

Title: Trust International Paper Corporation vs. Marilou R. Pelaez

Facts:

- Employment and Termination:** Marilou R. Pelaez began her employment with Trust International Paper Corporation (TIPCO) as a Secretary and later became a Corporate Cashier in 1993. After substantial losses in 1996-1997, TIPCO adopted cost-cutting measures, which resulted in the redundancy of several positions including Pelaez's, leading to her termination on December 24, 1997. She accepted her severance and turned over her duties.
- Discovery of Treasury Clerk Position:** In January 1998, Pelaez learned that a new position, Treasury Clerk, was created, mirroring her previous duties. Feeling deceived, she filed a complaint on January 6, 1998, for illegal dismissal among other claims.
- Receipt of Separation Benefits:** On January 12, 1998, Pelaez signed a Deed of Release and Quitclaim upon receiving her separation benefits of PHP 539,974.20.
- Labor Arbiter Decision:** The Labor Arbiter found in favor of Pelaez on September 21, 1999, declaring her retrenchment illegal and awarding her various compensations, which amounted to over PHP 1 million after deductions.
- NLRC Appeal:** TIPCO appealed to the National Labor Relations Commission (NLRC), which reversed the Labor Arbiter's decision on May 31, 2002, validating the redundancy program.
- Court of Appeals Petition:** Pelaez filed a certiorari to the Court of Appeals arguing grave abuse of discretion by the NLRC. The Court of Appeals ruled in her favor reinstating the Labor Arbiter's decision.
- Finality and Petition for Relief:** The Court of Appeals' decision became final on July 25, 2003. TIPCO filed a Petition for Relief from Judgment on December 29, 2003, citing its counsel's "excusable negligence" and active misrepresentation, specifically naming a junior associate, Atty. Elena C. Cardinez, who mishandled the defense.
- Court of Appeals Denial:** The Court of Appeals denied the petition on February 13, 2004, and again the motion for reconsideration on July 29, 2004, maintaining that the negligence of counsel bound the petitioner.

****Issues:****

- A. Whether the gross negligence and alleged fraudulent acts of TIPCO's former counsel prevent the binding effect of such negligence on TIPCO.
- B. Whether the Court of Appeals erred in applying procedural rules strictly to the detriment of substantial justice.
- C. Whether the Court of Appeals erred in not considering TIPCO's substantial defense.

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

- ****Issue A****: The Supreme Court affirmed the doctrine that the negligence of counsel binds the client, reinforcing that the inexcusable negligence shown in the mishandling of the case by TIPCO's counsel did not meet the exceptions to relieve TIPCO of consequence.
- ****Issue B****: The Court highlighted that procedural rules are in place to provide order and predictability, and the petitioner's reliance on attorney assurances without due diligence did not warrant relief from established procedural adherence.
- ****Issue C****: TIPCO's arguments on excusable neglect and substantial defense were dismissed, citing previous rulings and reinforcing the validity of the adverse finality of the Court of Appeals decision.

****Doctrine:****

The negligence of counsel binds the client, unless the negligence is so gross, palpable, and pervasive that it results in the deprivation of the client's day in court, which was not the case here. Only exceptions would invoke relief from judgments based on excusable negligence or fraud.

****Class Notes:****

- ****Procedural Adherence****: Rule 65 is specific for challenging denials of petitions for relief; procedural missteps often bind clients.
- ****Doctrine of Client-Counsel Negligence****: Clients are generally bound by the acts and neglect of their counsel unless specific exceptions apply.
- ****Employment & Labor Law****: Differentiating retrenchment validity requires proving procedural and substantive adequacy.

****Historical Background:****

The case reflects labor practices in the Philippines during a time of economic hardship in the late 90s, emphasizing the legal rigor in labor disputes where companies adopt lean practices due to financial deficits but are still accountable for fair practices and proper procedural adherence in employee terminations. The importance of proper counsel handling and the legal implications of attorney conduct are underscored in ensuring justice is served procedurally.