

FIRST DIVISION

[G.R. No. 201298, February 05, 2014]

RAUL C. COSARE, PETITIONER, VS. BROADCOM ASIA, INC. AND DANTE AREVALO, RESPONDENTS.

DECISION

REYES, J.:

Before the Court is a petition for review on *certiorari*^[1] under Rule 45 of the Rules of Court, which assails the Decision^[2] dated November 24, 2011 and Resolution^[3] dated March 26, 2012 of the Court of Appeals (CA) in CA-G.R. SP. No. 117356, wherein the CA ruled that the Regional Trial Court (RTC), and not the Labor Arbiter (LA), had the jurisdiction over petitioner Raul C. Cosare's (Cosare) complaint for illegal dismissal against Broadcom Asia, Inc. (Broadcom) and Dante Arevalo (Arevalo), the President of Broadcom (respondents).

The Antecedents

The case stems from a complaint^[4] for constructive dismissal, illegal suspension and monetary claims filed with the National Capital Region Arbitration Branch of the National Labor Relations Commission (NLRC) by Cosare against the respondents.

Cosare claimed that sometime in April 1993, he was employed as a salesman by Arevalo, who was then in the business of selling broadcast equipment needed by television networks and production houses. In December 2000, Arevalo set up the company Broadcom, still to continue the business of trading communication and broadcast equipment. Cosare was named an incorporator of Broadcom, having been assigned 100 shares of stock with par value of P1.00 per share.^[5] In October 2001, Cosare was promoted to the position of Assistant Vice President for Sales (AVP for Sales) and Head of the Technical Coordination, having a monthly basic net salary and average commissions of P18,000.00 and P37,000.00, respectively.^[6]

Sometime in 2003, Alex F. Abiog (Abiog) was appointed as Broadcom's Vice President for Sales and thus, became Cosare's immediate superior. On March 23, 2009, Cosare sent a confidential memo^[7] to Arevalo to inform him of the following anomalies which were allegedly being committed by Abiog against the company: (a) he failed to report to work on time, and would immediately leave the office on the pretext of client visits; (b) he advised the clients of Broadcom to purchase camera units from its competitors, and received commissions therefor; (c) he shared in the "under the-table dealings" or "confidential commissions" which Broadcom extended to its clients' personnel and engineers; and (d) he expressed his complaints and disgust over Broadcom's uncompetitive salaries and wages and delay in the payment of other benefits, even in the presence of office staff. Cosare ended his memo by clarifying that he was not interested in Abiog's position, but only wanted Arevalo to

know of the irregularities for the corporation's sake.

Apparently, Arevalo failed to act on Cosare's accusations. Cosare claimed that he was instead called for a meeting by Arevalo on March 25, 2009, wherein he was asked to tender his resignation in exchange for "financial assistance" in the amount of P300,000.00.^[8] Cosare refused to comply with the directive, as signified in a letter^[9] dated March 26, 2009 which he sent to Arevalo.

On March 30, 2009, Cosare received from Roselyn Villareal (Villareal), Broadcom's Manager for Finance and Administration, a memo^[10] signed by Arevalo, charging him of serious misconduct and willful breach of trust, and providing in part:

1. A confidential memo was received from the VP for Sales informing me that you had directed, or at the very least tried to persuade, a customer to purchase a camera from another supplier. Clearly, this action is a gross and willful violation of the trust and confidence this company has given to you being its AVP for Sales and is an attempt to deprive the company of income from which you, along with the other employees of this company, derive your salaries and other benefits. x x x.
2. A company vehicle assigned to you with plate no. UNV 402 was found abandoned in another place outside of the office without proper turnover from you to this office which had assigned said vehicle to you. The vehicle was found to be inoperable and in very bad condition, which required that the vehicle be towed to a nearby auto repair shop for extensive repairs.
3. You have repeatedly failed to submit regular sales reports informing the company of your activities within and outside of company premises despite repeated reminders. However, it has been observed that you have been both frequently absent and/or tardy without proper information to this office or your direct supervisor, the VP for Sales Mr. Alex Abiog, of your whereabouts.
4. You have been remiss in the performance of your duties as a Sales officer as evidenced by the fact that you have not recorded any sales for the past immediate twelve (12) months. This was inspite of the fact that my office decided to relieve you of your duties as technical coordinator between Engineering and Sales since June last year so that you could focus and concentrate [on] your activities in sales.^[11]

Cosare was given forty-eight (48) hours from the date of the memo within which to present his explanation on the charges. He was also "suspended from having access to any and all company files/records and use of company assets effective immediately."^[12] Thus, Cosare claimed that he was precluded from reporting for work on March 31, 2009, and was instead instructed to wait at the office's receiving section. Upon the specific instructions of Arevalo, he was also prevented by Villareal from retrieving even his personal belongings from the office.

On April 1, 2009, Cosare was totally barred from entering the company premises, and was told to merely wait outside the office building for further instructions. When no such instructions were given by 8:00 p.m., Cosare was impelled to seek the assistance of the officials of *Barangay* San Antonio, Pasig City, and had the incident reported in the *barangay* blotter.^[13]

On April 2, 2009, Cosare attempted to furnish the company with a memo^[14] by which he addressed and denied the accusations cited in Arevalo's memo dated March 30, 2009. The respondents refused to receive the memo on the ground of late filing, prompting Cosare to serve a copy thereof by registered mail. The following day, April 3, 2009, Cosare filed the subject labor complaint, claiming that he was constructively dismissed from employment by the respondents. He further argued that he was illegally suspended, as he placed no serious and imminent threat to the life or property of his employer and co-employees.^[15]

In refuting Cosare's complaint, the respondents argued that Cosare was neither illegally suspended nor dismissed from employment. They also contended that Cosare committed the following acts inimical to the interests of Broadcom: (a) he failed to sell any broadcast equipment since the year 2007; (b) he attempted to sell a Panasonic HMC 150 Camera which was to be sourced from a competitor; and (c) he made an unauthorized request in Broadcom's name for its principal, Panasonic USA, to issue an invitation for Cosare's friend, one Alex Paredes, to attend the National Association of Broadcasters' Conference in Las Vegas, USA.^[16] Furthermore, they contended that Cosare abandoned his job^[17] by continually failing to report for work beginning April 1, 2009, prompting them to issue on April 14, 2009 a memorandum^[18] accusing Cosare of absence without leave beginning April 1, 2009.

The Ruling of the LA

On January 6, 2010, LA Napoleon M. Menese (LA Menese) rendered his Decision^[19] dismissing the complaint on the ground of Cosare's failure to establish that he was dismissed, constructively or otherwise, from his employment. For the LA, what transpired on March 30, 2009 was merely the respondents' issuance to Cosare of a show-cause memo, giving him a chance to present his side on the charges against him. He explained:

It is obvious that [Cosare] DID NOT wait for respondents' action regarding the charges leveled against him in the show-cause memo. What he did was to pre-empt that action by filing this complaint just a day after he submitted his written explanation. Moreover, by specifically seeking payment of "**Separation Pay**" instead of reinstatement, [Cosare's] motive for filing this case becomes more evident.^[20]

It was also held that Cosare failed to substantiate by documentary evidence his allegations of illegal suspension and non-payment of allowances and commissions.

Unyielding, Cosare appealed the LA decision to the NLRC.

The Ruling of the NLRC

On August 24, 2010, the NLRC rendered its Decision^[21] reversing the Decision of LA Menese. The dispositive portion of the NLRC Decision reads:

WHEREFORE, premises considered, the DECISION is REVERSED and the Respondents are found guilty of Illegal Constructive Dismissal. Respondents BROADCOM ASIA[,] INC. and Dante Arevalo are ordered to pay [Cosare's] backwages, and separation pay, as well as damages, in the total amount of [P]1,915,458.33, per attached Computation.

SO ORDERED.^[22]

In ruling in favor of Cosare, the NLRC explained that "due weight and credence is accorded to [Cosare's] contention that he was constructively dismissed by Respondent Arevalo when he was asked to resign from his employment."^[23] The fact that Cosare was suspended from using the assets of Broadcom was also inconsistent with the respondents' claim that Cosare opted to abandon his employment.

Exemplary damages in the amount of P100,000.00 was awarded, given the NLRC's finding that the termination of Cosare's employment was effected by the respondents in bad faith and in a wanton, oppressive and malevolent manner. The claim for unpaid commissions was denied on the ground of the failure to include it in the prayer of pleadings filed with the LA and in the appeal.

The respondents' motion for reconsideration was denied.^[24] Dissatisfied, they filed a petition for *certiorari* with the CA founded on the following arguments: (1) the respondents did not have to prove just cause for terminating the employment of Cosare because the latter's complaint was based on an alleged constructive dismissal; (2) Cosare resigned and was thus not dismissed from employment; (3) the respondents should not be declared liable for the payment of Cosare's monetary claims; and (4) Arevalo should not be held solidarily liable for the judgment award.

In a manifestation filed by the respondents during the pendency of the CA appeal, they raised a new argument, i.e., the case involved an intra-corporate controversy which was within the jurisdiction of the RTC, instead of the LA.^[25] They argued that the case involved a complaint against a corporation filed by a stockholder, who, at the same time, was a corporate officer.

The Ruling of the CA

On November 24, 2011, the CA rendered the assailed Decision^[26] granting the respondents' petition. It agreed with the respondents' contention that the case involved an intra-corporate controversy which, pursuant to Presidential Decree No. 902-A, as amended, was within the exclusive jurisdiction of the RTC. It reasoned:

Record shows that [Cosare] was indeed a stockholder of [Broadcom], and that he was listed as one of its directors. Moreover, he held the position of [AVP] for Sales which is listed as a corporate office. Generally, the president, vice-president, secretary or treasurer are commonly regarded as the principal or executive officers of a corporation, and modern

corporation statutes usually designate them as the officers of the corporation. However, it bears mentioning that under Section 25 of the Corporation Code, the Board of Directors of [Broadcom] is allowed to appoint such other officers as it may deem necessary. Indeed, [Broadcom's] By-Laws provides:

Article IV

Officer

Section 1. Election / Appointment – Immediately after their election, the Board of Directors shall formally organize by electing the President, the Vice-President, the Treasurer, and the Secretary at said meeting.

The Board, may, from time to time, appoint such other officers as it may determine to be necessary or proper.

x x x

We hold that [the respondents] were able to present substantial evidence that **[Cosare] indeed held a corporate office**, as evidenced by the General Information Sheet which was submitted to the Securities and Exchange Commission (SEC) on October 22, 2009.^[27] (Citations omitted and emphasis supplied)

Thus, the CA reversed the NLRC decision and resolution, and then entered a new one dismissing the labor complaint on the ground of lack of jurisdiction, finding it unnecessary to resolve the main issues that were raised in the petition. Cosare filed a motion for reconsideration, but this was denied by the CA *via* the Resolution^[28] dated March 26, 2012. Hence, this petition.

The Present Petition

The pivotal issues for the petition's full resolution are as follows: (1) whether or not the case instituted by Cosare was an intra-corporate dispute that was within the original jurisdiction of the RTC, and not of the LAs; and (2) whether or not Cosare was constructively and illegally dismissed from employment by the respondents.

The Court's Ruling

The petition is impressed with merit.

Jurisdiction over the controversy

As regards the issue of jurisdiction, the Court has determined that contrary to the ruling of the CA, it is the LA, and not the regular courts, which has the original jurisdiction over the subject controversy. An intra-corporate controversy, which falls within the jurisdiction of regular courts, has been regarded in its broad sense to pertain to disputes that involve any of the following relationships: (1) between the corporation, partnership or association and the public; (2) between the corporation, partnership or association and the state in so far as its franchise, permit or license to operate is concerned; (3) between the corporation, partnership or association and