SUPREME COURT
FIRST DIVISION

SINGAPORE AIRLINES LIMITED,
***Petitioner*,**

-versus-

G.R. No. L-47739
June 22, 1983

HON. ERNANI CRUZ PAÑO, as Presiding Judge of Branch XVIII, Court of First Instance of Rizal, CARLOS E. CRUZ, and B. E. VILLANUEVA,
***Respondents*.**
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D E C I S I O N

MELENCIO-HERRERA, *J.*:

On the basic issue of lack of jurisdiction, petitioner company has elevated to us for review the two Orders of respondent Judge dated October 28, 1977 and January 24, 1978 dismissing petitioner's complaint for damages in the first Order, and denying its Motion for Reconsideration in the second.

On August 21, 1974, private respondent Carlos E. Cruz was offered employment by petitioner as Engineer Officer with the opportunity to

undergo a B-707 "conversion training course," which he accepted on August 30, 1974. An express stipulation in the letter-offer read:

> "3. BONDING.As you will be provided with conversion training you are required to enter into a bond with SIA for a period of 6 years. For this purpose, please inform me of the names and addresses of your sureties as soon as possible."

Twenty six days thereafter, or on October 26, 1974, Cruz entered into an "Agreement for a Course of Conversion Training at the Expense of Singapore Airlines Limited" wherein it was stipulated among others:

> "4. The Engineer Officer shall agree to remain in the service of the Company for a period of five years from the date of commencement of such aforesaid conversion training if so required by the Company.
>
> 5. In the event of the Engineer Officer:
>
> 1. Leaving the service of the company during the period of five years referred to in Clause 4 above, or
>
> 2. Being dismissed or having his services terminated by the company for misconduct,
>
> the Engineer Officer and the Sureties hereby bind themselves jointly and severally to pay to the Company as liquidated damages such sums of money as are set out hereunder:
>
> (a) during the first year of the period of five year referred to in Clause 4 above $67,460/
>
> (b) during the second year of the period of five years referred to in Clause 4 above $53,968/
>
> (c) during the third year of the period of five years referred to in Clause 4 above $40,476/
>
> (d) during the fourth year of the period of five years referred to in Clause 4 above $26,984/

(e) during the fifth year of the period of five years referred to in Clause 4 above $13,492/

"6. The provisions of Clause 5 above shall not apply in a case where an Engineer Officer has his training terminated by the Company for reasons other than misconduct or where, subsequent to the completion of training, he —

1. loses his license to operate as a Flight Engineer due to medical reasons which can in no way be attributable to any act or omission on his part;

2 is unable to continue in employment with the Company because his employment pass or work permit, as the case may be, has been withdrawn or has not been renewed due to no act or omission on his part;

3. has his services terminated by the Company as a result of being replaced by a national Flight Engineer;

4. has to leave the service of the Company on valid compassionate grounds stated to and accepted by the Company in writing."[1]

Cruz signed the Agreement with his co-respondent, B. E. Villanueva, as surety.

Claiming that Cruz had applied for "leave without pay" and had gone on leave without approval of the application during the second year of the period of five years, petitioner filed suit for damages against Cruz and his surety, Villanueva, for violation of the terms and conditions of the aforesaid Agreement. Petitioner sought the payment of the following sums: liquidated damages of $53,968.00 or its equivalent of P161,904.00 (1st cause of action); $883.91 or about P2,651.73 as overpayment in salary (2nd clause of action); $61.00 or about P183.00 for cost of uniforms and accessories supplied by the company plus $230.00, or roughly P690.00, for the cost of a flight manual (3rd cause of action); and $1,533.71, or approximately P4,601.13

corresponding to the vacation leave he had availed of but to which he was no longer entitled (4th cause of action); exemplary damages; attorney's fees; and costs.

In his Answer, Cruz denied any breach of contract contending that at no time had he been required by petitioner to agree to a straight service of five years under Clause 4 of the Agreement (supra) and that he left the service on "valid compassionate grounds stated to and accepted by the company", so that no damages may be awarded against him. And because of petitioner-plaintiff's alleged ungrounded causes of action, Cruz counter claimed for attorney's fees of P7,000.00.

The surety, Villanueva, in his own Answer, contended that his undertaking was merely that of one of two guarantors not that of surety and claimed the benefit of excussion, if at all found liable. He then filed a cross claim against Cruz for damages and for whatever amount he may be held liable to petitioner-plaintiff; and a counterclaim for actual, exemplary, moral and other damages plus attorney's fees and litigation expenses against petitioner-plaintiff.

The issue of jurisdiction having been raised at the pre-trial conference, the parties were directed to submit their respective memoranda on that question, which they complied with in due time. On October 28, 1977, respondent Judge issued the assailed Order dismissing the complaint, counterclaim and cross claim for lack of jurisdiction stating:

> "2. The present case therefore involves a money claim arising from an employer-employee relation or at the very least a case arising from employer-employee relations, which under Art. 216 of the Labor Code is vested exclusively with the Labor Arbiters of the National Labor Relations Commission."[2]

Reconsideration thereof having been denied in the Order of January 24, 1978, petitioner availed of the present recourse. We gave due course.

We are here confronted with the issue of whether or not this case is properly cognizable by Courts of justice or by the Labor Arbiters of the National Labor Relations Commission.

Upon the facts and issues involved, jurisdiction over the present controversy must be held to belong to the civil Courts. While seemingly petitioner's claim for damages does from employer-employee relations, and the latest amendment to Article 217 of the Labor Code under PD No. 1691 and BP Blg. 130 provides that all other claims arising from employer-employee relationship are cognizable by Labor Arbiters,[3] in essence, petitioner's claim for damages is grounded on the "wanton failure and refusal" without just cause of private respondent Cruz to report for duty despite repeated notices served upon him of the disapproval of his application for leave of absence without pay. This, coupled with the further averment that Cruz "maliciously and with bad faith" violated the terms and conditions of the conversion training course agreement to the damage of petitioner removes the present controversy from the coverage of the Labor Code and brings it within the purview of Civil Law.

Clearly, the complaint was anchored not on the abandonment per se by private respondent Cruz of his job — as the latter was not required in the Complaint to report back to work — but on the manner and consequent effects of such abandonment of work translated in terms of the damages which petitioner had to suffer.

Squarely in point is the ruling enunciated in the case of Quisaba vs. Sta. Ines Melale Veneer & Plywood, Inc.,[4] the pertinent portion of which reads:

> "Although the acts complained of seemingly appear to constitute 'matter involving employee-employer' relations as Quisaba's dismissal was the severance of a pre-existing employee-employer relations, his complaint is grounded not on his dismissal per se, as in fact he does not ask for reinstatement or back wages, but on the manner of his dismissal and the consequent effects of such dismissal.

> "Civil law consists of that 'mass of precepts that determine or regulate the relations that exist between members of a society for the protection of private interest (1 Sanchez Roman 3).
>
> "The 'right' of the respondents to dismiss Quisaba should not be confused with the manner in which the right was exercised and the effects flowing therefrom. If the dismissal was done anti-socially or oppressively, as the complaint alleges, then the respondents violated article 1701 of the Civil Code which prohibits acts of oppression by either capital or labor against the other, and article 21, which makes a person liable for damages if he wilfully causes loss or injury to another in a manner that is contrary to morals, good customs or public policy, the sanction for which, by way of moral damages, is provided in article 2219, No. 10 (Cf., Philippine Refining Co. vs. Garcia, L-21962, Sept. 27, 1966, 18 SCRA 107)."

Stated differently, petitioner seeks protection under the civil laws and claims no benefits under the Labor Code. The primary relief sought is for liquidated damages for breach of a contractual obligation. The other items demanded are not labor benefits demanded by workers generally taken cognizance of in labor disputes, such as payment of wages, overtime compensation or separation pay. The items claimed are the natural consequences flowing from breach of an obligation, intrinsically a civil dispute.

Additionally, there is a secondary issue involved that is outside the pale of competence of Labor Arbiters. Is the liability of Villanueva one of suretyship or one of guaranty? Unquestionably, this question is beyond the field of specialization of Labor Arbiters.

WHEREFORE, the assailed Orders of respondent Judge are hereby set aside. The records are hereby ordered remanded to the proper Branch of the Regional Trial Court of Quezon City, to which this case belongs, for further proceedings.

No costs.

SO ORDERED.

Teehankee, Plana, Vasquez, Relova and Gutierrez, Jr., *JJ.*, concur.

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[1] Annex "B", p. 12, CFI Records.
[2] p. 112, ibid.
[3] Article 217. Jurisdiction of Labor Arbiters and the Commission.

(a) The Labor Arbiters shall have the original and exclusive jurisdiction to hear and decide the following cases involving all workers, whether agricultural or non-agricultural:
   1. Unfair labor practice cases;
   2. Those that involve wages, hours of work and other terms and conditions of employment;
   3. 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;
   4. Cases involving household services; and
   5. All other claims arising from employer-employee relations, unless expressly excluded by this Code.

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

[4] 58 SCRA 771 (1974).
