

**LUIS CABALLERO, ROLANDO B. GAPO, RODRIGO B. JUMAO-AS,
ANTONIO D. GENERALAO, ARNEL BALUYOS, WELCER ESTANERO,
ROMEO GENERALAO, MIGUEL COGAL, RICO B. JUMAO-AS, CELSO M.
CAÑETE AND ...**

Ponente: QUIJANO-PADILLA, J.

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QUIJANO-PADILLA, J.:

This petition for certiorari seeks to assail the Decision[1] dated February 29, 2012 of the National Labor Relations Commission, 7[th] Division [Formerly 4[th] Division], Cebu City in NLRC Case No. VAC-10-000805-2011 [RAB Case No. VII-10-2283-2010] which affirmed the Decision[2] dated June 29, 2011 of the Regional Arbitration Branch No. VII, Cebu City, for Illegal Dismissal, Non-Payment of 13[th] Month Pay, Separation Pay, Damages and Attorney's Fees.

The Antecedent Facts

Petitioners claim that they are regular employees of the private respondents as public utility jeepney drivers, performing functions which are necessary and desirable in the usual business or trade of their employers. During the course of their employment, they were called in for a meeting on July 1, 2008 by private respondent Jesus Badiang in order to retouch their respective units. However, on the said date, they were surprised that the units they had driven were confiscated from them and they were dismissed by the respondents without cause and without the observance of due process. They were merely told that the business was losing.[3]

Respondent Cebu Reliance Motors, Inc. [Cebu Reliance] on the other hand contends that the nature of its business is selling multi-cab units. Sometime ago, Cesario Inting [Inting] and Marino Boysillo [Boysillo] went to their office asking if they could aid both of them to start a small business with less capitalization requirement. Cebu Reliance agreed since there were available units that were repossessed from delinquent buyers. It sold a total of eight [8] units to Inting and Boysillo which sale was financed by TTU Lending Investor [now known as ULT Financialist Corporation], then owned by Teddy T. Uy.

The units were then respectively registered in the names of Inting and Boysillo.[4] Both of them used the units as passenger utility jeeps plying Compostela to North Bus Terminal and vice versa as shown by the Certificate of Public Convenience issued by the Land Transportation Franchising and Regulatory Board [LTFRB] to Inting and Boysillo.[5] Petitioners herein drove the said passenger jeeps.

Since then, Inting and Boysillo religiously paid their installments to TTU Lending Investor until 2008 when the fuel crisis made the operation of PUJs no longer profitable. Both, Inting who was sent to jail for 6 months for a criminal case which was eventually dismissed and Boysillo started to become delinquent with their obligations to TTU Lending Investor.[6]

Thus, sometime in June 30, 2008 when there was a nationwide transport strike and when petitioners were not driving the jeeps, some TTU Lending Investor agents took all of Inting and Boysillo's units.[7]

This prompted Luis Caballero, Antonio Bejagan, Antonio Generalao, Miguel Cogal, Celso Cañete, Welcer Estanero, Rodrigo Jamao-as, Rolando Gapo and Romeo Generalao to file an illegal case against Reliance Motor Parts/Transpo.

The said case was dismissed by the Labor Arbiter for failure of the petitioners therein to file their respective position papers. The portion of the Labor Arbiter's Decision dated November 25, 2008, reads:

“As stated earlier, complainants failed to submit their position paper. Instead, it (sic) only filed a Motion for extension of time to submit their position paper.

With the failure to submit their position paper, it is the understanding of this Labor Court that the allegation of respondents Reliance that they are not the employer of complainant is true.

WHEREFORE, in view of the foregoing, a decision is hereby rendered dismissing the above-entitled cases for lack of interest of complainants and for failure to substantiate their claims.”[8]

Complainants therein did not appeal the said decision before the NLRC.

Then, sometime in 2009, Luis Caballero, Arnel C. Baluyos, Rodrigo B. Jumao-as, Consorcio V. Bughao, Welcer F. Estañero, Antonio D. Generalao, Antonio G. Bejagan, Celso M. Cañete, Rolando B. Gapo, Romeo Generalao and Miguel Cogal filed an illegal dismissal complaint with prayer for reinstatement and damages against Cebu Reliance Motor Parts, Inc. and Teddy T. Uy.

The Labor Arbiter dismissed the complaint since no employer-employee relationship was established.

On appeal before the NLRC, the latter affirmed the ruling of the Labor Arbiter. The dispositive portion of the NLRC's decision dated January 28, 2010 [2010 Decision], reads thus:

“WHEREFORE, foregoing premises considered, the 26 February 2010 decision of the Labor Arbiter dismissing this case for lack of employer-employee relationship is hereby AFFIRMED.

SO ORDERED.”[9]

The said judgment became final and executory.[10]

Unfazed, herein petitioners again filed before the Labor Arbiter an illegal dismissal case which rendered a Decision dated June 29, 2011, absolving private respondents Teddy Uy, Henly Uy, TTU Lending Investor, Inc., Cebu Reliance Motors, Inc., and Mandaue Reliance Motor Parts and declared that petitioners' employers are Inting and Boysillo. Another reason for dismissing the case filed by petitioners was that res judicata has already attached. The Labor Arbiter opined that absolute identity of parties is not necessary but what was required is mere substantial identity and in the instant case the adding or dropping of the parties did not alter the fact that there was an identity of the parties between the 2010 decision and the present.

Thus, petitioners appealed the adverse decision before the NLRC which affirmed the decision of the Labor Arbiter, the dispositive portion of the decision, reads:

“WHEREFORE, premises considered, the decision of the Labor Arbiter dated 29 June 2011 is, hereby AFFIRMED.

SO ORDERED.”[11]

Hence, the instant petition for certiorari before Us, raising the following assignment of errors, to wit:

“THE PUBLIC RESPONDENT NLRC 7[TH] DIVISION COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION:

I. WHEN HE DISMISSED THE CHARGES OF ILLEGAL DISMISSAL ON THE GROUND OF RES JUDICATA DESPITE LACK OF JUDGMENT ON THE MERITS AND LACK OF IDENTITY OF PARTIES;

II. WHEN HE DECLARED THAT THERE IS NO EMPLOYER-EMPLOYEE RELATIONSHIP BETWEEN PETITIONERS AND PRIVATE RESPONDENTS TEDDY UY, CEBU RELIANCE MOTORS, INC., HENLY UY, TTU LENDING INVESTORS, MANDAUE RELIANCE PARTS AND JESUS BADIANG; AND

III. WHEN HE DECLARED THAT PETITIONERS ARE NOT ENTITLED TO THEIR MONEY CLAIMS.”[12]

Our Ruling

In their bid to overturn the decision of the NLRC, petitioners contend that res judicata does not apply in the instant case because the essential elements of res judicata do not concur. First, there is no identity of parties as one [1] or two [2] of the complainants were excluded in either set in the two [2] cases. Second, there is no identity of respondents therefore the principle of res judicata does not apply.

Further, res judicata does not apply because in the first case it was dismissed by reason of lack of interest therefore, there was no judgment on the merits.

We find that the decision of the NLRC is supported by substantial evidence. The principle of res judicata applies.

Res judicata means a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment. It denotes that a final judgment or decree on the merits by a court of competent jurisdiction is conclusive of the rights of the parties or their privies in all later suits on all points and matters determined in the former suit.

Res judicata embraces two concepts: (1) bar by prior judgment as enunciated in Rule 39, Section 47(b) of the Rules of Civil Procedure; and (2) conclusiveness of judgment in Rule 39, Section 47(c).[13]

There is “bar by prior judgment” when, as between the first case where the judgment was rendered and the second case that is sought to be barred, there is identity of parties, subject matter, and causes of action. In this instance, the judgment in the first case constitutes an absolute bar to the second action.[14]

But where there is identity of parties in the first and second cases, but no identity of causes of action, the first judgment is conclusive only as to those matters actually and directly controverted and determined and not as to matters merely involved therein. This is the concept of res judicata known as “conclusiveness of judgment.” Stated differently, any right, fact or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which judgment is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated between the parties and their privies, whether or not the claim, demand, purpose, or subject matter of the two actions is the same.[15]

Should identity of parties, subject matter, and causes of action be shown in the two cases, then res judicata in its aspect as a “bar by prior judgment” would apply. If as between the two cases, only identity of parties can be shown, but not identical causes of action, then res judicata as “conclusiveness of judgment” applies.[16]

In the instant case We find that there is res judicata in the concept of bar by prior judgment. For res judicata, in its concept as a bar by former judgment to apply, the following must be present:[17]

1. The former judgment or order is final;

2. It is rendered by a court having jurisdiction over the subject matter and the parties;
3. It is a judgment or an order on the merits; and,
4. There is between the first and the second action identity of parties, identity of subject matter, and identity of causes of action.

It is apparent at the outset that both cases trace their origin to just one set of facts.[18]

First, the 2010 Decision of the NLRC became final and executory. Admittedly, petitioners did not appeal from the adverse decision, instead they opted to file another illegal dismissal case impleading additional respondents.

Second, the 2010 Decision was rendered by the NLRC, a tribunal having jurisdiction over the parties and the subject matter.

Third, there was a decision based on the merits of the case rendered by the NLRC in the exercise of its appellate jurisdiction after the parties invoked its jurisdiction.[19] Judgment on the merits is defined as one rendered after a determination of which party is right.[20] The 2010 Decision of the NLRC pronounced that petitioners therein have not shown an iota of evidence that there exists employment between them and the respondents. It further held that in a long line of cases, employer-employee relationship is obtaining between jeepney owners/operators on one hand and jeepney drivers on the other under the boundary system.[21] Since there was no employer-employee relationship between petitioners therein and respondents Cebu Reliance Motor Parts and Teddy T. Uy, the NLRC dismissed the said case.

Fourth, there was identity of parties between the 2010 Decision and the present. The petitioners in the 2010 Decision were virtually the same in the present case, with the exception of Consorcio V. Bughao who was not impleaded in the present case and Rico B. Jumao-as who was not impleaded in the 2010 Decision.

The respondents in the 2010 Decision were Cebu Reliance Motor Parts Inc. and Teddy T. Uy while in the instant case, both of the said respondents were impleaded together with TTU Lending Investors, Mandaue Reliance Motor Parts, Cesario Inting, Marino Boysillo and Jesus (Jave) Badiang.

Be that as it may, it is well-settled that only substantial, and not absolute, identity of the parties is required for res judicata to apply. There is substantial identity of the parties when there is a community of interest between a party in the first case and a party in the second case albeit the latter was not impleaded in the first case.[22]

There was an identity of the subject matter and causes of action, as they arise from the same set of facts, which was petitioners' illegal dismissal case.

It is well-established in this jurisdiction that the decisions and orders of administrative agencies, rendered pursuant to their quasi-judicial authority, have upon their finality, the force and binding effect of a final judgment within the purview of the doctrine of res judicata. The rule of res judicata, which forbids the reopening of a matter once judicially determined by competent authority, applies as well to the judicial and quasi-judicial acts of public, executive or administrative officers and boards acting within their jurisdiction as to the judgments of courts having general judicial powers. The orderly administration of justice requires that the judgments or resolutions of a court or quasi-judicial body must reach a point of finality set by the law, rules and regulations, so as to write finis to disputes once and for all. This is a fundamental principle in the Philippine justice system, without which there would be no end to litigations.[23]

Clearly, then, this Court may not pass upon the same issues which had been finally adjudicated since a final and executory judgment can no longer be attacked by any of the parties or be modified, directly or indirectly, even by the Supreme Court. This principle of immutability of final judgment renders it unalterable as nothing further can

be done except to execute it. A judgment must be final at some definite time as it is only proper to allow the case to take its rest on grounds of public policy and sound practice. Although there are recognized exceptions to this fundamental principle, such as nunc pro tunc entries, void judgments and cases which would not cause any prejudice to any party, none of these exceptions obtain in the case at bench.

There being no grave abuse of discretion on the part of public respondent NLRC in its application of the principle of res judicata, all the other arguments of petitioners have become academic, hence, need no longer be resolved.[24]

WHEREFORE, premises considered, the Decision dated February 29, 2012 of the National Labor Relations Commission, 7[th] Division [Formerly 4[th] Division], Cebu City in NLRC Case No. VAC-10-000805-2011 [RAB Case No. VII-10-2283-2010] is hereby affirmed in toto.

SO ORDERED.

Hernando, and Francisco,[*] JJ., concur.

[*]Acting junior member vice J. Azcarraga-Jacob, per Office Order No. 15-14-GTI, June 30, 2014

[1] Rollo, pp. 203-216, penned by Presiding Commissioner Violeta Ortiz-Bantug

[2] Rollo, pp. 113-128, penned by Labor Arbiter Maria Ada Aniceto-Veloso

[3] Rollo, p. 207

[4] Rollo, pp. 251-258

[5] Rollo, pp. 259-270

[6] Rollo, p. 97

[7] Rollo, p. 97

[8] Rollo, pp. 278-279

[9] Rollo, pp. 223-230

[10] Rollo, p.100

[11] Rollo, p. 216

[12] Rollo, p. 45

[13] Social Security Commission v. Rizal Poultry and Livestock Association, Inc., G.R. No. 167050, June 1, 2011

[14] Social Security Commission v. Rizal Poultry and Livestock Association, Inc., G.R. No. 167050, June 1, 2011

[15] Social Security Commission v. Rizal Poultry and Livestock Association, Inc., G.R. No. 167050, June 1, 2011

[16] Social Security Commission v. Rizal Poultry and Livestock Association, Inc., G.R. No. 167050, June 1, 2011

[17] Solidbank Union, et al. v. Metropolitan Bank and Trust Company, G.R. No. 153799, September 17, 2012

[18] Philippine Airlines Incorporated, et al. v. Zamora, G.R. No. 166996, September 3, 2008

[19] Solidbank Union, et al. v. Metropolitan Bank and Trust Company, G.R. No. 153799, September 17, 2012

[20] A.G. Development Corporation v. CA, et al., G.R. No. 111662, October 23, 1997

[21] Rollo, p.229

[22] Solidbank Union, et al. v. Metropolitan Bank and Trust Company, G.R. No. 153799, September 17, 2012

[23] Dole Philippines, Inc. v. Esteva, et al., G.R. No. 161115, November 30, 2006

[24] Aldovino, et al. v. NLRC, et al., G.R. No. 121189, November 16, 1998

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