



Republic of the Philippines
Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
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 MAR 15 2018
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FIRST DIVISION

ROLANDO DE ROCA,
Petitioner,

G.R. No. 215281

Present:

- versus -

SERENO,* *C.J., Chairperson,*
 LEONARDO-DE CASTRO,**
Acting Chairperson,
 DEL CASTILLO,
 JARDELEZA, *and*
 TIJAM, *JJ.*

EDUARDO C. DABUYAN,
JENNIFER A. BRANZUELA,
JENNYLYN A. RICARTE, and
HERMINIGILDO F. SABANATE,
Respondents.

Promulgated:
MAR 05 2018

X-----X

DECISION

DEL CASTILLO, J.:

This Petition for Review on *Certiorari*¹ seeks to set aside the June 19, 2014 Decision² and October 28, 2014 Resolution³ of the Court of Appeals (CA) dismissing the Petition for *Certiorari*⁴ in CA-G.R. SP No. 127974 and denying herein petitioner’s Motion for Reconsideration,⁵ respectively.

Factual Antecedents

As found by the CA, the facts are as follows:

In 2012, private respondents filed a complaint⁶ for illegal dismissal against “RAF Mansion Hotel Old Management and New Management and Victoriano Ewayan.” Later, private respondents amended the complaint and included petitioner Rolando De Roca as [co]-respondent. Summons was sent

* On leave.
 ** Acting Chairperson per Special Order No. 2540 dated February 28, 2018.
¹ *Rollo*, pp. 3-27.
² *Id.* at 29-34; penned by Associate Justice Ricardo R. Rosario and concurred in by Associate Justices Amelita G. Tolentino and Leoncia Real-Dimagiba.
³ *Id.* at 99; penned by Associate Justice Ricardo R. Rosario and concurred in by Associate Justices Amy C. Lazaro-Javier and Leoncia Real-Dimagiba.
⁴ *Id.* at 35-53.
⁵ *Id.* at 101-110.
⁶ Docketed as NLRC-NCR-Case No. 02-02490-12.

through registered mail to petitioner but it was returned.

Thereafter, a conference was set but only complainants attended. Thus, another summons was issued and personally served to petitioner by the bailiff of the NLRC as evidenced by the latter's return dated 14 March 2012. Despite service of summons, petitioner did not attend the subsequent hearings prompting the labor arbiter to direct private respondents to submit their position paper.

On 18 April 2012, private respondents submitted their position paper. On the same day, petitioner filed his motion to dismiss⁷ on the ground of lack of jurisdiction. He alleged that, while he [was] the owner of RAF Mansion Hotel building, the same [was being] leased by Victoriano Ewayan, the owner of Oceanics Travel and Tour Agency. Petitioner claims that Ewayan was the employer of private respondents. Consequently, he asserted that there was no employer-employee relationship between him and private respondents and the labor arbiter had no jurisdiction.

On 29 June 2012, the labor arbiter rendered a decision directing petitioner, among others, to pay backwages and other monetary award to private respondents. In said decision, the labor arbiter also denied the motion to dismiss for having been filed beyond the reglementary period. Petitioner received a copy of the decision on 3 August 2012.


On 4 September 2012, petitioner filed a petition⁸ for annulment of judgment on the ground of lack of jurisdiction before the NLRC. However, the petition was dismissed because it was also filed beyond the period allowed by the 2011 NLRC Rules of Procedure. Petitioner sought reconsideration but the same was also denied.⁹

Ruling of the Labor Arbiter

In the above-mentioned June 29, 2012 Decision¹⁰ in NLRC-NCR-Case No. 02-02490-12, Labor Arbiter J. Potenciano F. Napenas, Jr. held, among others, that –

x x x [R]espondent Rolando De Roca surprisingly filed a “Motion to Dismiss” on the ground of lack of jurisdiction. In substance, the motion is anchored on the alleged lack of employer-employee relationship between the parties thereto. In support thereof, respondent De Roca further alleged that it was rather the Oceanic Travel and Tour Agency and respondent Ewayan in whose favor respondent De Roca leased the subject Hotel, are the true employers of the complainants as evidenced by the Contract of Lease of Buildings (Annex “1” respondent’s Motion to Dismiss).

Subsequent thereof [sic], complainants filed an Opposition with Motion to Implead (to Respondent’s Motion to Dismiss), seeking, among others, that the corporation “Oceanic Travel and Tour Agency” be impleaded as additional respondent.


⁷ Rollo, pp. 85-90.

⁸ Id. at 59-68.

⁹ Id. at 29-30.

¹⁰ Id. at 91-97.

x x x x

Anent the Motion to Dismiss, Rule V, Sections 6 and 7 of the Revised 2011 NLRC Rules of Procedure explicitly provide:

‘SECTION 6. MOTION TO DISMISS. - Before the date set for the mandatory conciliation and mediation conference, the respondent may file a motion to dismiss on grounds provided under Section 5, paragraph (a) hereof. Such motion shall be immediately resolve[d] by the Labor Arbiter through a written order. An order denying the motion to dismiss, or suspending its resolution until the final determination of the case, is not appealable.

SECTION 7. EFFECT OF FAILURE TO FILE. - No motion to dismiss shall be allowed or entertained after the lapse of the period provided in Section 6 hereof.’

Clearly, respondent De Roca’s Motion to Dismiss, having been filed long after the date set for the mandatory conference, should be dismissed on such ground being a prohibited pleading.

Coming now on [sic] the meat of the controversy, since respondents obviously failed to controvert the allegations by the complainants in their Position Papers accompanied with supporting evidence, We have no recourse but to accord them credence for being uncontradicted.

x x x x

Obviously, respondents had failed to discharge such burden.

WHEREFORE, premises considered, judgement is hereby rendered finding all the respondents liable for illegal dismissal.

Accordingly, all of them are hereby ordered to pay complainants their full backwages and other monetary claims computed from date of their dismissal up to the promulgation of this decision plus 10% of the total monetary award as attorney’s fees.

x x x x

Lastly, the Motion to Dismiss is denied for being filed beyond the period allowed by the rules, thus, a prohibited pleading. Also, the Motion to implead Oceanic Travel and Tours Agency as additional respondent is denied for the same reason.

SO ORDERED.¹¹

Ruling of the National Labor Relations Commission

Instead of filing an appeal before the National Labor Relations Commission

¹¹ Id. at 92-97.



(NLRC), petitioner instituted the petition for annulment of judgment referred to above, which the NLRC dismissed in its September 28, 2012 Resolution¹² for being tardy, as it was filed beyond the 10-day reglementary period prescribed under Section 3, Rule XII of the 2011 NLRC Rules of Procedure.

Ruling of the Court of Appeals

Petitioner filed a Petition for *Certiorari* before the CA, where he argued, among others, that he was never an employer of the respondents, as he was merely the owner of the premises which were leased out to and occupied by respondents' true employer, Victoriano Ewayan (Ewayan), who owned Oceanic Travel and Tours Agency which operated the RAF Mansion Hotel where respondents were employed as cook, waitress, and housekeeper; and that his inclusion in the labor case was borne of malice which is shown by the fact that when the labor complaint was filed, he was not originally impleaded as a respondent, and was made so only after respondents discovered that their employer had already absconded - in which case he was impleaded under the pretext that he constituted the "new management of RAF Mansion Hotel".

On June 19, 2014, the CA rendered the assailed Decision dismissing the petition, decreeing thus:

At the outset, We note that the issue raised by petitioner is imprecise because the NLRC did not rule on the propriety of finding petitioner liable to private respondents. It is obvious from the assailed resolution that the petition for annulment of judgment was denied because it was filed after the lapse of the period prescribed under the 2011 NLRC Rules of Procedure and this is the issue that this Court will resolve.

x x x x

Record shows that petitioner received the decision of the labor arbiter on 3 August 2012 but he filed his petition on 4 September 2012 or thirty-one days after such receipt. In this regard, the NLRC did not commit any error in denying the petition much more grave abuse of discretion. The rule is clear and the NLRC may not 'arbitrarily disregard specific provisions of the Rules which are precisely intended to assist the parties in obtaining just, expeditious and inexpensive settlement of labor disputes.'

Similarly, the labor arbiter did not commit any grave abuse of discretion because he just observed the NLRC rules when he denied petitioner's motion to dismiss. x x x

In addition, We also cannot attribute grave abuse of discretion in the labor arbiter's resolution of the motion to dismiss in the decision itself. While

¹² Id. at 54-58; penned by Presiding Commissioner Alex A. Lopez and concurred in by Commissioners Gregorio O. Bilog III and Pablo C. Espiritu, Jr.



this may seem peculiar, it must be emphasized that the motion to dismiss was filed at about the period when the case was about to be submitted for decision. x
x x

In the case at bar, the inclusion of the denial of the motion to dismiss in the decision is not without justification. Petitioner not only failed to submit the motion to dismiss on time but also forfeited the right to submit his position paper because he did not attend the conference and subsequent hearings. Even if the labor arbiter denied the motion to dismiss in a separate order, petitioner would still be precluded from submitting a position paper where he can buttress his claim of lack of jurisdiction. The labor arbiter, therefore, could not be said to have committed grave abuse of discretion in denying the motion to dismiss and in incorporating its order in the decision.

x x x x

As regards the claim of petitioner on the merits of his ground, We cannot consider his arguments and assume that his allegation of lack of employer-employment [sic] relationship between him and private respondents is true. First, he did not present any evidence to support his claim because he lost the opportunity to submit a position paper. Thus, his allegations will remain mere allegations.

Second, it would transgress fairness if his allegations in this petition should be given any attention because the private respondents never had the [opportunity to] present evidence to meet his claims. Private respondents' arguments were correctly centered on the provisions of the 2011 NLRC Rules of Procedure because they were the bases for the denial of petitioner's motion to dismiss and petition for annulment of judgment.

Furthermore, petitioner did not submit the position paper of private respondents where We can find their averments on the employment relationship between them and petitioner or lack thereof. This omission not only rendered useless the evaluation of the asseverations in the petition but also gave Us another reason to dismiss this petition under Section 3, Rule 46 of the Rules of Court. Petitioner is well-aware that this pleading is material to the resolution of his petition and in neglecting to attach the same to his petition, the same would warrant the dismissal of this petition.

Lastly, the ultimate aim of petitioner is for Us to review the findings of the labor arbiter on the employment relationship between him and the private respondents. 'The basic issue of whether or not the NLRC has jurisdiction over the case resolves itself into the question of whether an employer-employee relationship existed' between them. Thus, it is an issue which necessitates presentation of evidence on the part of petitioner and evaluation of the pieces of evidence of each party. Again, this is not proper in a petition for certiorari.

WHEREFORE, the petition is DISMISSED.

SO ORDERED.¹³



¹³ Id. at 30-34.

Petitioner filed a motion for reconsideration, but the CA denied the same *via* its October 28, 2014 Resolution. Hence, the instant Petition, which includes a prayer for injunctive relief against execution of the judgment pending appeal.

On December 10, 2014 and January 12, 2015, the Court issued Resolutions¹⁴ respectively granting temporary injunctive relief and issuing in favor of petitioner a Temporary Restraining Order¹⁵ upon filing of a cash or surety bond.

In a November 9, 2015 Resolution,¹⁶ the Court resolved to give due course to the Petition.

Issue

Petitioner frames the issue in this Petition thus –

Petitioner submits before this Honorable Court that the Court of Appeals erred in affirming the findings of both the labor arbiter and the NLRC and in concluding that they did not abuse their discretion and acted beyond their jurisdiction when they asserted their authorities and found petitioner DE ROCA solidarily liable with EWAYAN/ OCEANIC TRAVEL AND TOUR AGENCY to private respondents, despite the patent lack of employer-employee relationship between the petitioner and private respondents.¹⁷

Petitioner's Arguments

In his Petition and Reply¹⁸ seeking reversal of the assailed CA dispositions as well as the nullification of the decisions of the labor tribunals, petitioner argues that the Labor Arbiter's decision is null and void as there was no determination of facts and evidence relative to his supposed liability to respondents; that he was not at any time the respondents' employer, but merely the owner-lessor of the premises where Ewayan and his Oceanic Travel and Tours Agency operated the RAF Mansion Hotel where respondents were employed as hotel staff; that the labor tribunals did not acquire jurisdiction over him since the element of employer-employee relationship was lacking; that he was impleaded in the case only because respondents could no longer trace the whereabouts of their true employer, Ewayan, who appears to have absconded - for which reason respondents aim to unduly recover their claims from him; that the labor tribunals and the CA strictly applied the labor procedural laws and rules, when the rule in labor cases is that technical rules of procedure are not binding and must yield to

¹⁴ Id. at 115-116, 127-128.

¹⁵ Id. at 129-130.

¹⁶ Id. at 168-169.

¹⁷ Id. at 8.

¹⁸ Id. at 160-166.

the merits of the case and the interests of justice and due process; and that since the labor tribunals did not have jurisdiction over him as he was not at any given period the respondents' employer, their decisions are a nullity.

Respondents' Arguments

In their Comment¹⁹ to the Petition, respondents argue that the Petition should be denied for lack of merit; that the CA's dispositions are just and correct; that the issue in this case does not involve the merits of the labor arbiter's decision, but merely the propriety of the NLRC's dismissal of petitioner's petition for annulment of judgment; that nonetheless, they have satisfactorily proved below that petitioner is their employer, by the evidence they submitted - consisting of identification cards (IDs) issued to them and signed by Ewayan, and pay envelopes and advise slips showing their salaries as the basis for their claims; that since petitioner owned the building which was a hotel, it follows that he is their employer; that since he is their employer, the labor arbiter acquired jurisdiction over him; and that since the decision of the labor arbiter on the merits became final and executory for petitioner's failure to appeal the same, the same may no longer be impugned.

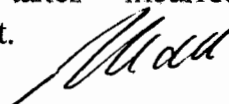
Our Ruling

The Court grants the Petition.

All throughout the proceedings, petitioner has insisted that he was not the employer of respondents; that he did not hire the respondents, nor pay their salaries, nor exercise supervision or control over them, nor did he have the power to terminate their services. In support of his claim, he attached copies of a lease agreement - a Contract of Lease of a Building²⁰ - executed by him and Oceanic Tours and Travel Agency (Oceanic) represented by Ewayan through his attorney-in-fact Marilou Buenafe. The agreement would show that petitioner was the owner of a building called the RAF Mansion Hotel in Roxas Boulevard, Baclaran, Parañaque City; that on September 25, 2007, Oceanic agreed to lease the entire premises of RAF Mansion Hotel, including the elevator, water pump, airconditioning units, and existing furnishings and all items found in the hotel and included in the inventory list attached to the lease agreement, except for certain portions of the building where petitioner conducted his personal business and which were leased out to other occupants, including a bank; that the lease would be for a period of five years, or from October 15, 2007 up to October 15, 2012; that the monthly rental would be ₱450,000.00; and that all expenses, utilities, maintenance, and taxes - except real property taxes - incurred and due on the leased building would be for the lessee's account.

¹⁹ Id. at 141-157.

²⁰ Id. at 79-82.



Petitioner likewise attached to the instant Petition copies of: 1) a January 23, 2012 letter²¹ of demand to pay and vacate sent to Ewayan, directing the latter's attention to previous demand letters sent to him and making a final demand to pay rentals in arrears; and 2) a written waiver and acknowledgment²² executed by respondents - except respondent Herminigildo Sabanate - and other Oceanic employees to the effect that petitioner should not be held liable as owner of the premises for the "problems" caused by Ewayan.

Thus, it would appear from the facts on record and the evidence that petitioner's building was an existing hotel called the "RAF Mansion Hotel", which Oceanic agreed to continue to operate under the same name. There is no connection between petitioner and Oceanic other than through the lease agreement executed by them; they are not partners in the operation of RAF Mansion Hotel. It just so happens that Oceanic decided to continue operating the hotel using the original name - "RAF Mansion Hotel".

The only claim respondents have in resorting to implead petitioner as a co-respondent in the labor case is the fact that he is the owner of the entire building called "RAF Mansion Hotel" which happens to be the very same name of the hotel which Ewayan and Oceanic continued to adopt, for reasons not evident in the pleadings. It must be noted as well that when they originally filed the labor case, respondents did not include petitioner as respondent therein. It was only later on that they moved to amend their complaint, impleading petitioner and thus amending the title of the case to "x x x, Complainants, versus RAF Mansion Hotel **Old Management and New Management/Victoriano Ewayan and Rolando De Roca, Respondents.**"

As correctly observed by petitioner, such belated attempt to implead him in the labor case must be seen as an afterthought. Moreover, the fact that respondents recognize petitioner as embodying the "new management" of RAF Mansion Hotel betrays an admission on their part that he had no hand in the "old management" of the hotel under Ewayan, during which they were hired and maintained as hotel employees - meaning that petitioner was never considered as Ewayan's partner and co-employer; respondents merely viewing petitioner as the subsequent manager taking over from Ewayan, which bolsters petitioner's allegation that Ewayan had absconded and left respondents without recourse other than to implead him as the "new management" upon whom the obligation to settle the claims abandoned by Ewayan now fell.

"Contracts take effect only between the parties, their assigns and heirs, except in case where the rights and obligations arising from the contract are not transmissible by their nature, or by stipulation or by provision of law."²³ The

²¹ Id. at 83.

²² Id. at 84.

²³ CIVIL CODE, Article 1311.



contract of employment between respondents, on the one hand, and Oceanic and Ewayan on the other, is effective only between them; it does not extend to petitioner, who is not a party thereto. His only role is as lessor of the premises which Oceanic leased to operate as a hotel; he cannot be deemed as respondent's employer - not even under the pretext that he took over as the "new management" of the hotel operated by Oceanic. There simply is no truth to such claim.

Thus, to allow respondents to recover their monetary claims from petitioner would necessarily result in their unjust enrichment.

There is unjust enrichment '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.' The principle of unjust enrichment requires two conditions: (1) that a person is benefited without a valid basis or justification, and (2) that such benefit is derived at the expense of another.

The main objective of the principle against unjust enrichment is to prevent one from enriching himself at the expense of another without just cause or consideration. x x x²⁴

"In rendering justice, courts have always been, as they ought to be, conscientiously guided by the norm that on the balance, technicalities take a backseat against substantive rights, and not the other way around."²⁵ In short, substantive law outweighs procedural technicalities as in this case.

Indeed, where as here, there is a strong showing that grave miscarriage of justice would result from the strict application of the [r]ules, we will not hesitate to relax the same in the interest of substantial justice. It bears stressing that the rules of procedure are merely tools designed to facilitate the attainment of justice. They were conceived and promulgated to effectively aid the court in the dispensation of justice. Courts are not slaves to or robots of technical rules, shorn of judicial discretion. In rendering justice, courts have always been, as they ought to be, conscientiously guided by the norm that on the balance, technicalities take a backseat against substantive rights, and not the other way around. Thus, if the application of the Rules would tend to frustrate rather than promote justice, it is always within our power to suspend the rules, or except a particular case from its operation.²⁶

Taking this to mind, the labor tribunals and the CA should have considered petitioner's repeated pleas to scrutinize the facts and particularly the lease agreement executed by him and Oceanic, which would naturally exculpate him from liability as this would prove the absence of an employment relation between him and respondents. Instead, the case was determined on pure technicality which, in labor disputes, is not necessarily sanctioned - given that proceedings

²⁴ *Flores v. Sponces Linda, Jr.*, 564 Phil. 210, 221 (2011).

²⁵ *107 Islands Publishing, Inc. v. The House Printers Corporation*, 711 Phil. 161, 168 (2015).

²⁶ *Coronel v. Hon. Desjardes*, 348 Phil. 894, 903 (2003).




before the Labor Arbiter and the NLRC are non-litigious in nature where they are encouraged to avail of all reasonable means to ascertain the facts of the case without regard to technicalities of law or procedure.²⁷ Petitioner's motion to dismiss, though belated, should have been given due attention.

In arriving at the foregoing conclusions, the Court is guided by the allegations and arguments of the parties on the existence of an employment relation between them, which may be found in their pleadings - even at this stage. In particular, respondents squarely addressed the issue in their Comment to the herein Petition. On the other hand, petitioner has consistently raised the issue and argued against it all throughout. Since the issue was raised in the Petition and adequately met by the respondents in their Comment thereto, the Court is not precluded from ruling thereon. There is thus no need to remand the case to the Labor Arbiter for further proceedings. Finally, this resolves respondents' claim that the issue here involves only the propriety of the NLRC's dismissal of petitioner's petition for annulment of judgment; having argued against petitioner's claim of absence of an employment relation between them - and having presented documentary evidence below to prove their case against petitioner - the issue relative to existence or non-existence of an employment relation is ripe for adjudication before this Court.

With the view taken of the case, it necessarily follows that the decision of the Labor Arbiter must be set aside for being grossly erroneous and unjust. At worst, it is null and void, and, as petitioner correctly put it, it is a "lawless thing, which can be treated as an outlaw and slain at sight, or ignored wherever it exhibits its head."²⁸ Being of such nature, it could not have acquired finality, contrary to what respondents believe - as it "creates no rights and imposes no duties. Any act performed pursuant to it and any claim emanating from it have no legal effect."²⁹

WHEREFORE, the Petition is **GRANTED**. The June 19, 2014 Decision and October 28, 2014 Resolution of the Court of Appeals in CA-G.R. SP No. 127974 are **REVERSED** and **SET ASIDE**. NLRC-NCR-Case No. 02-02490-12 is ordered **DISMISSED**, but only as against petitioner Rolando De Roca.



²⁷ 2011 NLRC Rules of Procedure, Rule V, Section 2, and Rule VII, Section 10, then in force.

RULE V, SECTION 2. NATURE OF PROCEEDINGS. - The proceedings before the Labor Arbiter shall be non-litigious in nature. Subject to the requirements of due process, the technicalities of law and procedure and the rules obtaining in the courts of law shall not strictly apply thereto. The Labor Arbiter may avail himself/herself of all reasonable means to ascertain the facts of the controversy speedily, including ocular inspection and examination of well-informed persons.

RULE VII, SECTION 10. TECHNICAL RULES NOT BINDING. - The rules of procedure and evidence prevailing in courts of law and equity shall not be controlling and the Commission shall use every and all reasonable means to ascertain the facts in each case speedily and objectively, without regard to technicalities of law or procedure, all in the interest of due process.

²⁸ *Saldana v. Court of Appeals*, 268 Phil. 424, 432 (1990).

²⁹ *Imperial v. Armes*, G.R. Nos. 178842 & 195509, January 30, 2017.

SO ORDERED.


MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:

(On leave)
MARIA LOURDES P. A. SERENO
Chief Justice



TERESITA J. LEONARDO-DE CASTRO
Associate Justice


FRANCIS H. JARDELEZA
Associate Justice


NOEL GIMENEZ TIJAM
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.


TERESITA J. LEONARDO-DE CASTRO
Associate Justice
Acting Chairperson

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.



ANTONIO T. CARPIO
*Acting Chief Justice*³⁰



³⁰ Per Special Order No. 2539 dated February 28, 2018.