

Title: **\*\*Dario Nacar vs. Gallery Frames and/or Felipe Bordey, Jr.\*\***

**### Facts:**

Dario Nacar filed a complaint against his employer, Gallery Frames (GF), and Felipe Bordey, Jr. for constructive dismissal at the NLRC, which awarded him backwages and separation pay on October 15, 1998. Respondents appealed to the NLRC, CA, and the Supreme Court, but all appeals were denied. The Supreme Court's resolution became final on May 27, 2002. Nacar then sought a re-computation of backwages up to the Supreme Court resolution's finality, leading to adjustments in the awarded amounts through various legal proceedings. However, disputes regarding the final amount, especially regarding the inclusion of interest, led to further appeals, ending with the CA upholding that no belated correction to the final decision was allowed. Nacar then petitioned the Supreme Court, arguing entitlement to a re-computation up to the decision's finality and payment of interest.

**### Issues:**

1. Whether a re-computation of backwages and separation pay to include the period up to the Supreme Court resolution's finality was legal.
2. Whether the awarded amounts are entitled to legal interest and, if so, the correct imposition of such interest.

**### Court's Decision:**

The Supreme Court found the petition meritorious, stating that a re-computation of monetary awards in illegal dismissal cases to the finality of the decision does not alter the essence of the final decision but merely adjusts monetary consequences to ensure full compensation. The Court ordered a re-computation of backwages from the date of Nacar's dismissal to the finality of the Supreme Court resolution and separation pay from his employment start to the resolution's finality date. It also clarified the imposition of legal interest: 12% per annum from the finality of the decision to June 30, 2013, and 6% per annum from July 1, 2013, until full payment is made.

**### Doctrine:**

The Supreme Court reiterated the doctrine that awards in labor cases resulting from illegal dismissal should include backwages and separation pay computed up to the time the decision is finally resolved to fully compensate the aggrieved party. Moreover, it clarified

the application of legal interest on final and executory judgments, updating the guidelines to reflect changes in legal interest rates from 12% to 6% per annum depending on the period.

### Class Notes:

- **Illegal Dismissal Compensation:** Components include backwages and separation pay computed until the finality of the decision (Art. 279, Labor Code).
- **Immutability of Judgments:** Adjustments in the computation of monetary awards do not constitute an alteration of the final judgment, provided these adjustments are meant to reflect full compensation up to the decision's finality.
- **Legal Interest:** Awarded amounts are subject to legal interest from the decision's finality until full satisfaction. Interest rates are 12% per annum until June 30, 2013, and 6% per annum from July 1, 2013, following BSP-MB Circular No. 799.
- **Application of Legal Interest:** Legal interest applies to amounts adjudged in the concept of actual and compensatory damages in case of breach (Eastern Shipping Lines ruling modified by BSP-MB Circular No. 799).

### Historical Background:

This case underscores the evolving judicial interpretation concerning the final computation of awards in labor cases and the application of interest rates. The Supreme Court's decision reflects a balance between the principles of immutability of judgments and ensuring equitable compensation for illegally dismissed employees. It also highlights the judiciary's adaptive response in applying updated legal interest rates, marking a significant point in labor law and jurisprudence on the computation of financial awards in illegal dismissal cases.