

FFW-DOWELL CONTAINER & PACKAGING CORPORATION CHAPTER, CLEMENTE FORTALEZA, OSCAR RODRIGUEZ, RANULFO USON AND ANDRES FLORES PETITIONERS, VS. DOWELL CONTAINER & PACKAGING CORPORATI...

Ponente: LOPEZ, J.

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LOPEZ, J.:

Dowell Container & Packaging Corporation (Dowell Corp.) is a duly organized corporation operating in Libis, Quezon City and engaged in the production and manufacture of corrugated boxes for industrial clients, with Larry Villareal as its President.[1] On the other hand, FFW-Dowell Container & Packaging Corporation Chapter (FFW-Dowell) is the local chapter of the Federation of Free Workers, a legitimate labor federation duly registered with the Department of Labor and Employment (DOLE).[2]

On February 2, 2011, FFW-Dowell filed a notice of strike before the National Conciliation and Mediation Board (NCMB) due to unfair labor practices.[3] On May 30, 2011, while conciliation was pending, Dowell sent letters to the DOLE and the officers and members of the union, announcing the company's intention to close its manufacturing operations on June 30, 2011. FFW-Dowell protested the closure.[4] Nevertheless, officers of the union met with representatives of management before the NCMB and executed a Compromise Agreement on the severance packages consisting of 48-day-pay for every year of service and an a lump sum of 30-day basic pay.[5]

On August 18, 2011, FFW-Dowell, Clemente Fortaleza, Amores Flores, Ranulfo Uson and Oscar Rodriguez (collectively referred to as the complainants) filed a complaint for illegal closure and dismissal.[6] The complainants asserted that Dowell Corp. did not actually close but continued its operations under the name of Golden Swan Paper Products Corp., a newly created corporation meant to serve as a run-away shop.[7] Even if the closure was legal, Dowell is guilty of underpayment of separation pay. The Collective Bargaining Agreement (CBA) and Memorandum of Agreement[8] (MOA) provide for payment of 60-day-pay per year of service but the company only paid 48 days per year of service.[9]

In response, Dowell Corp. claimed that the closure of the manufacturing operations of Dowell Corp. was in accord with Article 283 of the Labor Code.[10] Moreover, the complainants negotiated their separation packages that were more than the requirement of the law.[11]

On May 16, 2012, the Labor Arbiter dismissed the complaint declaring that there is no proof of anti-union motive in the closure of Dowell Corp. Also, the 60-day-pay provided in the CBA and MOA applies only to voluntary resignations and not to the closure of business. Article 283[12] of the Labor Code is the controlling provision and, since the money received by the complainants exceeded the amount prescribed in the law, there was no underpayment of separation pay.[13]

The complainants filed an appeal before the National Labor Relations Commission (NLRC). However, the NLRC denied the appeal and affirmed the findings of the Labor Arbiter.[14] The complainants then moved for reconsideration but they were denied.[15]

The complainants then filed the instant Petition for Certiorari imputing grave abuse of discretion upon the NLRC. After Dowell Corp. filed its Comment, the case was submitted for decision.[16]

Before the Court could rule on the merits, the parties filed, on April 30, 2014, a Joint Motion to Approve Compromise Agreement, containing the following stipulations:

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants set forth herein below, the parties agree as follows:

1. In consideration of complainants['] past services with the Company, they will receive their additional separation pay benefits in the total amount of one hundred thousand pesos each (Php 100,000.00) for a total amount of four hundred thousand pesos (Php 400,000.00), which represents a full and complete settlement of all their claims, remunerations and other benefits that may have accrued to them, or which they may be entitled to under the law, arising out of or in connection with their employment with the Company, to be given upon the execution of this Agreement;
2. Complainants hereby state that they have no further cause of action or claims against the respondents in this case and therefore declare that they will not institute any further action against the respondents;
3. Complainants freely and voluntarily release, remise and discharge the Company and its officers from any liability or claims arising from, in relation to and/or in connection with their past employment with the Company; and
4. By virtue of this Agreement, complainants consider all their claims in NLRC CASE NO. LAC 06-001881-12/RAB CASE NO. 2762-11/09-13505-11/CA G.R. SP NO. 128435 as well as all other claims not included in the case against the respondents, as fully satisfied and thus agree to have the case dismissed with prejudice. Complainants further undertake to desist from further prosecuting the same and/or instituting any other case or claim against the Company or any of its responsible officers.

A compromise is a contract whereby parties, making reciprocal concerns, avoid litigation or put an end to one already commenced.[17] It is an agreement between two or more persons, who, for preventing or putting an end to a lawsuit, adjust their difficulties by mutual consent in the manner which they agree on, and which everyone of them prefers to the hope of gaining, balanced by the danger of losing.[18] In *Periquet v. National Labor Relations Commission*,[19] the Supreme Court held that:

Not all waivers and quitclaims are invalid as against public policy. If the agreement was voluntarily entered into and represents a reasonable settlement, it is binding on the parties and may not later be disowned simply because of a change of mind. It is only where there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or the terms of settlement are unconscionable on its face, that the law will step in to annul the questionable transaction. But where it is shown that the person making the waiver did so voluntarily, with full understanding of what he was doing, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as a valid and binding undertaking.

In this case, We note that a previous Compromise Agreement was executed by the parties before the NCMB wherein the petitioners each received a separation package of 48-day-pay for every year of service and an additional lump sum of 30-day basic pay.[20] Presently, a second Compromise Agreement was executed and the petitioners each received an additional P100,000.00 as full settlement of their claims. These agreements, taken together, convinces Us that the parties have indeed reached a reasonable conciliation which the Court finds commendable.

Keeping in mind the precepts in Article 2029 of the Civil Code[21], which encourages the amicable settlement of disputes between parties,[22] the case is now considered closed and settled.

ACCORDINGLY, the Joint Motion to Approve Compromise Agreement is GRANTED and the case is DISMISSED.

SO ORDERED.

Reyes, Jr., (Chairperson) and Inting, JJ., concur.

[1] Rollo, pp. 78-79. Position Paper for Dowell Container & Packaging Corporation.

[2] Id., p. 4. Petition for Certiorari.

[3] Id., p. 32; Position Paper for Complainants; Rollo, pp. 43-44, Notice of Strike. N.B. Guarde Hipolito received P297,615.10; Anisa Supetran received P893,195.40; Rey Dua received P905,548.16; Esmeraldo De Merida received P442,382.52; Ronillo Socias received P998,908.61; and Benito Bonbon received P854,153.24.

[4] Id., p. 45. Letter addressed to Larry Villareal by Clemente Fortaleza, President of FFW-Dowell.

[5] The Compromise Agreement, executed before Conciliator-Mediator Amorsolo V. Aglibut, reads:

In today's conference, both parties have mutually agreed to settle the dispute at hand under the following terms, to wit:

The company, instead of applying the separation package of benefits of fifteen (15) days per year of service in its Notice of Closure, shall give/grant a forty eight days (sic) [pay] per year of service separation pay to five (5) affected employees including all accrued benefits under the existing CBA plus additional financial assistance equivalent to thirty (30) days basic pay.

Compliance by the company of the above-stated Agreement shall (be) made on July 5, 2011 at 10:00 a.m. at the plant level.

Proof of compliance of the said Agreement shall be submitted to this Office on July 11, 2011.

[6] See Complainant's Position Paper, id., pp. 41-42. See also Labor Arbiter's Decision, id., p. 161.

[7] N.B. Golden Swan was incorporated on March 17, 2006. See Certificate of Incorporation, id., p. 56.

The Amended Articles of Incorporation of Dowell Corp. lists the incorporators as Larry T. Villareal, Lilia C. Villareal, Lucio W. Yan, Arlene V. Tang and Edwin L. Tang. It also states the primary purpose of the corporation as follows:

1. To engage in the business of manufacturing, selling and distributing containers such as tin cans, steel cans, pails, drums, and other like articles including boxes and containers for use in commerce, made of wood, paper, card board, metal sheets, or other materials, silk screen process, metal lithograph and the manufacturing, selling and distribution of paper containers, paper boxes, wooden boxes and paper and aluminum packaging materials of every kind and character for use in the transporting and preservation of goods in commerce and to import or export materials, items or products necessary to attain these primary purposes, including the business of lithography of tubes, receptacles, containers and other articles and packing devices and the manufacture, sale, import and export of labels on the same product; provided that the corporation shall sell or dispose of its product exclusively on wholesale basis. [Rollo, pp. 49, 54.]

The Articles of Incorporation of Golden Swan Paper Products Corp. lists its incorporators as Larry T. Villareal, Lilia C. Villareal, Lucio W. Yan, Clara Y. Yan, Arlene V. Tang and Edwin L. Tang. It also states the primary purpose of the corporation as follows:

To engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale and retail of paper, other paper products and waste products. [Id., p. 58-60.]

[8] Article XVI, Section 8 of the Collective Bargaining Agreement provides:

Section 8. RESIGNATION: COMPULSORY/OPTIONAL RETIREMENT includes DEATH. The COMPANY agrees to grant to all covered employees who will decide to resign or retire at their option or died, the existing Memorandum of Agreement dated May 16, 2001 for Separation Pay will be followed. [Id., p. 75.]

N.B. No copy of the Memorandum of Agreement can be found in the records.

[9] Id., 31-40. Position Paper for Complainants.

[10] Art. 283. CLOSURE OF ESTABLISHMENT AND REDUCTION OF PERSONNEL. - The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the worker and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. xxx In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered as one (1) whole year. [Emphasis Ours.]

[11] Id., pp. 78-85.

[12] Art. 283. CLOSURE OF ESTABLISHMENT AND REDUCTION OF PERSONNEL. - The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the worker and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. xxx In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered as one (1) whole year. [Emphasis Ours.]

[13] Id., pp. 165-167.

[14] The September 28, 2012 Decision of the NLRC ratiocinated thus:

xxx [C]omplainants failed to prove that Golden Swan was set up purposely to accommodate the transfer of the manufacturing section of Dowell. It was clearly proven by respondents that Golden Swan has been in existence since 2006, or five (5) years before the closure of Dowell's manufacturing section xxx. xxx

xxx

The Memorandum of Agreement dated May 16, 2001 provides that the separation pay shall be 60 days per year of service. xxx

Clearly, the above provision is applicable only in cases of resignation, retirement or death of an employee. The provision does not cover employees who were separated from service due to authorized causes. It is explicit in the CBA and the Memorandum of Agreement that the 60 days per year of service separation pay applies only to employees who resigned or retired at their option, or died.

Since complainants were terminated due to authorized cause, the applicable provision with regard to their separation pay is Article 283 of the Labor Code which states that in case of retrenchment to prevent losses, the separation pay shall be equivalent to one month pay or at least one-half month pay for every year of service, whichever is higher.

xxx [Id., pp. 25-27.]

[15] Id., pp. 28-30. November 26, 2012 Resolution.

[16] Id., p. 223. February 13, 2014 Resolution.

[17] Article 208 of the Civil Code, as cited in *Rivero v. CA*, G.R. No. 141273, 17 May 2005.

[18] *Del Rosario v. Madayag*, G.R. No. 118531, 28 August 1995 citing *David v. Court of Appeals*, 214 SCRA 644, 650 (1992) citing *Rivero v. Amparo*, 91 Phil. 228, 235(1952); *Arcenas v. Cinco*, 74 SCRA CA-G.R. SP No. 128435118, 123 (1976).

[19] G.R. No. 91298, 22 June 1990.

[20] The Compromise Agreement, executed before Conciliator-Mediator Amorsolo V. Aglibut, reads:

In today's conference, both parties have mutually agreed to settle the dispute at hand under the following terms, to wit:

The company, instead of applying the separation package of benefits of fifteen (15) days per year of service in its Notice of Closure, shall give/grant a forty eight days (sic) [pay] per year of service separation pay to five (5) affected employees including all accrued benefits under the existing CBA plus additional financial assistance equivalent to thirty (30) days basic pay.

Compliance by the company of the above-stated Agreement shall (be) made on July 5, 2011 at 10:00 a.m. at the plant level.

Proof of compliance of the said Agreement shall be submitted to this Office on July 11, 2011.

[21] Art. 2029. The court shall endeavor to persuade the litigants in a civil case to agree upon some fair compromise.

[22] *First Intramuros BF Condominium Corp. v. NLRC*, G.R. No. 103638, 14 April 1994.

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