



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

WORLD'S BEST GAS, INC.,

Petitioner,

G.R. No. 211588

Present:

- versus -

HENRY VITAL, joined by his
wife FLOSERFINA VITAL,
Respondents.

SERENO, C.J., Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,
PEREZ, and
PERLAS-BERNABE, JJ.

Promulgated:

SEP 09 2015

DECISION

PERLAS-BERNABE, J.:

Before the Court is a petition for review on *certiorari*¹ filed by petitioner World's Best Gas, Inc. (WBGi) assailing the Decision² dated September 30, 2013 and the Resolution³ dated March 4, 2014 of the Court of Appeals (CA) in CA-G.R. SP No. 123497, which affirmed the Decision⁴ dated December 12, 2011 of the Regional Trial Court of Bataan, Branch 2 (RTC) in Civil Case No. 8694 finding WBGi liable to respondent Henry Vital (Vital) for his unpaid salaries and separation pay.

The Facts

Vital was one of the incorporators of WBGi, holding ₱500,000.00 worth of shares of stocks therein.⁵ As a separate business venture, Vital and

¹ Rollo, pp. 12-29.

² Id. at 30-43. Penned by Associate Justice Vicente S.E. Veloso with Associate Justices Jane Aurora C. Lantion and Eduardo B. Peralta, Jr. concurring.

³ Id. at 44.

⁴ CA rollo, pp. 38-49. Penned by Judge Manuel M. Tan.

⁵ Rollo, p. 31.

his wife, respondent Floserfina Vital (respondents), sourced Liquefied Petroleum Gas (LPG) from WBGI and distributed the same through ERJ Enterprises owned by them.⁶ As of respondents' last statement of account, **their outstanding balance with WBGI for unpaid LPG amounted to ₱923,843.59.**⁷

On January 6, 1999, Vital was appointed as Internal Auditor and Personnel Manager by WBGI's President/CEO and continued to serve as such until his mandatory retirement on September 25, 2003.⁸ Upon his retirement, WBGI's Board of Directors computed Vital's retirement benefits at ₱82,500.00 by multiplying his ₱15,000.00 monthly pay by 5.5 years, which was the number of years he served as Internal Auditor and Personnel Manager. **WBGI also agreed to acquire Vital's ₱500,000.00 shares of stocks at par value.**⁹

After offsetting the ₱500,000.00 due from WBGI's acquisition of his shares of stocks against ERJ Enterprises' ₱923,843.59 outstanding balance to WBGI, **Vital claimed that the unpaid salaries and separation pay due him amounted to ₱845,000.00 and ₱250,000.00,** respectively, leaving a net amount of ₱671,156.41 payable to him. WBGI rejected Vital's claim and contended that after offsetting, Vital actually owed it ₱369,156.19.¹⁰

On **January 4, 2006,** Vital filed a complaint before the National Labor Relations Commission (NLRC) – Regional Arbitration Branch III (RAB), docketed as NLRC Case No. RAB-III-01-9671-06, for **non-payment of separation and retirement benefits, underpayment of salaries/wages and 13th month pay, illegal reduction of salary and benefits, and damages.**¹¹

For its part, WBGI averred that the Labor Arbiter (LA) had no jurisdiction over the complaint because Vital is not an employee, but a mere incorporator and stockholder of WBGI, hence, no employer-employee relationship exists between them.¹²

The LA Ruling

In a Decision¹³ dated May 3, 2006, the LA found that the issues between Vital and WBGI are intra-corporate in nature as they arose between the relations of a stockholder and the corporation, and not from an employee

⁶ Id. at 14.

⁷ See id. at 14 and 31.

⁸ See id.

⁹ See id. at 15 and 31.

¹⁰ Id. at 31.

¹¹ Id. at 31-32.

¹² See CA *rollo*, pp. 96-97.

¹³ Id. at 92-106. Penned by LA Reynaldo V. Abdon.

and employer relationship.¹⁴ Thus, the LA dismissed the case for lack of jurisdiction,¹⁵ prompting Vital to file his complaint¹⁶ for payment of unpaid salaries, separation and retirement benefits, and damages on July 19, 2007 before the RTC, docketed as Civil Case No. 8694.¹⁷

The RTC Ruling

In a Decision¹⁸ dated December 12, 2011, the RTC, acting as a special commercial court, oppositely found that Vital was an employee of WGBI and thereby, upheld his claim of ₱845,000.00 and ₱250,000.00 in unpaid salaries and separation pay. However, the RTC offset these amounts, including the ₱500,000.00 due from WGBI's acquisition of Vital's shares of stocks, against the ₱923,843.59 payable to WGBI from ERJ Enterprises, thus, awarding Vital the net amount of ₱671,156.41, with legal interest from date of demand until full payment, ₱50,000.00 as attorney's fees and costs of suit plus litigation expenses.¹⁹

The RTC ratiocinated that since the positions of Internal Auditor and Personnel Manager were not provided for in WGBI's By-Laws, Vital was not a corporate officer but an employee entitled to employment benefits. It also maintained that it had jurisdiction to rule on the main intra-corporate controversy, together with the question of damages and employment benefits.²⁰

Aggrieved, WGBI elevated the case to the CA on appeal.²¹

The CA Ruling

In a Decision²² dated September 30, 2013, the CA dismissed the appeal, agreeing with the RTC's finding that Vital was an employee of WGBI. While the CA observed that the RTC's award of employment benefits to Vital was improper, as the same was under the exclusive jurisdiction of the labor arbiters, it still ruled on said claim, reasoning that it has the eventual authority to review the labor courts' decision on the matter.²³

¹⁴ See *id.* at 100-105.

¹⁵ *Id.* at 106.

¹⁶ Dated July 4, 2007; *id.* at 50-55.

¹⁷ See *id.* at 38.

¹⁸ *Id.* at 38-49.

¹⁹ See *id.* at 49.

²⁰ See *id.* at 47-48.

²¹ See petition for review dated March 12, 2012; *id.* 13-37.

²² *Rollo*, pp. 30-43.

²³ See *id.* at 40-42.

WBGi filed a motion for reconsideration²⁴ which was, however, denied in a Resolution²⁵ dated March 4, 2014; hence, the present petition.

The Issue Before the Court

The main issue to be resolved is whether or not the CA erred in ruling upon Vital's claim of ₱845,000.00 and ₱250,000.00 in unpaid salaries and separation pay.

The Court's Ruling

The petition is partly meritorious.

At the outset, it should be pointed out that the instant case actually involves three (3) distinct causes of action, namely, **(1)** Vital's claim for ₱845,000.00 and ₱250,000.00 in unpaid salaries and separation pay; **(2)** the ₱923,843.59 in arrearages payable to WBGi from ERJ Enterprises, which was admitted by Vital but not claimed by WBGi; and **(3)** Vital's claim of ₱500,000.00 due from WBGi's acquisition of Vital's shares of stocks. All of the foregoing were threshed out by the RTC in its December 12, 2011 Decision, and effectively upheld by the CA on appeal.

However, the RTC's adjudication of the first cause of action was improper since the same is one which arose from Vital and WBGi's employer-employee relations, involving an amount exceeding ₱5,000.00, hence, belonging to the jurisdiction of the labor arbiters pursuant to Article 217 of the Labor Code:

Art. 217. Jurisdiction of the Labor Arbiters and the Commission.

(a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

1. Unfair labor practice cases;
2. Termination disputes;
3. If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;

²⁴ Dated October 29, 2013. CA *rollo*, pp. 273-282.

²⁵ *Rollo*, pp. 44.

4. Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations;

5. Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts; and

6. Except claims for Employees' Compensation, Social Security, Medicare and maternity benefits, **all other claims arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (₱5,000.00)** regardless of whether accompanied with a claim for reinstatement.

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Having no subject matter jurisdiction to resolve claims arising from employer-employee relations, the RTC's ruling on Vital's claim of ₱845,000.00 and ₱250,000.00 in unpaid salaries and separation pay is, thus, null and void, and therefore, cannot perpetuate even if affirmed on appeal,²⁶ rendering the CA's ratiocination that it "has the eventual authority to review the labor courts' decision on the matter"²⁷ direly infirm. As a result, WBGI's petition is meritorious on this score. However, since the dismissal is grounded on lack of jurisdiction, then the same should be considered as a dismissal without prejudice.²⁸ **As such, Vital may re-file²⁹ the same claim, including those related thereto (e.g., moral and exemplary damages, and attorney's fees) before the proper labor tribunal.**

Contrary to its lack of jurisdiction over claims arising from employer-employee relations, the RTC has: (a) general jurisdiction to adjudicate on the **₱923,843.59 in arrearages payable to WBGI from ERJ Enterprises, which was admitted by Vital but not claimed by WBGI**,³⁰ and (b) special

²⁶ See *Philippine Woman's Christian Temperance Union, Inc. v. Teodoro R. Yangco 2nd and 3rd Generation Heirs Foundation, Inc.*, G.R. No. 199595, April 2, 2014, 720 SCRA 522, 543.

²⁷ *Rollo*, p. 41.

²⁸ Applying Section 5, in relation to Section 1 (b), Rule 16 of the Rules of Civil Procedure, a dismissal on the ground "[t]hat the court has no jurisdiction over the subject matter of the claim," "shall [not] bar the refile of the same action or claim."

²⁹ Applying Article 1155 of the Civil Code (see *De Guzman v. CA*, 358 Phil. 397, 407-409 [1998]), the 3-year prescriptive period for "[a]ll money claims arising from employer-employee relations" under Article 291 of the Labor Code was interrupted when Vital filed his labor complaint before the NLRC-RAB on January 4, 2006. The period ran again when he was notified of the LA's Decision dated May 3, 2006 dismissing said complaint, prompting him to file his claim before the RTC. Thus, when he did so on July 19, 2007, the period was once more interrupted, which interruption shall continue until his notice of this Decision. Note that *Rodriguez, Jr. v. Aguilar, Sr.* (Rodriguez, Jr.; 505 Phil. 469 [2005]), citing *Olympia International, Inc. v. CA (Olympia)*, 259 Phil. 841 [1989]), which was the basis of *Intercontinental Broadcasting Corp. v. Panganiban* (543 Phil. 371 [2007]), would not apply since in this case, Vital was never delayed in asserting his right as he, in fact, duly proceeded to re-file his labor complaint before the RTC as instructed by the LA. Contrastingly, In *Rodriguez and Olympia*, the dismissal of the case was prompted by the plaintiff's own action; hence, the Court ruled therein that "while the commencement of a civil action stops the running of the statute of prescription or limitations, its dismissal or voluntary abandonment by the plaintiff leaves the parties in exactly the same position as though no action had been commenced at all." (*Rodriguez, Jr. v. Aguilar, Sr.*, id. at 479, citing *Olympia International, Inc. v. CA*, id. at 852.)

³⁰ See Complaint dated July 4, 2007; *CA rollo*, pp. 53 and 55.

jurisdiction, as a special commercial court, to adjudicate on Vital's claim of ₱500,000.00 from WBGI's acquisition of his shares of stocks.³¹ Indeed, even acting as a special commercial court, the RTC's general jurisdiction to adjudicate on the first-mentioned claim is retained.

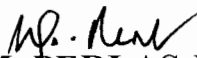
With the RTC's jurisdiction established over the above-mentioned causes of action, Vital's claim of ₱500,000.00 due from WBGI's acquisition of his shares of stocks should therefore be offset against the ₱923,843.59 in arrearages payable to WBGI by ERJ Enterprises owned by respondents, as prayed for by him. Hence, no amount can be adjudicated in Vital's favor, since it is the respondents who, after due computation, would be left liable to WBGI in the net amount of ₱423,843.59. This notwithstanding, WBGI cannot recover this latter amount in this case since it never interposed a permissive counterclaim therefor in its answer.³² It is well-settled that courts cannot grant a relief not prayed for in the pleadings or in excess of what is being sought by the party.³³ WBGI may, however, opt to file a separate collection suit, including those related thereto (e.g., moral and exemplary damages, and attorney's fees), to recover such sum.

WHEREFORE, the petition is **PARTLY GRANTED**. The Decision dated September 30, 2013 and the Resolution dated March 4, 2014 of the Court of Appeals in CA-G.R. SP No. 123497 are hereby **SET ASIDE**. A new one is entered:

(a) **DISMISSING** respondent Henry Vital's (Vital) labor claims of ₱845,000.00 and ₱250,000.00 in unpaid salaries and separation pay against petitioner World's Best Gas, Inc.'s (WBGI), **WITHOUT PREJUDICE** as stated in this Decision; and

(b) **RECOGNIZING** WBGI's liability to Vital in the amount of ₱500,000.00 due from the acquisition of his shares of stocks. This amount is, however, **OFFSET** against the ₱923,843.59 in arrearages payable to WBGI by ERJ Enterprises owned by Vital and his wife, respondent Floserfina Vital, leaving a net amount of ₱423,843.59, which WBGI may claim in a separate case as stated in this Decision.

SO ORDERED.


ESTELA M. PERLAS-BERNABE
Associate Justice

³¹ This claim, being one which arose from the relationship between a stockholder and the corporation, and one which is inherently intra-corporate in nature is an intra-corporate dispute; hence, under the jurisdiction of the Regional Trial Courts pursuant to Republic Act No. 8799, otherwise known as the "Securities Regulation Code."

³² See Answer dated August 7, 2007; CA rollo, p. 114.

³³ *Diona v. Balangue*, G.R. No. 173559, January 7, 2013, 688 SCRA 22, 35.

WE CONCUR:


MARIA LOURDES P. A. SERENO

Chief Justice

Chairperson


TERESITA J. LEONARDO-DE CASTRO

Associate Justice


LUCAS P. BERSAMIN

Associate Justice


JOSE PORTUGAL PEREZ

Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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