



Republic of the Philippines
 Supreme Court
 Manila

SECOND DIVISION

TRIFON B. TUMAODOS,
Petitioner,

G.R. No. 241865

Present:

PERLAS-BERNABE, S.A.J.,
Chairperson,

REYES, A., JR.,

HERNANDO,

INTING, and

GAERLAN,* JJ.

- versus -

**SAN MIGUEL YAMAMURA
 PACKAGING CORPORATION,**
Respondent.

Promulgated:

19 FEB 2020

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DECISION

INTING, J.:

Before the Court is a Petition for Review¹ under Rule 45 of the Rules of Court assailing the Decision² dated August 9, 2017 and the Resolution³ dated April 19, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 10322. The assailed Decision granted the petition for *certiorari* filed by San Miguel Yamamura Packaging Corporation (respondent), and nullified and set aside the Decision⁴ dated March 1,

* Designated additional member per Raffle dated February 10, 2020 in lieu of Associate Justice Edgardo L. Delos Santos (now a member of the Court).

¹ *Rollo*, pp. 13-39.

² *Id.* at 43-54; penned by Associate Justice Edward B. Contreras with Associate Justices Gabriel T. Ingles and Edgardo L. Delos Santos (now a member of the Court), concurring.

³ *Id.* at 55-56.

⁴ *Id.* at 268-278; penned by Presiding Commissioner Violeta Ortiz-Bantug with Commissioners Julie C. Rendoque and Jose G. Gutierrez, concurring.

2016 and the Resolution⁵ dated May 18, 2016 of the National Labor Relations Commission (NLRC) in NLRC Case No. VAC-02-000081-2016 as well as all other issuances and proceedings rendered in the same case.

The assailed Resolution, on the other hand, denied the Motion for Reconsideration⁶ filed by Trifon B. Tumaodos (petitioner).

The Antecedents

Petitioner became an employee of respondent on October 6, 1988. As an employee of respondent, petitioner became a member of SMC Employees & Its Subsidiaries Multi-Purpose Cooperative (Cooperative).⁷

Due to its plant reorganization, respondent implemented an Involuntary Separation Program effective November 15, 2014.⁸ Petitioner was one of the employees who availed himself of the program. His separation package was computed at ₱3,080,244.66, but respondent withheld the amount of ₱1,400,000.00 on behalf of the Cooperative, to which petitioner allegedly had an outstanding indebtedness.⁹

On October 13, 2014, respondent paid out petitioner's separation benefits, less the amount withheld. Petitioner signed a Receipt and Release in favor of respondent, but he made a notation that the amount of ₱1,400,000.00 was still subject to verification.¹⁰

On November 28, 2014, respondent received a letter from petitioner wherein he claimed that he no longer had any outstanding obligation to the Cooperative. Thus, petitioner demanded respondent to release to him the withheld amount. On February 13, 2015, respondent also received a letter from the Cooperative, disputing petitioner's assertions and also claiming entitlement to the withheld amount.

⁵ *Id.* at 279-280.

⁶ *Id.* at 57-66.

⁷ *Id.* at 43-44.

⁸ *Id.* at 283.

⁹ *Id.* at 44.

¹⁰ *Id.*

Due to petitioner's and the Cooperative's conflicting claims, respondent, on March 17, 2015, filed a Complaint for Interpleader with Consignation before Branch 55, Regional Trial Court (RTC), Mandaue City.¹¹

Meanwhile, on April 22, 2015, petitioner filed a complaint before the NLRC Regional Arbitration Branch No. VII for non-payment of separation pay and damages. The case was docketed as NLRC RAB VII 04-1000-15.¹² Considering that settlements failed, the Labor Arbiter (LA) directed the parties to simultaneously file their respective position papers.¹³

In the [Petitioner's] Position Paper,¹⁴ petitioner alleged that on March 13, 2007, he applied for an ordinary loan with the Cooperative in the amount of ₱250,000.00. When the loan was granted, respondent had been deducting from his salary the amount of ₱5,091.00 per payday, or a total of ₱10,182.00 per month, even though he had not so authorized respondent to make deductions for the payment of his loan with the Cooperative. Deductions were made from petitioner's salary since March 2007 until June 2011, when respondent allegedly noticed certain anomalous and unscrupulous practices of the Cooperative. For this reason, respondent issued a Memorandum¹⁵ dated June 23, 2011 informing the Cooperative that it would no longer accommodate deductions on the employees' payrolls.¹⁶

Petitioner claimed that respondent made deductions totaling ₱529,464.00, which was more than double the sum that he owed to the Cooperative. He averred that he had not only paid his loan in full but had made excess payment in the amount of ₱279,464.00, which respondent must return.¹⁷

Petitioner further alleged that sometime in the early part of 2011, he applied for a loan with Home Development and Mutual Fund (Pag-IBIG). As a requirement for the Pag-IBIG loan, he requested for a

¹¹ *Id.*

¹² *Id.* at 281.

¹³ *Id.* at 44.

¹⁴ *Id.* at 293-309.

¹⁵ *Id.* at 319.

¹⁶ *Id.* at 294-295.

¹⁷ *Id.* at 295-296.

Certificate of Employment and Compensation from respondent. However, the Human Resource (HR) Manager refused to issue the document unless petitioner would sign what appeared, then, to be a blank form, but later turned out to be an Authority to Deduct. Petitioner signed the form in order that he could obtain the required employment certificate.¹⁸

Anent the deduction of ₱1,400,000.00 from his separation pay, petitioner alleged that respondent merely relied on the purported Authority to Deduct without seeing the loan documents or determining his total obligations. Petitioner asserted that the Authority to Deduct had suspicious discrepancies; that the loans reflected therein were fictitious and fabricated; and that the Cooperative and the HR Manager took advantage of the existing deductions from petitioner's salary to make it appear that petitioner obtained a loan from the Cooperative, when in truth, he did not. Petitioner averred that the Cooperative could not have known about the ₱5,091.00 deduction in his salary, unless respondent connived with it in disclosing such amount and allowed it to unduly "piggyback" on the same deduction as if it were in payment of the alleged fictitious loans appearing in the Authority to Deduct.¹⁹

For its part, respondent alleged in its Position Paper²⁰ that it had a long-standing agreement with the Cooperative, whereby it undertook to deduct the amount of monthly amortizations from the salary of the employees who were members of the Cooperative, subject to the company's policies on deduction.²¹ This agreement was formalized in the Memorandum of Agreement (MOA)²² dated May 14, 2013. After the execution of the MOA, the Cooperative submitted to the HR Department several Authorities to Deduct signed by the employee-members concerned, including petitioner, to effect the implementation of the payroll deductions.²³ In view of such authority from the employees and due to its obligations under the MOA to make the subject deductions, respondent withheld a portion of petitioner's separation pay.²⁴

¹⁸ *Id.* at 296.

¹⁹ *Id.* at 298.

²⁰ *Id.* at 366-376.

²¹ *Id.* at 368.

²² *Id.* at 379-383.

²³ *Id.* at 368.

²⁴ *Id.* at 369.

illegal dismissal nor a claim for reinstatement. His complaint was for alleged non-payment of separation benefits and damages. It is notable, however, that respondent never denied petitioner's entitlement to his separation pay. In fact, on October 13, 2014, respondent paid out petitioner's separation package, except that it withheld the amount of ₱1,400,000.00, which, purportedly, was his outstanding indebtedness to the Cooperative.⁵⁰ Petitioner, in turn, signed a Receipt and Release in favor of respondent but made a notation that the amount of ₱1,400,000.00 was still subject to verification.⁵¹ Thus, by signing the Receipt and Release, petitioner had in fact acknowledged that he had been paid all amounts due him comprising his separation benefits, except that he questioned the withholding of the ₱1,400,000.00 as he claimed that he no longer had existing loan obligations to the Cooperative. It appears, thus, that the principal relief sought by petitioner in his complaint was not the payment of his separation package but the release to him of the withheld amount of ₱1,400,000.00, to which both he and the Cooperative claimed entitlement. In addition, he also sought the return of the alleged excess deductions made for his 2007 loan in the amount of ₱279,464.00.

Ergo, given that the disputed amount of ₱1,400,000.00 and the alleged excess deductions of ₱279,464.00 both relate to petitioner's alleged indebtedness to the Cooperative and not to respondent, it becomes apparent that the controversy involves debtor-creditor relations between petitioner and the Cooperative, rather than employer-employee relations between respondent and petitioner. Evidently, the employer-employee relationship between respondent and petitioner in this case is merely incidental and the principal relief sought by petitioner can be resolved not by reference to the Labor Code or other labor relations statute or a collective bargaining agreement but by the general civil law.

Thus, as held in *Halagueña, et al. v. PAL, Inc.*:⁵²

Not every controversy or money claim by an employee against the employer or vice-versa is within the exclusive jurisdiction of the labor arbiter. Actions between employees and employer where the employer-employee relationship is merely incidental and the cause of

⁵⁰ *Rollo*, p. 283.

⁵¹ *Id.* at 44.

⁵² 617 Phil. 502 (2009).

action precedes from a different source of obligation is within the exclusive jurisdiction of the regular court. Here, the employer-employee relationship between the parties is merely incidental and the cause of action ultimately arose from different sources of obligation, *i.e.*, the Constitution and CEDAW.

Thus, where the principal relief sought is to be resolved not by reference to the Labor Code or other labor relations statute or a collective bargaining agreement but by the general civil law, the jurisdiction over the dispute belongs to the regular courts of justice and not to the labor arbiter and the NLRC. In such situations, resolution of the dispute requires expertise, not in labor management relations nor in wage structures and other terms and conditions of employment, but rather in the application of the general civil law. Clearly, such claims fall outside the area of competence or expertise ordinarily ascribed to labor arbiters and the NLRC and the rationale for granting jurisdiction over such claims to these agencies disappears.⁵³

Here, since both petitioner and the Cooperative claimed entitlement to the withheld amount of ₱1,400,000.00, respondent appropriately filed a Complaint for Interpleader with Consignation before Branch 55 of the RTC of Mandaue City. Under Section 1, Rule 62 of the Rules of Court, a person may file a special civil action for interpleader if conflicting claims are made against him/her/it over a subject matter in which he/she/it has no interest. The action is brought against the claimants to compel them to litigate their claims among themselves. Section 1, Rule 62 of the Rules of Court provides:

SECTION 1. *When interpleader proper.* — Whenever conflicting claims upon the same subject matter are or may be made against a person who claims no interest whatever in the subject matter, or an interest which in whole or in part is not disputed by the claimants, he may bring an action against the conflicting claimants to compel them to interplead and litigate their several claims among themselves.

It bears emphasis that the interpleader case before the RTC was filed prior to petitioner's filing of his complaint before the LA. The fact that respondent filed the interpleader case is even an indication of good faith on its part as both petitioner and the Cooperative would be given the right to have their respective claims ventilated before the court.

⁵³ *Id.* at 514-515. Citations omitted.

Petitioner, however, asserted that he no longer had any obligation to the Cooperative. He thus demanded the release of the withheld amount. At the same time, the Cooperative also claimed entitlement to the same amount and invoked the provisions of the MOA and the Cooperative Code of the Philippines. Moreover, the Cooperative filed a complaint for collection of sum of money before the Cooperative Development Authority Voluntary Arbitration Secretariat in relation to petitioner's alleged outstanding obligations to it.

Respondent averred that it acted in good faith when it withheld the sum supposedly due to petitioner or to the Cooperative in the hope of determining who between the two is entitled to such amount.²⁵

On October 29, 2015, the LA rendered a Decision,²⁶ the dispositive portion of which reads:

WHEREFORE, PREMISES CONSIDERED, judgment is hereby rendered ordering the respondent corporation SAN MIGUEL YAMAMURA PACKAGING CORPORATION to pay complainant the following:

<i>Refund of the deductions since March 2007</i>	P 529,464.00
<i>Separation Pay Withheld</i>	P1,400,000.00
<i>Plus 6% interest</i>	P 115,767.84
<i>Moral Damages</i>	P 50,000.00
<i>Exemplary Damages</i>	P 30,000.00
	<u>P2,125,231.84</u>
<i>10% Attorney's Fees</i>	P 212,523.18

Or in the total aggregate sum of TWO MILLION THREE HUNDRED THIRTY SEVEN THOUSAND SEVEN HUNDRED FIFTY FIVE PESOS AND 2/100 (P2,337,755.02)[.]

Other claims are denied for lack of merit and basis.

SO ORDERED.²⁷

Respondent appealed to the NLRC. It posted the full amount of the judgment award but subsequently moved to reduce the required bond

²⁵ *Id.* at 370.

²⁶ *Id.* at 281-292; penned by Labor Arbiter Butch Donabel Ragas-Bilocura.

²⁷ *Id.* at 292.

on the ground that the amount of ₱1,400,000.00 had already been consigned before the RTC in connection with the Complaint for Interpleader with Consignation it previously filed.²⁸

On March 1, 2016, the NLRC rendered its Decision²⁹ affirming the ruling of the LA. On March 18, 2016, the NLRC issued a Resolution³⁰ which merely noted the motion to reduce bond.³¹ Subsequently, in the Resolution³² dated May 18, 2016, the NLRC denied respondent's motion for reconsideration with respect to both its Decision and its inaction on the motion to reduce bond.

Aggrieved, respondent filed a petition for *certiorari* with the CA. Respondent contended, among others, that the NLRC committed grave abuse of discretion amounting to lack or excess of jurisdiction when it held that the LA had jurisdiction over the case, notwithstanding the fact that petitioner's asserted claim has no reasonable causal connection with the employer-employee relationship, and that the ultimate issue at hand is the validity or authority to deduct or the lack thereof which should be brought before the RTC.³³ Respondent also averred that the interpleader case was filed prior to the labor case and was the more appropriate action; hence, the labor case should be dismissed and the resolution of the issue should be deferred to the RTC in which the interpleader case was pending.³⁴ Respondent further argued that the NLRC committed grave abuse of discretion when it affirmed the order for the refund of ₱529,464.00, notwithstanding that it is contrary to the principle of unjust enrichment and that petitioner was already barred by estoppel.³⁵

In resolving the petition for *certiorari*, the CA particularly concentrated on the issue of whether the labor tribunals had jurisdiction to resolve the instant case. Answering in the negative, the CA ruled that the issues raised and the reliefs prayed for by petitioner in his position

²⁸ *Id.* at 46.

²⁹ *Id.* at 268-278.

³⁰ *Id.* at 279-280.

³¹ *Id.* at 279.

³² *Id.* at 279-280.

³³ *Id.* at 48.

³⁴ *Id.* at 49.

³⁵ *Id.*

paper are not cognizable by the labor tribunals.³⁶ The dispositive portion of the CA assailed Decision dated August 9, 2017 reads:

WHEREFORE, the Petition is GRANTED. The Decision and Resolution dated March 1, 2016 and May 18, 2016, respectively, as well as all other issuances and proceedings rendered in NLRC Case No. VAC-02-000081-2016, are NULLIFIED and SET ASIDE.

SO ORDERED.³⁷

The CA found that petitioner was not seeking to enforce his rights under the Labor Code, other labor statutes, or any collective bargaining agreement, and his claims could not be resolved by referring to labor law provisions.³⁸ On the contrary, the CA held that the money claim presented before the labor tribunal relates, on the one hand, to petitioner's supposed financial obligations to the Cooperative, if there were still any; and on the other hand, to respondent's contractual obligation to the Cooperative pursuant to the MOA provision wherein respondent undertook to deduct any unpaid loan balances from the final pay of the borrower-employee in the event of his/her retirement, resignation, or termination.³⁹ To the CA, the determination of these matters does not require the expertise in labor management relations, wage structures or other terms and conditions of employment; rather, it entails the application of civil law, particularly on obligations and contracts.⁴⁰

Hence, this petition.

Assignment of Errors

I

AS A MATTER OF LAW, LABOR COURTS HAVE JURISDICTION OVER, AND THE AUTHORITY TO AWARD, EMPLOYMENT BENEFITS SUCH AS SEPARATION PAY. THUS, THE COURT OF APPEALS GRAVELY ERRED WHEN IT HELD

³⁶ *Id.* at 51.

³⁷ *Id.* at 54.

³⁸ *Id.* at 51.

³⁹ *Id.*

⁴⁰ *Id.* at 52.

THAT THE LABOR COURT HAS NO JURISDICTION OVER THE SUBJECT MATTER.

II

THE HONORABLE COURT ERRED WHEN IT HELD THAT THE ISSUES IN THIS CASE DO NOT REQUIRE THE APPLICATION OF ANY LABOR LAWS.⁴¹

The Court's Ruling

The petition is bereft of merit.

In cases involving workers and their employers, the delineation between the jurisdiction of the regular courts and that of the labor courts has always been a matter of dispute.⁴² In this case, the Court agrees with the CA that it is the regular courts that have jurisdiction over petitioner's claims.

Not all controversies or money claims by an employee against the employer or *vice versa* fall within the exclusive jurisdiction of the LA.⁴³ With regard to money claims and damages, Article 224 (formerly Article 217) of the Labor Code, as amended, bestows upon the LA original and exclusive jurisdiction over cases filed by workers involving wages, among others, if accompanied by a claim for reinstatement;⁴⁴ all claims, except those for Employees Compensation, Social Security, Medicare and maternity benefits, arising from employer-employee relations involving an amount exceeding ₱5,000.00 regardless of whether accompanied with a claim for reinstatement;⁴⁵ and claims for actual, moral, exemplary and other forms of damages arising from employer-employee relations.⁴⁶

As can be gleaned above, the jurisdiction of the LA over money claims and damages is confined to those cases which are either

⁴¹ *Id.* at 29.

⁴² *Indophil Textile Mills, Inc. v. Engr. Adviento*, 740 Phil. 336, 344 (2014), citing *San Miguel Corporation v. Etcuban*, 377 Phil. 733, 745 (1999).

⁴³ *Halagueña, et al. v. PAL, Inc.*, 617 Phil. 502, 514 (2009).

⁴⁴ LABOR CODE, Article 224. [217] (3).

⁴⁵ LABOR CODE, Article 224. [217] (6).

⁴⁶ LABOR CODE, Article 224. [217] (4).

accompanied by a claim for reinstatement or arising from employer-employee relations. Here, the Court finds that petitioner's claims do not fall under any of these cases.

In ruling that the determination of the case is beyond the competence of the labor tribunals, the CA found that although employment relations existed between respondent and petitioner, and the subject of the complaint before the LA was petitioner's money claims against respondent, such money claims did not involve and did not arise out of such employment relationship.⁴⁷ Hence, the CA held that the jurisdiction over petitioner's claims belonged to the RTC, and not the labor tribunals.

The Court agrees.

In *Indophil Textile Mills, Inc. v. Engr. Adviento*,⁴⁸ the Court declared:

While we have upheld the present trend to refer worker-employer controversies to labor courts in light of the aforequoted provision, we have also recognized that not all claims involving employees can be resolved solely by our labor courts, specifically when the law provides otherwise. For this reason, we have formulated the "reasonable causal connection rule," wherein if there is a reasonable causal connection between the claim asserted and the employer-employee relations, then the case is within the jurisdiction of the labor courts; and in the absence thereof, it is the regular courts that have jurisdiction. Such distinction is apt since it cannot be presumed that money claims of workers which do not arise out of or in connection with their employer-employee relationship, and which would therefore fall within the general jurisdiction of the regular courts of justice, were intended by the legislative authority to be taken away from the jurisdiction of the courts and lodged with Labor Arbiters on an exclusive basis.⁴⁹

To the Court, petitioner's claims have no "reasonable causal connection" with his employment relationship with respondent. It bears to point out that the case that petitioner filed was neither a complaint for

⁴⁷ *Rollo*, p. 51.

⁴⁸ 740 Phil. 336 (2014).

⁴⁹ *Id.* at 346. Citations omitted.

Contrarily, the Cooperative who is not a party to the labor complaint before the LA would not have the opportunity to oppose or refute petitioner's unilateral claims therein. In addition, the fact that respondent had consigned the amount of ₱1,400,000.00 in the RTC where the interpleader case was pending demonstrates the lack of intention on its part to deprive petitioner of such amount, if he was indeed the one entitled to it.

Moreover, it is also worthy to mention that neither petitioner nor respondent presented before the LA the purported loan agreement between petitioner and the Cooperative.⁵⁴ To the Court, given that the disputed sum of ₱1,400,000.00 pertained to the alleged outstanding loan obligation of petitioner to the Cooperative, it was necessary that all documents pertinent thereto, most especially the loan agreement itself, be presented before the adjudicating body, assessed, and taken into consideration in determining who is entitled to the amount contested. As correctly submitted by respondent in his Comment⁵⁵ to the petition, a just resolution of petitioner's complaint cannot be done without affording the Cooperative a fair and equal opportunity to prove its entitlement to the amount of ₱1,400,000.00.⁵⁶

Thus, the CA aptly ruled:

When the Corporation filed its Position Paper, it wasted no time to inform the labor arbiter that prior to Tumaodos' filing of his money claim complaint, there was already an Interpleader with Consignation case before the RTC, since the amount subject of Tumaodos' money claim was also being claimed by the Cooperative. This fact should have cautioned the [LA], and later the NLRC, that the subject matter of the case is beyond their competence.

Noteworthy, Tumaodos himself admitted being a member of the Cooperative and having incurred a loan therefrom in 2007. Considering these circumstances, the determination of Tumaodos' entitlement to the amount he was claiming could not, and should not just be made to rest on his bare allegation. Instead, the adjudicating body should entail the presentation of loan documents, payment slips, and other documents to support Tumaodos' and the Cooperative's respective claims. The [LA] and the NLRC's area of competence or

⁵⁴ *Rollo*, p. 290.

⁵⁵ *Id.* at 429-450.

⁵⁶ *Id.* at 443.

expertise simply do not encompass these matters; hence, the said labor tribunals should have prudently dismissed the case and yielded to the jurisdiction of the RTC. x x x⁵⁷

The Court also finds that the LA and the NLRC erred in ordering the refund to petitioner of the amount of ₱529,464.00, the total deductions on his salary which started in March 2007. According to petitioner, respondent made total deductions amounting to ₱529,464.00 and he had made an excess payment of ₱279,464.00, which respondent must return. Thus, petitioner had in fact admitted that he was indebted to the Cooperative but only for the amount of ₱250,000.00; yet, the LA and the NLRC both found proper the refund of ₱529,464.00 based on their conclusion that this whole amount constituted an illegal deduction on his salary. In any case, the Court finds that the refund of either ₱529,464.00 or ₱279,464.00 has no sufficient basis. To reiterate, the presentation of all pertinent loan documents is necessary in order to arrive at a complete and just resolution of the case. Apparently, this cannot be possible in this labor complaint filed by petitioner against respondent considering that the Cooperative is not afforded the opportunity to present its own evidence and the determination of the case would be based merely on the unilateral claims of petitioner.

In sum, the determination of petitioner's case is beyond the competence of the labor tribunals for the following reasons: 1) petitioner's claims have no reasonable causal connection with his employment relationship with respondent; 2) the Cooperative is not a party to the labor complaint and would therefore be deprived of the opportunity to plead its claims; and 3) the Interpleader with Consignation case before the RTC, which was filed by respondent prior to petitioner's labor complaint, was the proper forum to ventilate the claimants' respective claims over the disputed amount of ₱1,400,000.00.

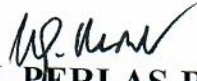
WHEREFORE, the Petition for Review is **DENIED**. The Decision dated August 9, 2017 and the Resolution dated April 19, 2018 of the Court of Appeals in CA-G.R. SP No. 10322 are **AFFIRMED**.

SO ORDERED.

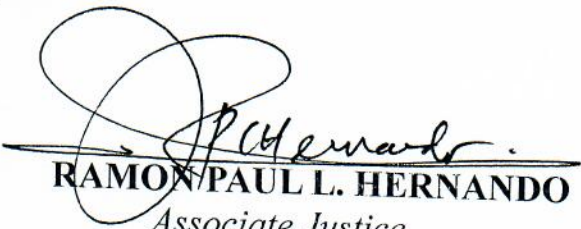
⁵⁷ *Id.* at 52.



HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson



ANDRES B. REYES, JR.
Associate Justice


RAMON PAUL L. HERNANDO
Associate Justice


SAMUEL H. GAERLAN
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.


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson

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.



DIOSDADO M. PERALTA
Chief Justice

