



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

AMECOS INNOVATIONS, INC.
and ANTONIO F. MATEO,
Petitioners,

G.R. No. 178055

Present:

CARPIO, *Chairperson,*
BRION,
DEL CASTILLO,
PEREZ, *and*
LEONEN, ** JJ.*

- versus -

ELIZA R. LOPEZ,
Respondent.

Promulgated:
JUL 02 2014 *Manila*

X -----

DECISION

DEL CASTILLO, J.:

Assailed in this Petition for Review on *Certiorari*¹ are the March 22, 2007 Resolution² of the Court of Appeals (CA) in CA-G.R. SP No. 96959 which affirmed the June 30, 2006 Decision³ of the Regional Trial Court (RTC) of Caloocan City, Branch 121, dismissing the Complaint⁴ for lack of jurisdiction, and its May 23, 2007 Resolution⁵ denying petitioners' Motion for Reconsideration.⁶

Factual Antecedents

Petitioner Amecos Innovations, Inc. (Amecos) is a corporation duly incorporated under Philippine laws engaged in the business of selling assorted

* Per Raffle dated August 23, 2013.

¹ *Rollo*, pp. 13-32.

² CA *rollo*, pp. 174-176; penned by Associate Justice Lucas P. Bersamin (now a Member of this Court) and concurred in by Associate Justices Rodrigo V. Cosico and Estela M. Perlas Bernabe (now a Member of this Court).

³ Records, pp. 194-198; penned by Judge Adoracion G. Angeles.

⁴ Id. at 1-7.

⁵ CA *rollo*, p. 189; penned by Associate Justice Lucas P. Bersamin and concurred in by Associate Justices Jose C. Reyes, Jr. and Monina Arevalo-Zenarosa.

⁶ Id. at 177-187.

products created by its President and herein co-petitioner, Antonio F. Mateo (Mateo). On May 30, 2003, Amecos received a Subpoena⁷ 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 Complaint⁸ which was approved by the Office of the City Prosecutor.⁹

Thereafter, petitioners sent a demand letter¹⁰ to respondent for ₱27,791.65 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 ₱27,791.65 allegedly incurred by Amecos by way of settlement and payment of its obligations with the SSS.¹¹ 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 ₱50,000.00 as moral damages, ₱50,000.00 as exemplary damages, ₱50,000.00 as attorney's fees, and costs of the suit.

Respondent filed her Answer with Motion to Dismiss¹² 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.

⁷ Records, p. 10.

⁸ Id. at 93.

⁹ Id. at 94.

¹⁰ Id. at 30.

¹¹ Id. at 30.

¹² Id. at 33-36.

The parties then submitted their respective Position Papers.¹³

Ruling of the Metropolitan Trial Court

On March 24, 2006, the MeTC issued its Decision,¹⁴ which decreed as follows:

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

SO ORDERED.¹⁵

Ruling of the Regional Trial Court

Petitioners appealed to the RTC. On June 30, 2006, the RTC rendered its Decision¹⁶ disposing as follows:

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

SO ORDERED.¹⁷

The RTC affirmed the view taken by the MeTC that under Article 217(a)(4) of the Labor Code,¹⁸ claims for actual, moral, exemplary and other

¹³ Id. at 106-123 (for petitioners), 147-150 (for respondent).

¹⁴ Id. at 164-166; penned by Judge Eleanor R. Kwong.

¹⁵ Id. at 166.

¹⁶ Id. at 194-198; penned by Judge Adoracion G. Angeles.

¹⁷ Id. at 198.

¹⁸ 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;

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.

- (b) The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters.

- (c) Cases arising from the interpretation or implementation of collective bargaining agreements and those arising from the interpretation or enforcement of company personnel policies shall be disposed of by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements. (As amended by Section 9, Republic Act No. 6715, March 21, 1989).

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 Reconsideration¹⁹ which the RTC denied.²⁰

Ruling of the Court of Appeals

Petitioners thus instituted a Petition for Review²¹ 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.²²

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.²³

Petitioners moved to reconsider, but in the second assailed Resolution²⁴ dated May 23, 2007, the CA denied petitioners' Motion for Reconsideration.²⁵ Hence, the instant Petition.

¹⁹ Records, pp. 200-215.

²⁰ Id. at 223.

²¹ CA *rollo*, pp. 11-52.

²² Id. at 176.

²³ Id. at 175-176.

²⁴ Id. at 189.

²⁵ Id. at 177-187.

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.²⁶

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 19,²⁷ 22,²⁸ and 2154²⁹ 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;³⁰ that when the cause of

²⁶ *Rollo*, p. 95.

²⁷ Art. 19. 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.

²⁸ Art. 22. Every 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.

²⁹ Art. 2154. If something is received when there is no right to demand it, and it was unduly delivered through mistake, the obligation to return it arises.

³⁰ *Bañez v. Hon. Valdevilla*, 387 Phil. 601, 608 (2000); *Tolosa v. National Labor Relations Commission*, 449 Phil. 271 (2003).

action is based on Articles 19 and 21 of the Civil Code, the case is not cognizable by the labor tribunals;³¹ 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;³² 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.³³

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.”³⁴

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. 8282.³⁵ As far as SSS is concerned, there is no longer a dispute

³¹ *Flores v. Court of Appeals*, G.R. No. 160694, Resolution of January 21, 2004; *Eviota v. Court of Appeals*, 455 Phil. 118 (2003).

³² *San Miguel Corporation v. National Labor Relations Commission*, 244 Phil. 741 (1988).

³³ *Car Cool Philippines, Inc. v. Ushio Realty and Development Corporation*, 515 Phil. 376, 384 (2006).

³⁴ *Bañez v. Hon. Valdevilla*, supra note 30 at 611.

³⁵ “An Act Further Strengthening The Social Security System Thereby Amending For This Purpose Republic Act No. 1161, As Amended, Otherwise Known As The Social Security Law”. It provides that –

SEC. 5. Settlement of Disputes. - (a) Any dispute arising under this Act with respect to coverage, benefits, contributions and penalties thereon or any other matter related thereto, shall be cognizable by the Commission, and any case filed with respect thereto shall be heard by the

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.³⁶ 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:

STATEMENT OF FACTS AND CAUSES OF ACTION

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 ₱18,149.95. 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 ₱18,149.95 including the share which should have been deducted from [respondent] in the amount of ₱12,291.62. 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

Commission, or any of its members, or by hearing officers duly authorized by the Commission and decided within the mandatory period of twenty (20) days after the submission of the evidence. The filing, determination and settlement of disputes shall be governed by the rules and regulations promulgated by the Commission.

³⁶ See *Social Security System v. Atlantic Gulf and Pacific Company of Manila, Inc.*, 576 Phil. 625, 632 (2008).

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.
12. [Petitioner] Mateo also felt extreme embarrassment and besmirched reputation as he, being a recognized inventor, a dean of a reputable university and a dedicated teacher, was made the butt of ridicule and viewed as a shrewd businessman capitalizing on even the SSS contributions of his employees. x x x
13. On or about 15 January 2004, in order to [recover] what is due [petitioners], they sent a demand letter to [respondent] for her to pay the amount of ₱27,791.65 as her share in the SSS contributions and other expenses for processing. x x x
14. This demand, however, fell on deaf ears as [respondent] did not pay and has not paid to date the amount of her share in the SSS contributions and other amounts demanded.
15. For such malicious acts and the suffering befalling [petitioner] Mateo, [respondent] is liable for moral damages in the amount of FIFTY THOUSAND PESOS (₱50,000.00).
16. For having made gross misrepresentation, she is liable for exemplary damages in the amount of FIFTY THOUSAND PESOS (₱50,000.00) to serve as a warning for the public not to follow her evil example.
17. As [petitioners] were compelled to file the instant suit to protect and vindicate [their] right and reputation, [respondent] should also be held liable for attorney's fees in the amount of FIFTY THOUSAND PESOS (₱50,000.00) in addition to the costs of this suit.

PRAYER

[Petitioners] respectfully [pray] that a judgment, in [their] favor and against [respondent], be rendered by this Honorable Court, ordering [respondent]:

1. To pay the amount due of TWENTY SEVEN THOUSAND SEVEN HUNDRED NINETY ONE AND 65/100 (₱27,791.65) representing her share in the SSS contributions and processing costs, with interest, at legal rate, from the time of the filing of this Complaint;
2. To pay FIFTY THOUSAND PESOS (₱50,000.00) for moral damages;
3. To pay FIFTY THOUSAND PESOS (₱50,000.00) for exemplary damages;
4. To pay FIFTY THOUSAND PESOS (₱50,000.00) as attorney's fees;

5. To pay the costs of this suit.

[Petitioners] further [pray] for such other relief as are just and equitable under the circumstances.³⁷

In fine, petitioners alleged that respondent misrepresented that she was simultaneously employed by another company; consequently, they did not enroll her with the SSS or pay her SSS contributions. Likewise, when petitioners eventually paid respondent's SSS contributions as a result of the filing of a complaint by the SSS, respondent was unjustly enriched because the amount was not deducted from her wages in Amecos.

The evidence, however, indicates that while respondent was employed, Amecos did not remit premium contributions – both employer and employees' shares – to the SSS; the SSS demand letter³⁸ sent to it covers non-payment of SSS premium contributions from January 2001 up to April 2002, amounting to ₱85,687.84.³⁹ The Amecos payroll⁴⁰ covering the period from January 30 to November 29, 2001 likewise shows that no deductions for SSS contributions were being made from respondent's salaries. This can only mean that during the period, Amecos was not remitting SSS contributions – whether the employer or employees' shares – pertaining to respondent. As such, during her employment with Amecos, respondent was never covered under the System as SSS did not know in the first instance that petitioners employed her, since the petitioners were not remitting her contributions. Petitioners were forced to remit monthly SSS contributions only when SSS filed I.S. No. 03-6068 with the Quezon City Prosecutor's Office. By that time, however, respondent was no longer with Amecos, as her employment was terminated sometime in mid-February of 2002.

Given the above facts, it is thus clear that petitioners have no cause of action against the respondent in Civil Case No. 04-27802. Since Amecos did not remit respondent's full SSS contributions, the latter was never covered by and protected under the System. If she was never covered by the System, certainly there is no sense in making her answerable for the required contributions during the period of her employment. And it follows as a matter of consequence that claims for other damages founded on the foregoing non-existent cause of action should likewise fail.

WHEREFORE, premises considered, the Petition is **DENIED**. The assailed March 22, 2007 and the May 23, 2007 Resolutions of the Court of Appeals in CA-G.R. SP No. 96959 are **AFFIRMED**.

³⁷ Records, pp. 2-6.

³⁸ Id. at 15.

³⁹ Id. at 12-13; undated Affidavit of SSS Accounts Officer Marilou D. Bautista and SSS Consolidated Statement of Contributions and Penalties as of May 31, 2002 annexed to petitioners' Complaint in Civil Case No. 04-27802.

⁴⁰ Id. at 95-103.

SO ORDERED.


MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson


ARTURO D. BRION
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


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*