

## **ELEVENTH DIVISION**

**[ CA-G.R. SP No. 125661, May 21, 2014 ]**

**HACORPHIL CORPORATION, PETITIONER, V. MANUEL MEDINA,  
RESPONDENT.**

### **D E C I S I O N**

**LANTION, J.A.C., J.:**

This is a Petition for Review under Rule 42 of the *Rules of Court* filed by Petitioner Hacorphil Corporation (hereinafter "Hacorphil") assailing the Judgment<sup>[1]</sup> dated 12 April 2012 rendered by the Regional Trial Court, Branch 75 of Olongapo City ("RTC") in Civil Case No. 146-0-11. The fallo of the questioned Judgment reads:<sup>[2]</sup>

WHEREFORE, judgment is hereby rendered DISMISSING the appeal.

SO DECIDED.

The Order<sup>[3]</sup> dated 20 June 2012 denying Petitioner's Motion for Reconsideration, is likewise assailed.

### **THE FACTS**

The instant case originates from a Complaint<sup>[4]</sup> for *Sum of Money and Damages* initiated by Hacorphil against Respondent Manuel Medina ("Medina"). The undisputed facts are as follows:

Sometime in June 2006, Medina applied for work at Hacorphil. It was agreed upon in a Training Agreement<sup>[5]</sup> entered into by the parties that before being hired, Medina will undergo training in Korea, the expenses of which will be borne by Hacorphil. The Agreement further provided that after the completion of his training, Medina will work for Hacorphil or any of its affiliates for a minimum period of 3 years.

On 12 July 2006, Medina departed for Korea and, after completing his training, returned to the Philippines on 06 October 2006 to commence working.

On 25 January 2007, Hacorphil filed the aforementioned Complaint against Medina before the Metropolitan Trial Court in Cities in Olongapo City. Hacorphil alleged therein that, following the completion of his training in Korea, Medina failed to heed his obligation to work for Hacorphil as previously agreed upon by them in the Training Agreement. Upon Medina's return to the Philippines, Hacorphil had offered him an employment contract with a monthly salary of P20,000.00, but he refused to sign the same because he wanted an additional P2,000.00 as housing allowance (for a total of P22,000.00). However, Hacorphil could not accede to Medina's demand because Medina resides in Olongapo and policy dictates that housing allowance is only given to employees living outside of Olongapo and/or Subic. Thereafter, Hacorphil sent a Demand Letter<sup>[6]</sup> dated 19 December 2006 to Medina to pay the

total amount of P245,447.50 as expenses incurred in the latter's training, but to no avail. Thus, Hacorphil prayed, *inter alia*, that judgment be rendered ordering Medina to pay the said amount of P245,447.50 as actual damages.

In his Answer,<sup>[7]</sup> Medina countered that during the talks between him and management, namely a certain Mr. J.Y. Hwang ("Hwang"), he acquiesced to the amount of P20,000.00 monthly salary and merely asked to be given additional allowances for boarding and license. After advancing the said request, however, Hwang instructed Medina not to report for work anymore and that he will be called on when needed. Despite further attempts on the part of Medina to return to work, he was not allowed to.

Pre-trial was held on 27 June 2007.<sup>[8]</sup>

Thereafter, trial ensued.

### **ALLEGATIONS OF THE PLAINTIFF (HACORPHIL)<sup>[9]</sup>**

The lone witness presented by Hacorphil was Jhona Grace Esguerra ("Esguerra") who is in-charge of the processing of papers sent by Hacorphil to Korea. Esguerra was not issued a board resolution authorizing her to testify as witness of Hacorphil.

Esguerra elucidated that Medina was sent to Korea as a trainee of Hacorphil. She prepared a list of expenses denominated as "Estimated Expenses Incurred During Training"<sup>[10]</sup> that was shouldered by Hacorphil in deploying trainees, such as Medina, to Korea. Esguerra was physically present during the negotiation of salary and benefits between Medina and Hwang, but did not otherwise participate in the discussion.

### **ALLEGATIONS OF THE DEFENDANT (MEDINA)<sup>[11]</sup>**

For his part, Medina testified that on 12 July 2006, he trained in Korea as a production foreman for 3 months. There, he was given a position of foreman as shown by the Schedule of Individuals<sup>[12]</sup> and his company identification card.<sup>[13]</sup> When he returned to the Philippines, he began work for Hacorphil. Sometime thereafter, Medina was summoned by management and was given two contracts: (1) a Contract of Employment<sup>[14]</sup> with KCTech, one of Hacorphil's affiliates; and (2) an Amendment to the Training Agreement.<sup>[15]</sup> Medina did not sign any of the above contracts because he objected to a provision therein which increased the minimum period of service to be performed by him from 3 to 5 years. Moreover, Medina also protested a clause which changed his position from "foreman" to "skilled worker."

On 21 October 2006, Medina again met with management. At this meeting, he aired to Hwang his complaints concerning the contracts handed to him. Following that, Medina brought up his salary and requested that he be given additional housing and license allowances. In the middle of talks, however, Medina recalled that Hwang suddenly instructed him not to report for work until management calls him to do so. In the aftermath of the meeting, Medina tried to report for work several times but he was told that he could not resume his work until he signed the contracts with KCTech.

Thereafter, Medina received a Demand Letter from Hacorphil exacting from him the payment of P245,447.50 as expenses incurred from his training in Korea. Medina

sent a letter-reply to Hacorphil informing the latter that he intended to abide by his contract, that he never rejected the P20,000.00 as monthly salary, however, he was directed not to report for work unless instructed otherwise.<sup>[16]</sup>

## **RULINGS OF THE COURTS A QUO**

On 14 December 2010, the Municipal Trial Court in Cities, Branch 4 of Olongapo City ("MTCC") rendered a Judgment<sup>[17]</sup> dismissing Hacorphil's Complaint, in this wise:<sup>[18]</sup>

WHEREFORE, in view of the foregoing, this case is **DISMISSED for lack of legal capacity to represent the plaintiff corporation.**

SO ORDERED. (Emphasis supplied)

On 28 September 2011, Hacorphil filed a Motion for Reconsideration of the above Judgment, which was denied by the MTCC in an Order<sup>[19]</sup> dated 22 November 2011.

Unsatisfied, Hacorphil filed a Notice of Appeal on 08 December 2011.<sup>[20]</sup> Thereafter, the RTC directed Hacorphil to submit its memorandum, which the latter filed on 17 February 2012. In its Appellant's Memorandum,<sup>[21]</sup> Hacorphil argued it did not call on Esguerra for the purpose of representing the corporation in filing the complaint. Rather, she was presented merely for the purpose of testifying as a witness at trial and, as such, she did not need to be authorized by a board resolution to do so. Inasmuch as Esguerra was not disqualified to be a witness under the *Rules*, it was therefore error for the MTCC to dismiss Hacorphil's complaint for Esguerra's supposed lack of legal capacity.

On 12 April 2012, the RTC issued the assailed Judgment ruling that Esguerra was a competent witness.<sup>[22]</sup> Nonetheless, the said court sustained the dismissal of Hacorphil's complaint on a ground other than lack of legal capacity, to wit:<sup>[23]</sup>

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Plaintiff's claim is based on the alleged refusal by the defendant to be employed in violation of the Training Agreement. Records reveal that the defendant agreed to work with the plaintiff as foreman after the training, as in fact, he started working as such until he was summoned to sign an amendment to the training agreement which not only lengthened his service period, but also hired him as a "skilled worker" without boarding allowance. The defendant negotiated the terms of his employment but it was the plaintiff which refused to hire him since.

Under the circumstances, it cannot be said that the defendant in gross and evident bad faith refused to be employed with the plaintiff thereby entitling the latter to damages.

While it may be true that the ground relied upon by this Court in affirming the Judgment of court-a-quo is not based on the assigned error of the appellant, the Court may correct, modify and substantiate the assailed decision to avoid further litigation once an appeal was made by the party-appellant.

WHEREFORE, judgment is hereby rendered DISMISSING the appeal.

SO DECIDED.

Undaunted, on 08 May 2012, Hacorphil filed a Motion for Reconsideration of the above Judgment, which was denied in the assailed Order<sup>[24]</sup> of the RTC dated 20 June 2012.

Hence, this Petition.

### ISSUE

Hacorphil, through counsel, raises the following assignment of errors:<sup>[25]</sup>

#### I.

WHETHER OR NOT THE HONORABLE REGIONAL TRIAL COURT GRAVELY ERRED IN DISMISSING THE APPEAL OF PETITIONER ON ANOTHER GROUND OTHER THAN THAT RAISED IN THE ASSIGNMENT OF ERROR SANS ANY BASIS IN FACT AND IN LAW;

#### II.

WHETHER OR NOT THE HONORABLE REGIONAL TRIAL COURT GRAVELY ERRED IN SUSTAINING THE JUDGMENT OF BR. 4, MTCC, OLONGAPO CITY DISMISSING THE COMPLAINT OF PETITIONER SANS ANY BASIS IN FACT AND IN LAW.

### OUR RULING

Regarding the first issue, Hacorphil argues that the RTC erred in ruling on issues that were never raised or assigned by it in its Appellant's Memorandum, which introduced the lone issue concerning the legal capacity of Esguerra to represent Hacorphil. According to Hacorphil, it would have been more prudent for the RTC to remand the case to the MTCC, which has the advantage of observing the witnesses' manner of testifying. Thus, on the premise that the RTC went beyond its parameters in deciding the case on its merits, Hacorphil prays for the reversal of the assailed Judgment.

The Petition fails.

In deciding a civil case appealed to it, the RTC is not strictly confined only to those matters raised in an appeal memorandum. Section 7, Rule 40 of the *Rules of Court* explicitly provides:<sup>[26]</sup>

SEC. 7. Procedure in the Regional Trial Court. -

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(c) upon the filing of the memorandum of the appellee, or the expiration of the period to do so, the case shall be considered submitted for decision. **The Regional Trial Court shall decide the case on the basis of the entire record of the proceedings had in the court of origin and such memoranda as are filed.** (Emphasis supplied)

Relative thereto, *Macaslang v. Zamora* instructs:<sup>[27]</sup>

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