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FIRST DIVISION

[G.R. No. 138051, June 10, 2004]

JOSE Y. SONZA, PETITIONER, VS. ABS-CBN BROADCASTING CORPORATION, RESPONDENT.

D E C I S I O N

CARPIO, J.:

The Case

Before this Court is a petition for review on certiorari[1] assailing the 26 March 1999 Decision[2] of the Court of Appeals in CA-G.R. SP No. 49190 dismissing the petition filed by Jose Y. Sonza ("SONZA"). The Court of Appeals affirmed the findings of the National Labor Relations Commission ("NLRC"), which affirmed the Labor Arbiter's dismissal of the case for lack of jurisdiction.

The Facts

In May 1994, respondent ABS-CBN Broadcasting Corporation ("ABS-CBN") signed an Agreement ("Agreement") with the Mel and Jay Management and Development Corporation ("MJMDC"). ABS-CBN was represented by its corporate officers while MJMDC was represented by SONZA, as President and General Manager, and Carmela Tiangco ("TIANGCO"), as EVP and Treasurer. Referred to in the Agreement as "AGENT," MJMDC agreed to provide SONZA's services exclusively to ABS-CBN as talent for radio and television. The Agreement listed the services SONZA would render to ABS-CBN, as follows:

> a. Co-host for Mel & Jay radio program, 8:00 to 10:00 a.m., Mondays to Fridays;
>
> b. Co-host for Mel & Jay television program, 5:30 to 7:00 p.m., Sundays.[3]

ABS-CBN agreed to pay for SONZA's services a monthly talent fee of P310,000 for the first year and P317,000 for the second and third year of the Agreement. ABS-CBN would pay the talent fees on the 10th and 25th days of the month.

On 1 April 1996, SONZA wrote a letter to ABS-CBN's President, Eugenio Lopez III, which reads:

> Dear Mr. Lopez,
>
> We would like to call your attention to the Agreement dated May 1994 entered into by your goodself on behalf of ABS-CBN with our company relative to our talent JOSE Y. SONZA.

> As you are well aware, Mr. Sonza irrevocably resigned in view of recent events concerning his programs and career. We consider these acts of the station violative of the Agreement and the station as in breach thereof. In this connection, we hereby serve notice of rescission of said Agreement at our instance effective as of date.
>
> Mr. Sonza informed us that he is waiving and renouncing recovery of the remaining amount stipulated in paragraph 7 of the Agreement but reserves the right to seek recovery of the other benefits under said Agreement.
>
> Thank you for your attention.
>
> Very truly yours,
>
> (Sgd.)
> JOSE Y. SONZA
> President and Gen. Manager[4]

On 30 April 1996, SONZA filed a complaint against ABS-CBN before the Department of Labor and Employment, National Capital Region in Quezon City. SONZA complained that ABS-CBN did not pay his salaries, separation pay, service incentive leave pay, 13th month pay, signing bonus, travel allowance and amounts due under the Employees Stock Option Plan ("ESOP").

On 10 July 1996, ABS-CBN filed a Motion to Dismiss on the ground that no employer-employee relationship existed between the parties. SONZA filed an Opposition to the motion on 19 July 1996.

Meanwhile, ABS-CBN continued to remit SONZA's monthly talent fees through his account at PCIBank, Quezon Avenue Branch, Quezon City. In July 1996, ABS-CBN opened a new account with the same bank where ABS-CBN deposited SONZA's talent fees and other payments due him under the Agreement.

In his Order dated 2 December 1996, the Labor Arbiter[5] denied the motion to dismiss and directed the parties to file their respective position papers. The Labor Arbiter ruled:

> In this instant case, complainant for having invoked a claim that he was an employee of respondent company until April 15, 1996 and that he was not paid certain claims, it is sufficient enough as to confer jurisdiction over the instant case in this Office. And as to whether or not such claim would entitle complainant to recover upon the causes of action asserted is a matter to be resolved only after and as a result of a hearing. Thus, the respondent's plea of lack of employer-employee relationship may be pleaded only as a matter of defense. It behooves upon it the duty to prove that there really is no employer-employee relationship between it and the complainant.

The Labor Arbiter then considered the case submitted for resolution. The parties submitted their position papers on 24 February 1997.

On 11 March 1997, SONZA filed a Reply to Respondent's Position Paper with Motion to Expunge Respondent's Annex 4 and Annex 5 from the Records. Annexes 4 and 5 are affidavits of ABS-CBN's witnesses Soccoro Vidanes and Rolando V. Cruz. These witnesses stated in their affidavits that the prevailing practice in the television and broadcast industry is to treat talents like SONZA as independent contractors.

The Labor Arbiter rendered his Decision dated 8 July 1997 dismissing the complaint for lack of jurisdiction.[6] The pertinent parts of the decision read as follows:

> x x x
>
> While Philippine jurisprudence has not yet, with certainty, touched on the "true nature of the contract of a talent," it stands to reason that a "talent" as above-described cannot be considered as an employee by reason of the peculiar circumstances surrounding the engagement of his services.
>
> It must be noted that **complainant was engaged by respondent by reason of his peculiar skills and talent as a TV host and a radio broadcaster. Unlike an ordinary employee, he was free to perform the services he undertook to render in accordance with his own style.** The benefits conferred to complainant under the May 1994 Agreement are certainly very much higher than those generally given to employees. For one, complainant Sonza's monthly talent fees amount to a staggering P317,000. Moreover, his engagement as a talent was covered by a specific contract. Likewise, he was not bound to render eight (8) hours of work per day as he worked only for such number of hours as may be necessary.
>
> The fact that per the May 1994 Agreement complainant was accorded some benefits normally given to an employee is inconsequential. **Whatever benefits complainant enjoyed arose from specific agreement by the parties and not by reason of employer-employee relationship.** As correctly put by the respondent, "All these benefits are merely talent fees and other contractual benefits and should not be deemed as 'salaries, wages and/or other remuneration' accorded to an employee, notwithstanding the nomenclature appended to these benefits. Apropos to this is the rule that the term or nomenclature given to a stipulated benefit is not controlling, but the intent of the parties to the Agreement conferring such benefit."
>
> **The fact that complainant was made subject to respondent's Rules and Regulations, likewise, does not detract from the absence of employer-employee relationship.** As held by the Supreme Court, "The line should be drawn between rules that merely serve as guidelines towards the achievement of the mutually desired result without dictating the means or methods to be employed in attaining it, and those that control or fix the methodology and bind or restrict the party hired to the use of such means. The first, which aim only to promote the result, create no employer-employee relationship unlike the second, which address both the result and the means to achieve it." (Insular Life Assurance Co., Ltd. vs. NLRC, et al., G.R. No.

84484, November 15, 1989).

x x x (Emphasis supplied)[7]

SONZA appealed to the NLRC. On 24 February 1998, the NLRC rendered a Decision affirming the Labor Arbiter's decision. SONZA filed a motion for reconsideration, which the NLRC denied in its Resolution dated 3 July 1998.

On 6 October 1998, SONZA filed a special civil action for certiorari before the Court of Appeals assailing the decision and resolution of the NLRC. On 26 March 1999, the Court of Appeals rendered a Decision dismissing the case.[8]

Hence, this petition.

The Rulings of the NLRC and Court of Appeals

The Court of Appeals affirmed the NLRC's finding that no employer-employee relationship existed between SONZA and ABS-CBN. Adopting the NLRC's decision, the appellate court quoted the following findings of the NLRC:

> x x x the May 1994 Agreement will readily reveal that MJMDC entered into the contract merely as an agent of complainant Sonza, the principal. By all indication and as the law puts it, the act of the agent is the act of the principal itself. This fact is made particularly true in this case, as admittedly MJMDC 'is a management company devoted exclusively to managing the careers of Mr. Sonza and his broadcast partner, Mrs. Carmela C. Tiangco.' (Opposition to Motion to Dismiss)
>
> Clearly, the relations of principal and agent only accrues between complainant Sonza and MJMDC, and not between ABS-CBN and MJMDC. This is clear from the provisions of the May 1994 Agreement which specifically referred to MJMDC as the 'AGENT'. As a matter of fact, when complainant herein unilaterally rescinded said May 1994 Agreement, it was MJMDC which issued the notice of rescission in behalf of Mr. Sonza, who himself signed the same in his capacity as President.
>
> Moreover, previous contracts between Mr. Sonza and ABS-CBN reveal the fact that historically, the parties to the said agreements are ABS-CBN and Mr. Sonza. And it is only in the May 1994 Agreement, which is the latest Agreement executed between ABS-CBN and Mr. Sonza, that MJMDC figured in the said Agreement as the agent of Mr. Sonza.
>
> We find it erroneous to assert that MJMDC is a mere 'labor-only' contractor of ABS-CBN such that there exist[s] employer-employee relationship between the latter and Mr. Sonza. On the contrary, We find it indubitable, that MJMDC is an agent, not of ABS-CBN, but of the talent/contractor Mr. Sonza, as expressly admitted by the latter and MJMDC in the May 1994 Agreement.
>
> It may not be amiss to state that jurisdiction over the instant controversy indeed belongs to the regular courts, the same being in the nature of an action for alleged breach of contractual obligation on the part of

respondent-appellee. As squarely apparent from complainant-appellant's Position Paper, his claims for compensation for services, '13th month pay', signing bonus and travel allowance against respondent-appellee are not based on the Labor Code but rather on the provisions of the May 1994 Agreement, while his claims for proceeds under Stock Purchase Agreement are based on the latter. A portion of the Position Paper of complainant-appellant bears perusal:

> 'Under [the May 1994 Agreement] with respondent ABS-CBN, the latter contractually bound itself to pay complainant a signing bonus consisting of shares of stocks…with FIVE HUNDRED THOUSAND PESOS (P500,000.00).
>
> Similarly, complainant is also entitled to be paid 13th month pay based on an amount not lower than the amount he was receiving prior to effectivity of (the) Agreement'.
>
> Under paragraph 9 of (the May 1994 Agreement), complainant is entitled to a commutable travel benefit amounting to at least One Hundred Fifty Thousand Pesos (P150,000.00) per year.'

Thus, it is precisely because of complainant-appellant's own recognition of the fact that his contractual relations with ABS-CBN are founded on the New Civil Code, rather than the Labor Code, that instead of merely resigning from ABS-CBN, complainant-appellant served upon the latter a 'notice of rescission' of Agreement with the station, per his letter dated April 1, 1996, which asserted that instead of referring to unpaid employee benefits, 'he is waiving and renouncing recovery of the remaining amount stipulated in paragraph 7 of the Agreement but reserves the right to such recovery of the other benefits under said Agreement.' (Annex 3 of the respondent ABS-CBN's Motion to Dismiss dated July 10, 1996).

Evidently, it is precisely by reason of the alleged violation of the May 1994 Agreement and/or the Stock Purchase Agreement by respondent-appellee that complainant-appellant filed his complaint. Complainant-appellant's claims being anchored on the alleged breach of contract on the part of respondent-appellee, the same can be resolved by reference to civil law and not to labor law. Consequently, they are within the realm of civil law and, thus, lie with the regular courts. As held in the case of Dai-Chi Electronics Manufacturing vs. Villarama, 238 SCRA 267, 21 November 1994, **an action for breach of contractual obligation is intrinsically a civil dispute.**[9] (Emphasis supplied)

The Court of Appeals ruled that the existence of an employer-employee relationship between SONZA and ABS-CBN is a factual question that is within the jurisdiction of the NLRC to resolve.[10] A special civil action for certiorari extends only to issues of want or excess of jurisdiction of the NLRC.[11] Such action cannot cover an inquiry into the correctness of the evaluation of the evidence which served as basis of the NLRC's conclusion.[12] The Court of Appeals added that it could not re-examine the