

768 Phil. 334

## SECOND DIVISION

[ G.R. No. 198426, September 02, 2015 ]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE  
PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION (POEA),  
PETITIONER, VS. PRINCIPALIA MANAGEMENT AND PERSONNEL  
CONSULTANTS, INC., RESPONDENT.**

### D E C I S I O N

**DEL CASTILLO, J.:**

This Petition for Review on Certiorari<sup>[1]</sup> assails the April 4, 2011 Decision<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 111874 which denied the Petition for *Certiorari* and Prohibition<sup>[3]</sup> filed therein by petitioner Republic of the Philippines (the Republic), through the Philippine Overseas Employment Administration (POEA), questioning the Orders<sup>[4]</sup> dated July 28, 2009 and October 5, 2009 of the Regional Trial Court (RTC) of Mandaluyong City, Branch 212 in Civil Case No. MC09-4043. Also assailed is the August 31, 2011 CA Resolution<sup>[5]</sup> which denied the Republic's Motion for Reconsideration thereto.

#### ***Factual Antecedents***

In the Order<sup>[6]</sup> of June 8, 2009 in POEA Case No. RV 07-03-0442, respondent Principalia Management and Personnel Consultants, Inc. (Principalia), a recruitment agency, was found by the POEA to have collected from complainant Alejandro Ramos an excessive placement fee. It was thus declared to have violated Section 2(b), Rule I, Part VI<sup>[7]</sup> of the 2002 POEA Rules and Regulations (POEA Rules), a serious offense which carries the penalty of cancellation of license for the first offense.<sup>[8]</sup> Accordingly, upon Principalia's receipt of the aforesaid Order on June 24, 2009, the POEA immediately cancelled its license based on Section 5, Rule V, Part VI of the POEA Rules, *viz.*:

Stay of Execution. The decision of the Administration shall be stayed during the pendency of the appeal; **Provided that where the penalty imposed carries the maximum penalty of twelve months suspension or cancellation of license, the decision shall be immediately executory despite the pendency of the appeal.**

Provided further that where the penalty imposed is suspension of license for one month or less, the decision shall be immediately executory and may

only be appealed on ground of grave abuse of discretion. (Emphasis supplied)

Two days later or on June 26, 2009, Principalia sought to stay the implementation of the June 8, 2009 POEA Order by filing with the RTC of Mandaluyong City a Complaint for Injunction with Application for Issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Prohibitory and Mandatory Injunction.<sup>[9]</sup> It contended that the immediate cancellation of its license not only deprived it of due process but also jeopardized the deployment of hundreds of overseas Filipino workers. That same day, the Executive Judge of RTC Mandaluyong issued a 72-hour TRO<sup>[10]</sup> to allow the deployment of six workers who were already scheduled to leave for work abroad.

In the meantime, Principalia appealed the June 8, 2009 POEA Order with the Office of the Secretary of the Department of Labor and Employment (DOLE Secretary) on July 8, 2009.<sup>[11]</sup>

On July 22, 2009, POEA filed with the RTC a Motion to Dismiss<sup>[12]</sup> based on the grounds of lack of jurisdiction, failure to exhaust administrative remedies and forum-shopping. According to it, (1) it is the DOLE Secretary and not the RTC which has jurisdiction over cases assailing POEA Orders which direct the cancellation of license of a recruitment agency; (2) assuming that the RTC has jurisdiction, Principalia nevertheless failed to exhaust administrative remedies since it failed to first seek recourse from the DOLE; and, (3) Principalia committed forum-shopping when it also later appealed the June 8, 2009 POEA Order with the DOLE.

### ***Ruling of the Regional Trial Court***

In its July 28, 2009 Order,<sup>[13]</sup> the RTC rejected POEA's arguments in its Motion to Dismiss. It held that: 1) it was conferred jurisdiction over injunction actions by Section 21 of *Batas Pambansa Blg. 129* (BP 129), or the Judiciary Reorganization Act of 1980, as amended by Republic Act No. 7691 (RA 7691); 2) the case falls under the exception to the rule on exhaustion of administrative remedies since it appears that Principalia may suffer irreparable damage as a result of the immediate cancellation of its license; and, 3) there is no forum-shopping because there is neither identity of parties nor identity of relief between the injunction case and the appeal before the DOLE. Hence, the RTC denied the said motion.

POEA moved for reconsideration<sup>[14]</sup> but the RTC remained unconvinced of its contentions that it denied the same in its October 5, 2009 Order.<sup>[15]</sup>

Recapitulating the arguments in the said Motion to Dismiss, the Republic, through the POEA, questioned by way of Petition for Certiorari and Prohibition<sup>[16]</sup> the aforementioned July 28, 2009 and October 5, 2009 Orders of the RTC before the CA.

### ***Ruling of the Court of Appeals***

In its April 4, 2011 Decision,<sup>[17]</sup> the CA debunked the argument of the Republic that the injunction case is in reality an action for the reversal of the POEA's order of cancellation of license over which the DOLE Secretary has jurisdiction. It explained that contrary to the Republic's contention, the injunction case is only meant to determine the legality or propriety of the immediate cancellation of Principalia's license. This is pursuant to Principalia's claim that under the 2002 POEA Rules, it has the right to be protected from an unwarranted immediate execution of a cancellation order. Thus, pursuant to BP 129 which confers upon the RTC jurisdiction over actions for injunction, the trial court correctly assumed jurisdiction over the injunction case. The CA further noted that the RTC had not even ruled yet on the merits of the injunction case and thus, the Republic cannot claim that the latter already intruded into a matter that falls under the exclusive realm of authority of the DOLE Secretary. Lastly, it opined that the provisions of the 2002 POEA Rules upon which the Republic heavily relies cannot deprive the regular courts of jurisdiction to entertain an injunction complaint. Accordingly, the CA found no grave abuse of discretion on the part of the RTC in issuing its assailed Orders.

In a Resolution<sup>[18]</sup> dated August 31, 2011, the CA stood its ground by denying the Republic's Motion for Reconsideration.

Unrelenting in its opinion that the RTC should have dismissed outright the injunction suit, the Republic filed this Petition on October 20, 2011.

However, on May 22, 2013, Principalia, filed a Motion to Dismiss (With Leave of Court)<sup>[19]</sup> before the RTC. It averred that due to the length of time that the case has been pending, it is no longer interested in pursuing the same. Aside from this, Principalia believed that the issues involved in this case have already become moot and academic in view of the subsequent renewal of its license. It thus prayed that its action for injunction be dismissed pursuant to Section 2,<sup>[20]</sup> Rule 17 of the Rules of Court. On June 5, 2013, the RTC granted the motion and dismissed the case.<sup>[21]</sup>

### ***The Parties' Arguments***

Principalia, aside from refuting the substantial arguments of the Republic, asserts that the present Petition is already moot and academic. This is in view of the fact that its 2007 license which was ordered cancelled by the POEA had already long expired and in fact has been renewed by the POEA many times over. Principalia thus asserts that a ruling on this Petition will no longer be of practical value considering that the subject matter that Principalia then sought to enjoin was the immediate enforcement of the POEA Order cancelling its 2007 license. For this reason, the Petition should be dismissed.<sup>[22]</sup>

The Republic, on the other hand, argues that the renewal of Principal's license does not bar this Court from ruling on the matters raised in the Petition. Even assuming that the Petition has indeed become moot and academic, the case at bench falls under the exceptions that authorize courts to pass upon questions that are already moot. To farther convince the Court, the Republic avers that in view of the plethora of pending

similar cases that seek injunction from regular courts, the resolution of the instant Petition is necessary in settling once and for all which between the DOLE Secretary and the RTC has jurisdiction over actions assailing a POEA Order that involves immediate enforcement of penalties for serious offenses such as cancellation of license. The Republic likewise buttresses its other arguments that Principalia failed to exhaust administrative remedies when it directly filed the injunction case with the RTC and that it committed forum-shopping.<sup>[23]</sup>

### Issue

The central issue in this case is whether the RTC has jurisdiction over the injunction case.

### Our Ruling

At the outset, it must be noted that the Petition is dismissible for being moot and academic. It should be recalled that what impelled Principalia to file the main action for injunction was the June 8, 2009 POEA Order directing the immediate cancellation of its license. Since Principalia could not then engage in recruitment activities because of the said Order, it resorted to the RTC to question and seek to enjoin such immediate cancellation for the obvious reason that it wanted to continue the operation of its business. Significantly, however, Principalia, to date, is a POEA-accredited recruitment agency licensed to do business until April 1, 2016.<sup>[24]</sup> As things stand, therefore, Principalia has no more claim for relief against POEA since this has been mooted by the latter's renewal of its license to do business. In fact and as mentioned, Principalia already moved for the dismissal of the injunction case before the RTC which the said court correctly granted.

"A case becomes moot and academic when, by virtue of supervening events, there is no more actual controversy between the parties and no useful purpose can be served in passing upon the merits."<sup>[25]</sup> In *Arevalo v. Planters Development Bank*,<sup>[26]</sup> the Court expounded:

The Constitution provides that judicial power 'includes the duty of the courts of justice to settle actual controversies involving rights which are legally demandable and enforceable.' **The exercise of judicial power requires an actual case calling for it.** The courts have no authority to pass upon issues through advisory opinions, or to resolve hypothetical or feigned problems or friendly suits collusively arranged between parties without real adverse interests. Furthermore, courts do not sit to adjudicate mere academic questions to satisfy scholarly interest, however intellectually challenging. **As a condition precedent to the exercise of judicial power, an actual controversy between litigants must first exist.** An actual case or controversy involves a conflict of legal rights, an assertion of opposite legal claims susceptible of judicial resolution, as distinguished from a hypothetical or abstract difference or dispute. There must be a contrariety

of legal rights that can be interpreted and enforced on the basis of existing law and jurisprudence. (Emphases supplied)

However, the Court agrees with the Republic that while the case has indeed been rendered moot, it can still pass upon the main issue for the guidance of both bar and bench. It is settled that courts will decide a question otherwise moot and academic if the case is capable of repetition yet evading review.<sup>[27]</sup>

In stressing that the RTC is bereft of jurisdiction to entertain the injunction case, the Republic avers that it is the POEA which has original and exclusive jurisdiction to hear and decide all pre-employment cases which are administrative in character involving or arising out of violations of recruitment regulations, or violations of conditions for the issuance of license to recruit workers, under Section 3(d) of Executive Order No. 247<sup>[28]</sup> (EO 247) and as reiterated in Section 1, Rule I, Part VI of the 2002 POEA Rules.<sup>[29]</sup> On the other hand, the remedy of an appeal/petition for review of an Order issued by the POEA in the exercise of such exclusive jurisdiction is lodged exclusively with the DOLE Secretary as provided under Section 1, Rule V, Part VI of the 2002 POEA Rules.<sup>[30]</sup> Notably, however, nothing in EO 247 and the 2002 POEA Rules relied upon by the Republic provides for the grant to a recruitment agency of an injunctive relief from the immediate execution of penalties for serious offenses (e.g., cancellation to operate, suspension of license for a maximum period of 12 months). Conversely, they do not deprive the courts of the power to entertain injunction petitions to stay the execution of a POEA order imposing such penalties.

The Court thus agrees with the CA in holding that the RTC can take cognizance of the injunction complaint, which "is a suit which has for its purpose the enjoinder of the defendant, perpetually or for a particular time, from the commission or continuance of a specific act, or his compulsion to continue performance of a particular act."<sup>[31]</sup> Actions for injunction and damages lie within the exclusive and original jurisdiction of the RTC pursuant to Section 19<sup>[32]</sup> of *Batas Pambansa Blg. 129*, otherwise known as the Judiciary Reorganization Act of 1980, as amended by RA 7691.<sup>[33]</sup>

While "[w]ell-entrenched is the rule that courts will not interfere in matters which are addressed to the sound discretion of the government agency entrusted with the regulation of activities coming under the special and technical training and knowledge of such agency,"<sup>[34]</sup> it is not entirely correct to say that an action by an administrative agency, such as in the case at bar, cannot be questioned in an injunction suit. It has been held that "[c]ourts cannot enjoin an agency from performing an act within its prerogative, except when in the exercise of its authority it gravely abused or exceeded its jurisdiction."<sup>[35]</sup> Indeed, administrative decisions on matters within the executive jurisdiction can be set aside on proof of grave abuse of discretion, fraud, or error of law, and in such cases, injunction may be granted.<sup>[36]</sup>

The Republic further argues that Principalia committed forum-shopping when it sought relief both from the RTC and the DOLE Secretary. The Court, however, finds otherwise. What Principalia questioned before the DOLE Secretary was the merits of the case

which brought about the POEA's issuance of its order cancelling Principalia's license. Whereas before the RTC, the relief sought by Principalia is limited to enjoining the POEA from immediately enforcing such cancellation. Clearly, the reliefs sought by Principalia from the two fora were different and this negates forum-shopping.<sup>[37]</sup> Neither would the RTC, in resolving the injunction suit, encroach upon the DOLE Secretary's authority since Principalia was not asking the said court to prohibit the DOLE Secretary from resolving the appeal before it or for Principalia to be allowed to continue operating its business regardless of the judgment in the appeal.

Anent the failure of Principalia to observe the principle of exhaustion of administrative remedies, suffice it to say that this principle admits of exceptions,<sup>[38]</sup> and notably, Principalia raised one of these exceptions, *i.e.*, deprivation of due process, as an issue in its suit. And since this issue is a question of fact which the Court can only determine after the trial is had, the RTC was correct in not dismissing the case and in allowing the same to proceed to trial. Significantly, this likewise goes true with respect to the main relief for injunction. As the elements for its issuance, *i.e.*, (1) there must be a right to be protected; and (2) the acts against which the injunction is to be directed are violative of said right,<sup>[39]</sup> are matters that must be proved during trial, the RTC merely acted in its judicial sphere when it proceeded to try the case.

**WHEREFORE**, the instant Petition is **DENIED**. The April 4, 2011 Decision and August 31, 2011 Resolution of the Court of Appeals in CA-G.R. SP No. 111874 are **AFFIRMED**.

**SO ORDERED.**

*Carpio, (Chairperson), Brion, Mendoza, and Leonen, JJ., concur.*

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<sup>[1]</sup> *Rollo*, pp. 10-48.

<sup>[2]</sup> *CA rollo*, pp. 413-420; penned by Associate Justice Manuel M. Barrios and concurred in by Associate Justices Mario L. Guariña III and Apolinario D. Bruselas, Jr.

<sup>[3]</sup> *Id.* at 3-26.

<sup>[4]</sup> *Records*, Vol. 2, pp. 560-565 and 688-689, respectively; penned by Judge Rizalina T. Capco-Umali.

<sup>[5]</sup> *CA rollo*, pp. 491-492.

<sup>[6]</sup> *Records*, Vol. 1, pp. 62-69.

<sup>[7]</sup> Section 2. Grounds for imposition of administrative sanctions:

X X X X

b. Charging or accepting directly or indirectly an amount greater than that specified in the schedule of allowable fees prescribed by the Secretary, or making a worker pay any amount greater than that actually received by him as a loan or advance;

[8] Per Section 1A (6), Rule IV, Part VI of the 2002 POEA Rules and Regulations.

[9] Records, Vol. I, pp. 2-21.

[10] Id. at 142.

[11] Id. at 280-301.

[12] Id. at 267-279.

[13] Records, Vol. 2, pp. 560-565.

[14] See Motion for Partial Reconsideration, id. at 590-601.

[15] Id. at 688-689.

[16] CA *rollo*, pp. 3-26.

[17] Id. at 413-420.

[18] Id. at 491-492.

[19] Records, Vol. 6, pp. 2376-2379.

Section 2. *Dismissal upon motion of plaintiff.* — Except as provided in the preceding section, a complaint shall not be dismissed at the plaintiffs instance save upon approval of the court and upon such terms and conditions as the court deems proper. If a counterclaim has been pleaded by a defendant prior to the service upon him of the plaintiffs motion for dismissal, the dismissal shall be limited to the complaint. The dismissal shall be without prejudice to the right of the defendant to prosecute his counterclaim in a separate action unless within fifteen (15) days from notice of the motion he manifests his preference to have his counterclaim resolved in the same action. Unless otherwise specified in the order, a dismissal under this paragraph shall be without prejudice. A class suit shall not be dismissed or compromised without the approval of the court.

[21] See RTC Resolution of even date; records, Vol. 6, p. 2431.

[22] See Principalia's Memorandum, *rollo*, pp. 451 -464.

[23] See the Republic's Memorandum, id. at 474-519.



[24] <http://www/poea.gov.ph/cgi-bin/agSearch.asp> (typing "Principalia" as the agency name), last visited on August 25, 2015.

[25] *Stradcom Corporation v. Laqui*, G.R. No. 172712, March 21, 2012, 668 SCRA 652, 661.

[26] G.R. No. 193415, April 18, 2012, 670 SCRA 252, 262-263.

[27] *Caneland Sugar Corporation v. Hon. Alon*, 559 Phil. 462, 467 (2007), citing *Acop v. Guingona, Jr.*, 433 Phil. 62, 67-68 (2002).

[28] Entitled "Reorganizing the Philippine Overseas Employment Administration and For Other Purposes,"

Section 3(d) states: In the pursuit of its mandate, the Administration shall have the following powers and functions:

x x x x

(d) Exercise original and exclusive jurisdiction to hear and decide all claims arising out of an employer-employee relationship or by virtue of any law or contract involving Filipino workers for overseas employment including the disciplinary cases; and all pre-employment cases which are administrative in character involving or arising out of violation or requirement laws, rules and regulations including money claims arising therefrom, or violation of the conditions for issuance of license or authority to recruit workers.

[29] Section 1. Jurisdiction. The Administration shall exercise original and exclusive jurisdiction to hear and decide all cases which are administrative in character, involving or arising out of violations of recruitment rules and regulations including refund of fees collected from workers and violation of the conditions for issuance of license to recruit workers.

[30] Section 1. Jurisdiction. The Secretary of Labor and Employment shall have exclusive jurisdiction to act on appeals/petitions for review of recruitment violation cases and other related cases decided by the Administration.

[31] *Bank of the Philippine Islands v. Hong*, 682 Phil. 66,73 (2012).

[32] Sec. 19. *Jurisdiction in civil cases*. Regional Trial Courts shall exercise exclusive original jurisdiction:

(1) In all civil actions in which the subject of the litigations is incapable of pecuniary estimation;

x x x x



(8) In all other cases in which the demand, exclusive of interest, damages of whatever kind, attorneys fees, litigation expenses, and costs or the value of the property in controversy exceeds Three hundred thousand pesos (P300,000.00) or, in such other cases in Metro Manila, where the demand exclusive of the above-mentioned items exceeds Four hundred thousand pesos (P400,000.00). x x x

[33] An Act Expanding The Jurisdiction of the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts, Amending For The Purpose Batas Pambansa Big. 129, Otherwise Known as the "Judiciary Reorganization Act of 1980."

[34] *Geronimo v. Calderon*, G.R. No. 201781, December 10, 2014.

[35] *Zabat v. Court of Appeals*, 393 Phil. 195, 205 (2000).

[36] *Id.*

[37] In *First Philippine International Bank v. Court of Appeals*, 311 Phil. 280 (1996), the Court held that the filing by a party of two apparently different actions, *but with the same objective*, constituted forum-shopping.

[38] In *Go v. Distinction Properties Development and Construction, Inc.*, G.R. No. 194024, April 25, 2012, 671 SCRA 461, 480-481, the Court enumerated the exceptions to the principle of non-exhaustion of administrative remedies as follows: "(a) where there is estoppel on the part of the party invoking the doctrine; (b) where the challenged administrative act is patently illegal, amounting to lack of jurisdiction; (c) where there is unreasonable delay or official inaction that will irretrievably prejudice the complainant; (d) where the amount involved is relatively so small as to make the rule impractical and oppressive; (e) where the question involved is purely legal and will ultimately have to be decided by the courts of justice; (f) where judicial intervention is urgent; (g) where the application of the doctrine may cause great and irreparable damage; (h) where the controverted acts violate due process; (i) where the issue of non-exhaustion of administrative remedies has been rendered moot; (j) where there is no other plain, speedy and adequate remedy; (k) where strong public interest is involved; and (1) in *quo warranto* proceedings."

[39] *Philippine Economic Zone Authority v. Carantes*, 635 Phil. 541, 548 (2010).



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