



Republic of the
Supreme Court
Manila

SECOND DIVISION

**PHILIPPINE COMMERCIAL
INTERNATIONAL BANK (now BDO
UNIBANK, INC.,**

Petitioner,

G.R. No. 199601

Present:

VELASCO,*
BRION,** *Acting Chairperson*,
VILLARAMA, JR.,**
MENDOZA, and
LEONEN, *JJ.*

- versus -

Promulgated:

23 NOV 2015

JOSEPHINE D. GOMEZ,
Respondent.

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DECISION

BRION, J.:

We resolve the petition for review on certiorari under Rule 45 of the Rules of Court¹ filed by Philippine Commercial International Bank (*PCIB*) assailing the May 23, 2011 decision² and the December 7, 2011 resolution³ of the Court of Appeals (*CA*) in CA-G.R. CV No. 68288. The *CA* affirmed the May 25, 1999 decision of the Regional Trial Court of Makati City, Branch 145 (*RTC*) *in toto*.

* Designated as Acting Member in lieu of Associate Justice Antonio T. Carpio, per Special Order No. 2282 dated November 13, 2015.

** Designated as Acting Chairperson in lieu of Associate Justice Antonio T. Carpio, per Special Order No. 2281 dated November 13, 2015.

** Designated as Additional Member per Raffle dated September 5, 2012.

¹ *Rollo*, pp. 8-25.

² *Id.* at 27-38; penned by Associate Justice Danton Q. Bueser, and concurred in by Associate Justice Hakim S. Abdulwahid and Associate Justice Ricardo R. Rosario.

³ *Id.* at 40-41.

FACTUAL ANTECEDENTS

Josephine D. Gomez (*Josephine*) was a teller at the Domestic Airport Branch of the PCIB when a certain Colin R. Harrington opened Savings Account No. 373-28010-6 with said branch in January 1985.

The following day, Harrington presented two (2) genuine bank drafts dated January 3, 1985, issued by the Bank of New Zealand. The first draft was in the sum of US\$724.57 payable to "C.R. Harrington," while the second draft was in the sum of US\$2,004.76 payable to "Servants C/C.R. Harrington."

The PCIB, on the other hand, alleged that it was a certain Sophia La'O, as a representative of Harrington, who presented the bank drafts for deposit.

Upon receipt of the bank drafts, Josephine asked her immediate supervisor, Eleanor Flores, whether the drafts payable to "Servants C/C.R. Harrington" were acceptable for deposit to the savings account of Harrington. When Flores answered in the affirmative, and after receiving from the bank's foreign exchange supervision a Philippine Currency conversion of the amounts reflected in the drafts, Josephine received the deposit slip. Thereafter, the deposits were duly entered in Harrington's savings account.

On two (2) separate dates, a certain individual representing himself as Harrington withdrew the sums of P45,000.00 and P5,600.00. Subsequently, the bank discovered that the person who made the withdrawals was an impostor. Thus, the bank had to pay Harrington P50,600.00 representing the amounts of the bank drafts in his name.

The PCIB issued a memorandum asking Josephine to explain why no disciplinary action should be taken against her for having accepted the bank drafts for deposits. Josephine reasoned that being a new teller she was not yet fully oriented with the various aspects of the job. She further alleged that she had asked the approval of her immediate supervisor prior to receiving the deposits.

On November 14, 1985, the PCIB deducted the amount of P423.38 from Josephine's salary. Josephine wrote the PCIB to ask why the deduction was made.

After due investigation on the matter, the PCIB issued another memorandum finding Josephine grossly negligent and liable for performing acts in violation of established operating procedures. The memorandum required Josephine to pay the amount of P50,600.00 through deductions in her salary, allowance, bonuses, and profit sharing until the amount is fully paid.

Josephine wrote the PCIB to ask for the basis of its findings that she was grossly negligent and liable to pay the amount of ₱50,600.00. During trial, the RTC found that the PCIB did not even respond to this letter. PCIB, however, alleged that it had replied to Josephine's letter, and explained that she was afforded due process and the deductions made prior to January 15, 1986, were merely a withholding pending the investigation.

The PCIB also admitted that as early as January 15, 1986, it had started to deduct the amount of P 200.00 from Josephine's salary as well as 50% of her bonuses and profit sharing.

On February 10, 1986, Josephine filed a complaint for damages with prayer for preliminary injunction before the RTC of Makati City. She claimed that the PCIB had abused its right by gradually deducting from her salary the amount the bank had to pay Harrington.

The PCIB filed its answer with counterclaims and a separate complaint with the RTC of Makati City, which was raffled to Branch 149.

In its **May 25, 1999 decision**, the RTC rendered judgment in favor of Josephine and ordered the PCIB to pay her actual damages in the amount of ₱5,006.00 plus 12% interest from filing of the complaint; moral damages in the amount of ₱150,000.00; and attorney's fees in the amount of ₱50,000.00.

The RTC considered the PCIB's manner of deducting from the salary and allowance of Josephine as having been rendered in bad faith and contrary to morals, good custom, and public policy. This was borne out by the fact that the PCIB had already deducted from her salary before Josephine received the memorandum finding her liable for the ₱50,600.00. In addition, while there were other individuals involved in this incident, it appeared that it was only Josephine who was made solely responsible.

On appeal, the PCIB argued that the RTC had no jurisdiction over the case because it was a labor dispute, which the labor tribunals are more competent to resolve. It also maintained that there was no factual or legal basis for the RTC to make it liable for damages and to pay Josephine.

In its **May 23, 2011 decision**, the CA affirmed the May 25, 1999 RTC decision. It held that the PCIB was estopped from questioning the jurisdiction of the RTC because it had filed an answer with counterclaims and even initiated a separate case before a different branch of the RTC. It upheld the RTC's findings and conclusion in awarding damages and attorney's fees to Josephine because there was no reason to disturb them.

The CA, subsequently, denied the PCIB's motion for reconsideration on **December 7, 2011**; hence, the PCIB filed the present petition.

First, the PCIB contends that the CA gravely erred in ruling that its actions were in total and wanton disregard of Articles 19 and 21 of the Civil

Code because the courts *a quo* summarily imputed bad faith on how it had treated Josephine.

Second, the PCIB maintains that the CA gravely erred in awarding moral damages and attorney's fees to Josephine absent any basis for it while averring that bad faith cannot be presumed and that Josephine had failed to prove it with clear and convincing evidence.

OUR RULING

We **DENY** the present petition for lack of merit.

The civil courts have jurisdiction over a case when the cause of action does not have a reasonable causal connection from the employer-employee relationship.

Although the PCIB opted not to raise the issue before this Court, we find it prudent and imperative to justify why the RTC had jurisdiction to take cognizance of Josephine's complaint despite the fact that her cause of action arose because her employer arbitrarily deducted from her salary – an act expressly prohibited by our labor laws.⁴

Article 224 [217] of the Labor Code provides that the Labor Arbiters have original and exclusive jurisdiction to hear and decide claims for actual, moral, exemplary, and other forms of damages arising from employer-employee relations. The legislative intent appears clear to allow Labor Arbiters to award to an employee not only the reliefs provided by our labor laws, but also moral and other forms of damages governed by the Civil Code. Specifically, we have mentioned, in fact, that a complaint for damages under Articles 19, 20, and 21 of the Civil Code would not suffice to keep the case without the jurisdictional boundaries of our labor courts – especially when the claim for damages is interwoven with a labor dispute.⁵

Nevertheless, when the cause of action has no reasonable connection with any of the claims provided for in Article 224 of the Labor Code, jurisdiction over the action is with the regular courts.⁶ Here, since

⁴ See Article 113 of the Labor Code.

⁵ *San Miguel Corp. Employees Union-PTGWO v. Judge Bersamira*, G.R. No. 87700, June 13, 1990, 264 Phil. 875, 884, to wit:

“The claim of SanMig that the action below is for damages under Articles 19, 20 and 21 of the Civil Code would not suffice to keep the case within the jurisdictional boundaries of regular Courts. That claim for damages is interwoven with a labor dispute existing between the parties and would have to be ventilated before the administrative machinery established for the expeditious settlement of those disputes. To allow the action filed below to prosper would bring about "split jurisdiction" which is obnoxious to the orderly administration of justice (*Philippine Communications, Electronics and Electricity Workers Federation vs. Hon. Nolasco*, L-24984, 29 July 1968, 24 SCRA 321).”

⁶ *Yusen Air and Sea Service Phils. v. Villamor*, G.R. No. 154060, August 16, 2005, 504 Phil. 437, 446-447, citing *Ocheda v. Court of Appeals*, G.R. No. 85517, October 16, 1992, 214 SCRA 629.

Josephine's cause of action is based on a *quasi-delict* or tort under Article 19 in relation to Article 21 of the Civil Code, the civil courts (not the labor tribunals) have jurisdiction over the subject matter of this case.

To be sure, the case of *Singapore Airlines Ltd. v. Ernani Cruz Paño* is enlightening:

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 arises 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, 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.**⁷ [emphasis and underscoring supplied]

In the present case, Josephine filed a civil complaint for damages against the PCIB based on how her employer quickly concluded that she was negligent and hence arbitrarily started to deduct from her salary. Clearly, without having to dwell on the merits of the case, Josephine opted to invoke the jurisdiction of our civil courts because her right to fair treatment was violated.

The discussion in *Quisaba v. Sta. Ines-Melale Veneer & Plywood, Inc.* is just as relevant as it is illuminating on the present case, to wit:

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

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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

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G.R. No. L-47739, June 22, 1983, 122 SCRA 671, 676.

the other, and article 21, which makes a person liable for damages if he willfully 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. Phil. Refining Co. v. Garcia*, L-21962, Sept. 27, 1966, 18 SCRA 107).⁸

From the foregoing, the case at bar is intrinsically concerned with a civil dispute because it has something to do with Josephine's right under Article 19 of the Civil Code, and does not involve an existing employer-employee relation within the meaning of Article 224 of the Labor Code. Josephine's complaint was, therefore, properly filed with and exclusively cognizable by the RTC.

Questions on whether there was a preponderance of evidence to justify the award of damages or whether there was a causal connection between the given set of facts and the damage suffered by the private complainant are questions of fact.

The Court's jurisdiction under a Rule 45 review is limited to reviewing perceived errors of law, which the lower courts may have committed. The resolution of factual issues is the function of the lower courts whose findings, when aptly supported by evidence, bind this Court. This is especially true when the CA affirms the RTC's findings. While this Court, under established exceptional circumstances, had deviated from the above rule, we do not find this case to be under any of the exceptions.

Essentially, what the PCIB seeks is a relief from the Court on the issue of the propriety of the award of damages. On this point alone, the petition must fail, as a Rule 45 petition bars us from the consideration of factual issues, especially when both the RTC and the CA were consistent with their rulings.

Nevertheless, we still affirm the assailed CA rulings even if we were to disregard these established doctrinal rules.

Article 19 of the Civil Code provides that every person in the exercise of his rights and in the performance of his duties must act with justice, give everyone his due, and observe honesty and good faith. The principle embodied in this provision is more commonly known as the "abuse of right principle." The legal sanctions for violations of this fundamental principle are found in Articles 20⁹ and 21¹⁰ of the Civil Code. We explained how

⁸ G.R. No. L-38088, August 30, 1974, 58 SCRA 771, 774.

⁹ Article 20. Every person who, contrary to law, willfully or negligently causes damage to another, shall indemnify the latter for the same.

¹⁰ Article 21. Any person who willfully causes loss or injury to another in a manner that is contrary to morals, good customs, or public policy shall compensate the latter for damages.

these two provisions correlate with each other in *GF Equity, Inc. v. Valenzona*:

[Article 19], known to contain what is commonly referred to as the principle of abuse of rights, sets certain standards which must be observed not only in the exercise of one's rights but also in the performance of one's duties. These standards are the following: to act with justice; to give everyone his due; and to observe honesty and good faith. The law, therefore, recognizes a primordial limitation on all rights; that in their exercise, the norms of human conduct set forth in Article 19 must be observed. **A right, though by itself legal because recognized or granted by law as such, may nevertheless become the source of some illegality. When a right is exercised in a manner which does not conform with the norms enshrined in Article 19 and results in damage to another, a legal wrong is thereby committed for which the wrongdoer must be held responsible.** But while Article 19 lays down a rule of conduct for the government of human relations and for the maintenance of social order, it does not provide a remedy for its violation. Generally, an action for damages under either Article 20 or Article 21 would be proper.¹¹ [emphasis supplied]

Both the RTC and the CA found the acts of the PCIB were in clear violation of Article 19 of the Civil Code and held the PCIB liable for damages. While the PCIB has a right to penalize employees for acts of negligence, the right must not be exercised unjustly and illegally. In the instant case, the PCIB made deductions on Josephine's salary even if the investigation was still pending. Belatedly, the PCIB issued a memorandum finding Josephine grossly negligent and requiring her to pay the amount which the bank erroneously paid to Harrington's impostor. When Josephine asked for legal and factual basis for the finding of negligence, the PCIB refused to give any. Moreover, the PCIB continued to make deductions on Josephine's salary, allowances, and bonuses.

The trial court and the CA also noted that while Josephine was penalized, other employees of the bank involved in the subject transactions were not. It was Josephine who was made solely responsible for the loss without giving any basis therefor. It was emphasized that the subject deposit could not have been received by the bank and entered in Harrington's savings account without the participation of the other bank employees. The PCIB could have exercised prudence before taking oppressive actions against Josephine.

All told, we find nothing in the record which would warrant the reversal of the position held by the RTC and the CA. Based on the above discussion, we find the award of moral damages and attorney's fees in Josephine's favor proper.

WHEREFORE, the petition for review on certiorari is **DENIED** and consequently, the May 23, 2011 decision and the December 7, 2011

¹¹ G.R. No. 156841, June 30, 2005, 462 SCRA 466, 479-480, citing *Globe Mackay Cable and Radio Corporation v. Court of Appeals*, G.R. No. 81262, August 25, 1989, 176 SCRA 778, 783-784.

resolution of the Court of Appeals in CA-G.R. CV No. 68288 are **AFFIRMED** *in toto*.

SO ORDERED.

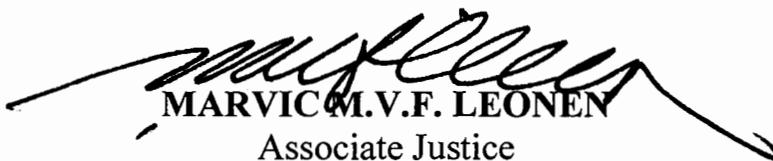

ARTURO D. BRION
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice

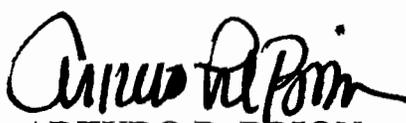

MARTIN S. VILLARAMA, JR.
Associate Justice


JOSE C. MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice

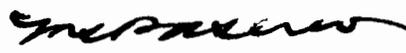
ATTESTATION

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.


ARTURO D. BRION
Associate Justice
Acting Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Acting 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