

G.R. No. 200114 – SOCIAL SECURITY SYSTEM, *Petitioner* v. THE HON. COURT OF APPEALS and DEBBIE UBAÑA, *Respondents*.

Promulgated:

24 AUG 2015

Atty. Katalyn B. Reyes

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DISSENTING OPINION

JARDELEZA, J.:

The majority has voted to deny the petition on the ground that, there being no employer-employee relationship between the parties, there is no labor dispute cognizable by the Labor Arbiters or the National Labor Relations Commission (NLRC). There being no labor dispute, the trial court correctly assumed jurisdiction over respondent's suit for damages against the Social Security System (SSS), based on Articles 19 and 20 of the Civil Code.

With all due respect, I dissent from the majority decision.

It is my view that respondent's suit against the SSS involves a labor dispute properly cognizable by the Civil Service Commission (CSC).

Both parties agree that there is no employer-employee relation between them, respondent being an employee of independent service contractors¹ hired by the SSS. This fact alone, however, does not preclude the controversy between them from being a labor dispute.² Article 212(l) of the Labor Code defines a labor dispute to include "any controversy or matter concerning terms or conditions of employment or the association or representation of persons in negotiating, fixing, maintaining, changing or arranging the terms and conditions of employment **regardless of whether or not the disputants stand in the proximate relations of employer and employee.**"³

Furthermore, respondent's claims relate to the terms and conditions of her working relationship vis-à-vis the SSS. While captioned as a suit for damages under Articles 19 and 20 of the Civil Code, respondent's action is really one to recover from the SSS amounts she would have received *had*

¹ Respondent was employed with the Development Bank of the Philippines Service Corporation (recognized by this Court as an independent contractor in *Home Development Mutual Fund v. COA*, G.R. No. 157001, October 19, 2004, 440 SCRA 643) from May 1996 to December 14, 2001. She was thereafter employed with the SSS Retirees Service Corporation from December 15, 2001 until her resignation on August 26, 2002. *Rollo*, p. 67.

² *San Miguel Corp. Employees Union-PTGWO v. Bersamira*, G.R. No. 87700, June 13, 1990, 186 SCRA 496, 503.

³ Emphasis and underscoring supplied.

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she been employed in petitioner's roster of regular employees. This is a dispute no different from "regularization cases" usually filed by contractual employees seeking to be absorbed as regular employees of a company.

The SSS is a government-controlled corporation created by Republic Act (RA) No. 1161.⁴ Pursuant to Section 2(1), Article IX of the Constitution,⁵ a labor dispute involving the SSS is cognizable by the CSC. Thus,

...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.⁶

(Emphasis supplied.)

I note with **serious** concern the statement of the majority that respondent is "justified" in filing the case based on Articles 19 and 20 of the Civil Code "to recover the proper salary" and that the SSS "may not hide under its service contracts to deprive respondent of what is justly due her."⁷

The only issue for resolution in this case concerns the matter of jurisdiction. While clearly *obiter*, the foregoing statement gives the impression that the **merits** of respondent's claim have already been proved and settled. This, on the contrary, is an issue still to be resolved on remand.

The foregoing statement would have serious repercussions on a significant question of law, that is, whether or not a principal can legally be held liable for damages by a person contracted *through an independent contractor under a valid and legitimate service contract*.

This Court has recognized that an employer has "the proprietary right...to exercise an inherent management prerogative and its best business judgment to determine whether it should contract out the performance of some of its work to independent contractors."⁸ This right, in my view, flows from the constitutional liberty of an employer to determine whether to perform its work itself or through independent contractors that meet the requirements of the law.

⁴ As amended by RA No. 8282, otherwise known as the 'Social Security Act of 1997.'

⁵ "The civil service embraces all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters."

⁶ *San Miguel Corp. Employees Union-PTGWO v. Bersamira*, *supra* note 2 at 504-505.

⁷ Ponencia, p. 10.

⁸ *San Miguel Corp. Employees Union-PTGWO v. Bersamira*, *supra*.

Accordingly, I vote to **GRANT** the petition filed by the SSS and order the dismissal, without prejudice, of respondent's Complaint for Damages filed before the trial court.


FRANCIS H. JARDELEZA
Associate Justice