioner from using the vehicle was merely incidental.

Conversely, petitioner cannot recover the monetary value of Mekeni's counterpart contribution to the cost of the vehicle; that is not property or money that belongs to him, nor was it intended to be given to him in lieu of the car plan. In other words, Mekeni's share of the vehicle's cost was not part of petitioner's compensation package. To start with, the vehicle is an asset that belonged to Mekeni. Just as Mekeni is unjustly enriched by failing to refund petitioner's payments, so should petitioner not be awarded the value of Mekeni's counterpart contribution to the car plan, as this would unjustly enrich him at Mekeni's expense.

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[26] *Philippine International Trading Corporation v. Commission on Audit*, 368 Phil. 478, 491 (1999).

[27] Art. 2142. Certain lawful, voluntary and unilateral acts give rise to the juridical relation of quasi-contract to the end that no one shall be unjustly enriched or benefited at the expense of another.

> There is unjust enrichment "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." The principle of unjust enrichment requires two conditions: (1) that a person is benefited without a valid basis or justification, and (2) that such benefit is derived at the expense of another.
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> The main objective of the principle against unjust enrichment is to prevent one from enriching himself at the expense of another without just cause or consideration. x x x[28]

WHEREFORE, the Petition is **GRANTED IN PART**. The assailed January 27, 2010 Decision and April 23, 2010 Resolution of the Court of Appeals in CA-G.R. SP No. 109550 are **MODIFIED**, in that respondent Mekeni Food Corporation is hereby ordered to **REFUND** petitioner Antonio Locsin II's payments under the car plan agreement in the total amount of ₱112,500.00.

Thus, except for the counterpart or equivalent share of Mekeni Food Corporation in the car plan agreement amounting to ₱112,500.00, which is **DELETED**, the February 27, 2009 Decision of the National Labor Relations Commission is affirmed in all respects.

SO ORDERED.

MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

ARTURO D. BRION
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

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[28] *Flores v. Lindo, Jr.*, G.R. No. 183984, April 13, 2011, 648 SCRA 772, 782-783.

MARVIC MARIO VICTOR F. LEONEN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice