

****Title:**** Paje et al. vs. Spic N' Span Service Corporation

****Facts:****

This case originated when Gloria Paje and others (collectively, Paje et al.) were hired by Spic N' Span Service Corporation (Spic N' Span) as merchandisers for Swift Foods, Inc. (Swift). On March 13, 1998, Paje et al. filed a complaint for illegal dismissal with money claims against Swift and Spic N' Span. The labor arbiter dismissed Paje et al.'s complaint but ruled in favor of other co-complainants, Edelisa David and Inocencio Fernandez, holding Swift and Spic N' Span jointly and severally liable.

Swift and Paje et al. filed appeals before the National Labor Relations Commission (NLRC). The NLRC upheld its decision, recognizing Spic N' Span as the true employer of Paje et al. while dismissing cases against Swift. Paje et al.'s motion for reconsideration was denied, following which they appealed to the Court of Appeals, which reversed the NLRC's decision, holding Spic N' Span liable for Paje et al.'s claims and remanded the case to the labor arbiter.

Swift and Spic N' Span filed motions for reconsideration and subsequently petitions for review in the Philippine Supreme Court, which affirmed the Court of Appeals' decision, but with additional nominal damages imposed. Swift later issued a settlement likely representing only half of the computed amount for Paje et al., who executed a quitclaim in favor of Swift.

The labor arbiter issued a partial writ of execution against Spic N' Span for the balance. Spic N' Span filed to quash this writ, leading the labor arbiter and higher tribunals to rule the quitclaim satisfied their claim, extinguishing liability. Paje et al. contested this, leading to petitioning the Supreme Court again.

****Issues:****

1. ****Interpretation of Quitclaim/Release:**** Did the quitclaim executed in favor of Swift absolve Spic N' Span of liability?
2. ****Extent of Solidarity:**** In light of the legislation about labor contracting, how does the solidary liability between Swift and Spic N' Span apply post-quitclaim?

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

The Supreme Court ruled in favor of Paje et al., finding that the quitclaim and release pertained solely to Swift and did not absolve Spic N' Span of its liabilities. The clear language of the quitclaim indicated release solely to Swift without specifying Spic N' Span.

- **Solidary Liability:** The court held that under the solidary liability framework envisioned by Articles 106 and 109 of the Labor Code, and pursuant to Civil Code Article 1216, the employees are entitled to pursue claims from either or both parties to satisfy full debt. As the total claim amount was not settled by Swift, Paje et al. could justifiably proceed against Spic N' Span for the balance.

Doctrine:

The doctrine clarified the application of solidary liability in labor cases involving contractors, restating an exception where a quitclaim does not expressly release all co-debtors.

Class Notes:

- **Key Elements:** Advisory notes should emphasize the distinction in solidary liability contexts, especially in labor law, under Articles 106 & 109.
- **Statutory Provision:** Article 1216 and Article 1267 of the Civil Code function towards interpreting creditor rights against multiple solidarily liable debtors.
- **Application Simplified:** Students should focus on: Employee rights under joint liability clauses, how payments by any one debtor affect obligations, and quitclaim language intricacy.

Historical Background:

This case reflects a period of heightened concern for labor security following increasing complexities in labor contracts. The judgment underscores legal recognition of worker vulnerability in temporary and contract employment, strengthening worker claims against employers sheltering liabilities through third-party contractors. It signifies judicial sensitivity to protecting employee rights amid evolving employment practices in the Philippines.