SUPREME COURT
FIRST DIVISION

ALFREDO F. PRIMERO,
***Petitioner*,**

-versus-

G.R. No. L-72644
December 14, 1987

INTERMEDIATE APPELLATE COURT and DM TRANSIT,
***Respondents*.**
x----------x

D E C I S I O N

NARVASA, *J.*:

The question on which the petitioner's success in the instant appeal depends, and to which he would have us give an affirmative answer, is whether or not, having recovered separation pay by judgment of the Labor Arbiter — which held that he had been fired by respondent DM Transit Corporation without just cause — he may subsequently recover moral damages by action in a regular court, upon the theory that the manner of his dismissal from employment was tortious and therefore his cause of action was intrinsically civil in nature.

Petitioner Primero was discharged from his employment as bus driver of DM Transit Corporation (hereafter, simply DM) in August, 1974 after having been employed therein for over 6 years. The

circumstances attendant upon that dismissal are recounted by the Court of Appeals[1] as follows:

> "Undisputably, since August 1, 1974, appellee's bus dispatcher did not assign any bus to be driven by appellant Primero. No reason or cause was given by the dispatcher to appellant for not assigning a bus to the latter for 23 days (pp. 6-14, 21-22, tsn, May 15, 1979).
>
> "Also, for 23 days, appellant was given a run-around from one management official to another, pleading that he be allowed to work as his family was in dire need of money and at the same time inquiring (why) he was not allowed to work or drive a bus of the company. Poor appellant did not only get negative results but was given cold treatment, oftentimes evaded and given confusing information, or ridiculed, humiliated, or sometimes made to wait in the offices of some management personnel of the appellee (pp. 2-29, tsn, May 15, 1979).
>
> "(The) General Manager and (the) Vice-President and Treasurer wilfully and maliciously made said appellant seesaw or go back and forth between them for not less than ten (10) times within a period of 23 days but (he) got negative results from both corporate officials. Worse, on the 23rd day of his ordeal, appellant was suddenly told by General Manager Briones to seek employment with other bus companies because he was already dismissed from his job with appellee (without having been) told of the cause of his hasty and capricious dismissal. (pp. 8, 11-13, 25, tsn, May 15, 1979).
>
> "Impelled to face the harsh necessities of life as a jobless person and worried by his immediate need for money, appellant pleaded with Corporate President Demetrio Muñoz, Jr. for his reinstatement and also asked P300.00 as financial assistance but the latter told the former that he (Muñoz, Jr.) will not give him even one centavo and that should appellant sue him in court, then that will be the time President Muñoz, Jr. will pay him, if Muñoz, Jr. loses the case. (pp. 21-22, tsn, May 15, 1979).

> "Appellant also advised (the) President of the oppressive, anti-social and inhumane acts of subordinate officers (but) Muñoz, Jr. did nothing to resolve appellant's predicament and just told the latter to go back to Briones, who insisted that appellant seek employment with other bus firms in Metro Manila (but) admitted that the appellant has not violated any company rule or regulation. (pp. 23-26, tsn, May 15, 1979).
>
> In pursuance (of) defendant's determination to oppress plaintiff and cause further loss, irreparable injury, prejudice and damage, (D.M. Transit) in bad faith and with malice persuaded other firms (California Transit, Pascual Lines, De Dios Transit, Negrita Corporation, and MD Transit) not to employ (appellant) in any capacity after he was already unjustly dismissed by said defendant. (paragraph 8 of plaintiff's complaint).
>
> "These companies with whom appellant applied for a job called up the D.M. Transit Office (which) told them that they should not accept (appellant) because (he) was dismissed from that Office.

Primero instituted proceedings against DM with the Labor Arbiters of the Department of Labor, for illegal dismissal, and for recovery of back wages and reinstatement. It is not clear from the record whether these proceedings consisted of one or two actions separately filed. What is certain is that he withdrew his claims for back wages and reinstatement, "with the end in view of filing a damage suit" "in a civil court which has exclusive jurisdiction over his complaint for damages on causes of action founded on tortious acts, breach of employment contract and consequent effects (thereof).[2]

In any case, after due investigation, the Labor Arbiter rendered judgment dated January 24, 1977 ordering DM to pay complainant Primero P2,000.00 as separation pay in accordance with the Termination Pay Law.[3] The judgment was affirmed by the National Labor Relations Commission and later by the Secretary of Labor, the case having been concluded at this level on March 3, 1978.[4]

Under the provisions of the Labor Code in force at that time, Labor Arbiters had jurisdiction inter alia over —

1) claims involving non-payment or underpayment of wages, overtime compensation, social security and medicare benefits; and

2) all other cases or matters arising from employer-employee relations, unless otherwise expressly excluded.[5]

And we have since held that under these "broad and comprehensive" terms of the law, Labor Arbiters possessed original jurisdiction over claims for moral and other forms of damages in labor disputes.[6]

The jurisdiction of Labor Arbiters over such claims was however removed by PD 1367, effective May 1, 1978, which explicitly provided that "Regional Directors shall not indorse and Labor Arbiters shell not entertain claims for moral or other forms of damages."[7]

Some three months afterwards, Primero brought suit against DM in the Court of First Instance of Rizal seeking recovery of damages caused not only by the breach of his employment contract, but also by the oppressive and inhuman, and consequently tortious, acts of his employer and its officers antecedent and subsequent to his dismissal from employment without just cause.[8]

While this action was pending in the CFI, the law governing the Labor Arbiters' jurisdiction was once again revised. The amending act was PD 1691, effective May 1, 1980. It eliminated the restrictive clause placed by PD 1367, that Regional Directors shall not indorse and Labor Arbiters entertain claims for moral or other forms of damages. And, as we have had occasion to declare in several cases, it restored the principle that "exclusive and original jurisdiction for damages would once again be vested in labor arbiters;" eliminated "'the rather thorny question as to where in labor matters the dividing line is to be drawn 'between the power lodged in an administrative body and a court;'" and, "in the interest of greater promptness in the disposition of labor matters, spared (courts of) the often onerous task of determining what essentially is a factual matter, namely, the damages that may be incurred by either labor or management as a result of

disputes or controversies arising from employer-employee relations."[9] Parenthetically, there was still another amendment of the provision in question which, however, has no application to the case at bar. The amendment was embodied in B.P. Blg. 227, effective June 1, 1982.[10]

On August 11, 1980 the Trial Court rendered judgment dismissing the complaint on the ground of lack of jurisdiction, for the reason that at the time that the complaint was filed on August 17, 1978, the law — the Labor Code as amended by PD 1367, eff. May 1, 1978 — conferred exclusive, original jurisdiction over claims for moral or other damages, not on ordinary courts, but on Labor Arbiters.

This judgment was affirmed by the Intermediate Appellate Court, by Decision rendered on June 29, 1984. This is the judgment now subject of the present petition for review on certiorari. The decision was reached by a vote of 3 to 2. The dissenters, placing reliance on certain of our pronouncements, opined that Primero's causes of action were cognizable by the courts, that existence of employment relations was not alone decisive of the issue of jurisdiction, and that such relations may indeed give rise to "civil" as distinguished from purely labor disputes, as where an employer's right to dismiss his employee is exercised tortiously, in a manner oppressive to labor, contrary to morals, good customs or public policy.[11]

Primero has appealed to us from this judgment of the IAC praying that we overturn the majority view and sustain the dissent.

Going by the literal terms of the law, it would seem clear that at the time that Primero filed his complaints for illegal dismissal and recovery of backwages, etc. with the Labor Arbiter, the latter possessed original and exclusive jurisdiction also over claims for moral and other forms of damages; this, in virtue of Article 265[12] of PD 442, otherwise known as the Labor Code, effective from May 1, 1974. In other words, in the proceedings before the Labor Arbiter, Primero plainly had the right to plead and prosecute a claim not only for the reliefs specified by the Labor Code itself for unlawful termination of employment, but also for moral or other damages under the Civil Code arising from or connected with that termination of employment. And this was the state of the law when he moved for

the dismissal of his claims before the Labor Arbiter, for reinstatement and recovery of back wages, so that he might later file a damage suit "in a civil court which has exclusive jurisdiction over his complaint founded on tortious acts, breach of employment contract and consequent effects (thereof)."[13]

The legislative intent appears clear to allow recovery in proceedings before Labor Arbiters of moral and other forms of damages, in all cases or matters arising from employer-employee relations. This would no doubt include, particularly, instances where an employee has been unlawfully dismissed. In such a case the Labor Arbiter has jurisdiction to award to the dismissed employee not only the reliefs specifically provided by labor laws, but also moral and other forms of damages governed by the Civil Code. Moral damages would be recoverable, for example, where the dismissal of the employee was not only effected without authorized cause and/or due process — for which relief is granted by the Labor Code — but was attended by bad faith or fraud, or constituted an act oppressive to labor, or was done in a manner contrary to morals, good customs or public policy[14] — for which the obtainable relief is determined by the Civil Code[15] (not the Labor Code). Stated otherwise, if the evidence adduced by the employee before the Labor Arbiter should establish that the employer did indeed terminate the employee's services without just cause or without according him due process, the Labor Arbiter's judgment shall be for the employer to reinstate the employee and pay him his back wages or, exceptionally, for the employee simply to receive separation pay. These are reliefs explicitly prescribed by the Labor Code.[16] But any award of moral damages by the Labor Arbiter obviously cannot be based on the Labor Code but should be grounded on the Civil Code. Such an award cannot be justified solely upon the premise (otherwise sufficient for redress under the Labor Code) that the employer fired his employee without just cause or due process. Additional facts must be pleaded and proven to warrant the grant of moral damages under the Civil Code, these being, to repeat, that the act of dismissal was attended by bad faith or fraud, or was oppressive to labor, or done in a manner contrary to morals, good customs, or public policy; and, of course, that social humiliation, wounded feelings, grave anxiety, etc., resulted therefrom.[17]

It is clear that the question of the legality of the act of dismissal is intimately related to the issue of the legality of the manner by which that act of dismissal was performed. But while the Labor Code treats of the nature of, and the remedy available as regards the first — the employee's separation from employment — it does not at all deal with the second — the manner of that separation — which is governed exclusively by the Civil Code. In addressing the first issue, the Labor Arbiter applies the Labor Code; in addressing the second, the Civil Code. And this appears to be the plain and patent intendment of the law. For apart from the reliefs expressly set out in the Labor Code flowing from illegal dismissal from employment, no other damages may be awarded to an illegally dismissed employee other than those specified by the Civil Code. Hence, the fact that the issue — of whether or not moral or other damages were suffered by an employee and in the affirmative, the amount that should properly be awarded to him in the circumstances — is determined under the provisions of the Civil Code and not the Labor Code, obviously was not meant to create a cause of action independent of that for illegal dismissal and thus place the matter beyond the Labor Arbiter's jurisdiction.

Thus, an employee who has been illegally dismissed (i.e., discharged without just cause or being accorded due process), in such a manner as to cause him to suffer moral damages (as determined by the Civil Code), has a cause of action for reinstatement and recovery of back wages and damages. When he institutes proceedings before the Labor Arbiter, he should make a claim for all said reliefs. He cannot, to be sure, be permitted to prosecute his claims piecemeal. He cannot institute proceedings separately and contemporaneously in a court of justice upon the same cause of action or a part thereof. He cannot and should not be allowed to sue in two forums: one, before the Labor Arbiter for reinstatement and recovery of back wages, or for separation pay, upon the theory that his dismissal was illegal; and two, before a court of justice for recovery of moral and other damages, upon the theory that the manner of his dismissal was unduly injurious, or tortious. This is what in procedural law is known as splitting causes of action, engendering multiplicity of actions. It is against such mischiefs that the Labor Code amendments just discussed are evidently directed, and it is such duplicity which the Rules of Court regard as ground for abatement or dismissal of actions, constituting either litis pendentia (auter action pendant) or

res adjudicata, as the case may be.[18] But this was precisely what Primero's counsel did. He split Primero's cause of action; and he made one of the split parts the subject of a cause of action before a court of justice. Consequently, the judgment of the Labor Arbiter granting Primero separation pay operated as a bar to his subsequent action for the recovery of damages before the Court of First Instance under the doctrine of res judicata. The rule is that the prior "judgment or order is, with respect to the matter directly adjudged or as to any other matter that could have been raised in relation thereto, conclusive between the parties and their successors in interest by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity.[19]

We are not unmindful of our previous rulings on the matter cited in the dissent to the decision of the Court of Appeals subject of the instant petition,[20] notably, Quisaba vs. Sta Ines-Melale Veneer & Plywood, Inc., where a distinction was drawn between the right of the employer to dismiss an employee, which was declared to be within the competence of labor agencies to pass upon, and the "manner in which the right was exercised and the effects flowing therefrom," declared to be a matter cognizable only by the regular courts because "intrinsically civil."[21] We opine that it is this very distinction which the law has sought to eradicate as being so tenuous and so difficult to observe,[22] and, of course, as herein pointed out, as giving rise to split jurisdiction, or to multiplicity of actions, "a situation obnoxious to the orderly administration of justice.[23] Actually we merely reiterate in this decision the doctrine already laid down in other cases (Garcia vs. Martinez, 84 SCRA 577; Ebon vs. de Guzman, 13 SCRA 52; Bengzon vs. Inciong, 91 SCRA 248; Pepsi-Cola Bottling Co. vs. Martinez, 112 SCRA 578; Aguda vs. Vallejos, 113 SCRA 69; Getz vs. C.A., 116 SCRA 86; Cardinal Industries vs. Vallejos, 114 SCRA 471; Sagmit vs. Sibulo, 133 SCRA 359) to the effect that the grant of jurisdiction to the Labor Arbiter by Article 217 of the Labor Code is sufficiently comprehensive to include claims for moral and exemplary damages sought to be recovered from an employer by an employee upon the theory of his illegal dismissal. Rulings to the contrary are deemed abandoned or modified accordingly.

WHEREFORE, the petition is **DISMISSED**, without pronouncement as to costs.

Teehankee, *C.J.*, Cruz, Paras[*] and Gancayco, *JJ.*, concur.

---

[1] Set out in the judgment subject of petitioner's present appeal, quoting and sanctioning the narration of facts in Primero's brief, it being established rule that Court's findings are as a rule conclusive, even on the Supreme Court.
[2] Rollo, p. 14; appellant's brief in CA, p. 4; emphasis supplied.
[3] R.A. 1052, as amended, then in force.
[4] Rollo, p. 91.
[5] ART. 217, PD 442, eff. May 1, 1974.
[6] Garcia vs. Martinez, 84 SCRA 577; Ebon vs. de Guzman, 113 SCRA 52; see also, Bengzon vs. Inciong, 91 SCRA 248; Pepsi-Cola Bottling Co. vs. Martinez, 112 SCRA 578; Aguda vs. Vallejos, 113 SCRA 69; Getz vs. CA, 116 SCRA 86; Cardinal Industries vs. Vallejos, 114 SCRA 471; Sagmit vs. Sibulo, 133 SCRA 359.
[7] Italics supplied.
[8] SEE Footnote No. 1, supra.
[9] Atlas Fertilizer Corporation vs. Hon. Navarro, G.R. No. 721074, April 30, 1987, citing National Federation of Labor vs. Eisma, 127 SCRA 419, and Philippine American Management & Financing Co., Inc. vs. Management & Supervisors Association, etc., 48 SCRA 187.
[10] As amended, ART. 217 now provides that the original, exclusive jurisdiction of labor arbiters includes cases "that workers may file involving wages, hours of work, and other terms and conditions of employment" and "all money claims of workers, including those based on non-payment or underpayment of wages, overtime compensation, separation pay, and other benefits provided by law or appropriate agreement, except claims for employees' compensation, social security, medicare and maternity benefits."
[11] Quisaba vs. Sta. Ines-Melale Veneer & Plywood Inc., 58 SCRA 771; Calderon vs. CA, 100 SCRA 459; Medina vs. Castro-Bartolome, 116 SCRA 597; Singapore Airlines vs. Pano, 122 SCRA 671; Molave Motor Sales, Inc. vs. Laron, 129 SCRA 485.
[12] Now Article 217, Labor Code.
[13] See Footnote 2, supra.
[14] Art. 1701, Civil Code, and Arts. 2219 (10) in relation to Art. 21 of the same Code.
[15] Arts. 2195-2235, Civil Code.
[16] Art. 280, to be precise.
[17] Barreto vs. Arevalo, 99 Phil. 771; Francisco vs. GSIS, L-18155, March 30, 1963; Parang vs. Ty Belizar, L-19487, Jan. 31, 1967; People vs. Reyes, 103 SCRA 103.

[18] Sec. 1 (e), Rule 16, and Section 49 (b), Rule 39, Rules of Court; SEE Bayang vs. A, 148 SCRA 91, citing Urtula vs. Republic, and Gamboa vs. CA, 108 SCRA 1; see also, cases collated in Moran, Comments on the Rules, 1979 ed., vol. 1, page 485, footnote 2, and vol. 2, page 351, footnote 1 and 2.
[19] Sec. 49 (b), Rule 39; emphasis supplied; SEE Mapa vs. Guanzon, 77 SCRA 398.
[20] See footnote 3, page 4, supra.
[21] 58 SCRA 771, 774.
[22] Atlas Fertilizer Corp. vs. Hon. Navarro, G.R. No. 721074, April 30, 1987, citing National Federation of Labor vs. Eisma, 127 SCRA 419.
[23] Gonzales vs. Prov. of Iloilo, 38 SCRA 209; Associated Labor Union vs. Gomez, 19 SCRA 304; Progressive Labor Association vs. Atlas Consolidated Mining & Development Corp., 33 SCRA 350; Cyphil Employees Association-NATU vs. Pharmaceutical Industries, Inc., 77 SCRA 135; Calderon. Sr. vs. C.A. 100 SCRA 453.
[*] Designated a Special Member of the First Division.