

STONE TREASURES INTERNATIONAL TRADING CORP., AND/OR MR. JONITO C. RACAL, PETITIONERS, VS. BENJIE C. GIMENA AND NATIONAL LABOR RELATIONS COMMISSION (8TH DIVISION, CAGAYAN DE ORO ...

Ponente: INTING, J.

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INTING, J.:

Before Us is a Petition for Certiorari[1] under Rule 65 of the 1997 Rules of Civil Procedure assailing the Resolution[2] dated December 30, 2010, as well as the Resolution[3] dated March 24, 2011 denying petitioners' motion for reconsideration rendered by the National Labor Relations Commission (NLRC) 8[th] Division. The dispositive portion[4] of the Resolution dated December 30, 2010, reads:

WHEREFORE, foregoing premises considered, the appeal is DISMISSED for lack of merit and the appealed decision AFFIRMED.

SO ORDERED.

The facts are as follows:

Private respondent Benjie C. Gimena (Gimena for brevity) was hired by petitioner Stone Treasures International Trading Corporation (Stone Treasures) as area manager for its Visayas and Mindanao branches on April 28, 2007.

Sometime in June 2008, private respondent Gimena entered into a sale transaction with Mr. Benny Go (Proprietor) and Jenevev Gantuangco (Manager) of Ultimate Tiles Center in Cagayan de Oro City for the delivery of tiles in the amount of P2,227,968.68. Mr. Go issued sixteen (16) post dated checks to cover the transaction. However, the first check when presented to the drawee bank for encashment was dishonored by reason of insufficiency of funds, subsequently, the rest of the checks were dishonored for the same reason.

On August 20, 2009, private respondent then received a memorandum from petitioner corporation indefinitely suspending him from work without pay for allegedly violating company policy that all provincial dealers are given a maximum credit limit of P300,000.00 only.

Private respondent filed a complaint for constructive dismissal with a prayer for payment of service incentive leave before the Executive Labor Arbiter, NLRC, Regional Arbitration Branch No. XIII, Butuan City. Petitioner Stone Treasures denied that the private respondent was dismissed from his employment. Petitioner Stone Treasures alleged that the private respondent was just preventively suspended pending investigation of his sales transaction with Mr. Go beyond the maximum credit limit of P300,000.00 alongside the dishonored checks issued by Mr. Go. The petitioner Stone Treasures further alleged that the manner by which the private respondent entered into and conducted such sale transaction violated the company's credit and collection rules and procedures. The petitioner Stone Treasures furthermore alleged that, as such, it has valid and justifiable reasons to place the private respondent under preventive suspension from work.

After considering the allegations of the parties with supporting pieces of evidence, the Executive Labor Arbiter, NLRC, Regional Arbitration Branch No. XIII, Butuan City rendered a Decision on April 30, 2010 in favor of the private respondent and against the petitioners. The dispositive portion of which reads:

WHEREFORE, in the light of the foregoing, judgment is hereby rendered ordering respondents to reinstate complainant to his former or equivalent position without loss of seniority rights and other privileges, and to the payment of his full backwages, inclusive of allowances and to his other benefits of their monetary equivalent, computed from the time his compensation was withheld from him up to the time of his actual reinstatement.

Respondents are likewise notified that the reinstatement aspect of the decision is immediately executory and are directed to submit a report of compliance within ten (10) calendar days from receipt of the decision.

Respondents are further ordered to pay complainant the total amount of P309,803.05 representing his partial backwages from September 2009 to April 2010, including the 1% commission.

SO ORDERED.

Dissatisfied with the Executive Labor Arbiter's decision, petitioners filed an appeal before the public respondent NLRC Eighth Division in Cagayan de Oro City. On December 30, 2010, the public respondent rendered a Resolution dismissing the appeal for lack of merit and affirming entirely the decision of the Executive Labor Arbiter. Subsequently, petitioners filed a motion for reconsideration but the NLRC, Eighth Division denied it on March 24, 2011.

Aggrieved, petitioners interposed the present petition and raised the lone issue of:

WHETHER OR NOT PUBLIC RESPONDENT COMMISSION ACTED IN EXCESS OF JURISDICTION AND/OR WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION IN ISSUING THE RESOLUTIONS (ANNEXES "A" AND "B" HEREOF), AFFIRMING THE DECISION RENDERED BY THE HONORABLE LABOR ARBITER AND WHEN IT REFUSED TO HEAR THE POINT RAISED BY THE PETITIONER THAT PRIVATE RESPONDENT WAS NOT ILLEGALLY (CONSTRUCTIVELY) DISMISSED.

On September 12, 2013, this Court issued a Resolution[5] referring the instant controversy to the Philippine Center for Mediation (PMC) pursuant to A.M. No. 04-3-15 SC PHILJA dated March 23, 2004 (Resolution No. 04-04), the Revised Guidelines for the Implementation of Mediation in the Court of Appeals.

Subsequently, on December 17, 2013, Court of Appeals-Mindanao Station PMC Coordinator Melody Uchang Salise filed an Appellate Court Mediation's Report.[6] The relevant portion of which states:

x x x

x x x

x x x

"On the said mediation conference, the case was successfully mediated.

WHEREFORE, the PMC prays of this Honorable Court of Appeals to render judgment pursuant to the terms of the Compromise Agreement.

The case is hereby submitted to the Twenty-Second Division and back to appellate court proceedings."

x x x

x x x

x x x

The attached Compromise Agreement[7] between petitioners Stone Treasures International Trading Corporation and/or Mr. Jonito C. Racal, represented by Ariel E. Balugo and private respondent Benjie C. Gimena before the Court of Appeals, Mindanao Station, Philippine Mediation Center (PMC) executed by the parties with the assistance of Appellate Court Mediator, Atty. Mateo G. Delegencia, reads:

x x x

x x x

x x x

“After a lengthy discussion, the parties were able to effect an amicably settlement with the following terms and conditions:

1.

Petitioner voluntarily withdraw the above-captioned case;

2)

That Ariel E. Balugo, representative of Petitioner undertake to submit the said Board Resolution and Secretary’s Certificate authorizing him to enter into a compromise agreement on or before December 31, 2013;

3)

The parties do hereby mutually waive, abandon and relinquish any other claim or demand of whatever nature arising from the transaction subject of this case.

IN WITNESS WHEREOF, the Parties hereto have mutually and voluntarily agreed to the above stipulations, and sign this Agreement, at the Philippine Mediation Center, Court of Appeals, on this 17th DAY OF DECEMBER 2013 for the consideration and approval of the Honorable Court.”

x x x

x x x

x x x

On January 17, 2014, the petitioner corporation submitted to this Court a Certification[8] concerning Board Resolution No. 11, Series of 2013 authorizing Ariel E. Balugo, Branch Manager of Cagayan de Oro Branch to represent the petitioner corporation in all proceedings of the case including entering into and signing a compromise agreement with private respondent Benjie Gimena.

Article 1306 of the Civil Code provides that “contracting parties may establish such stipulations, clauses, terms, and conditions, as they may deem convenient, provided that they are not contrary to law, morals, good customs, public order, or public policy.” A compromise agreement is a contract whereby the parties make reciprocal concessions, avoid litigation, or put an end to one already commenced.[9] It is an accepted, even desirable and encouraged, practice in courts of law and administrative tribunals.[10]

The parties are instructed that a compromise agreement intended to resolve a matter already under litigation, like in this case, is a judicial compromise. Having judicial mandate and entered as its determination of the controversy, such judicial compromise has the force and effect of a judgment. It transcends its identity as a mere contract between the parties, as it becomes a judgment that is subject to execution in accordance with the Rules of Court. Thus, a compromise agreement that has been made and duly approved by the court attains the effect and authority of *res judicata*, although no execution may be issued unless the agreement receives the approval of the court where the litigation is pending and compliance with the terms of the agreement is decreed.[11]

Generally favored in law, such agreement is a bilateral act or transaction that is binding on the contracting parties and is expressly acknowledged by the Civil Code as a juridical agreement between them. Provided it is not contrary to law, morals, good customs, public order or public policy, it is immediately executory.[12] To be valid, a compromise agreement is likewise required by law to be based on real claims and to be actually agreed upon in good faith.[13] In this case, both conditions are present. The claims of the parties are valid, and the agreement done without any fraud or vice of consent.

WHEREFORE, finding that the Compromise Agreement[14] dated December 17, 2013 is not contrary to law, morals, good customs, public order and public policy, this Court APPROVES it.

Judgment based upon the Compromise Agreement dated December 17, 2013 between petitioners Stone Treasures International Trading Corporation and/or Mr. Jonito C. Racal, represented by Ariel E. Balugo and private respondent Benjie C. Gimena is RENDERED, and the afore-quoted terms and conditions are deemed an integral part of the dispositive portion of this Decision. Parties are ORDERED to faithfully comply with the terms and conditions of the compromise agreement.

Accordingly, the Division Clerk of Court is hereby directed to issue an entry of judgment pursuant to Rule VII, Sec. 1, par. (b) of the 2009 Internal Rules of the Court of Appeals.

SO ORDERED.

Camello (Chairperson) and Lopez, JJ., concur.

[1] Rollo, pp. 2– 11.

[2] Ibid., pp. 20-24.

[3] Ibid., pp. 26-27.

[4] Ibid., p. 23.

[5] Ibid., pp. 217-218.

[6] Ibid., p. 221.

[7] Ibid., p. 223.

[8] Ibid., p. 224.

[9] Article 2028, Civil Code of the Philippines; *Harold v. Aliba*, G.R. No. 130864, October 2, 2007, 534 SCRA 478, 486.

[10] *DMG Industries, Inc. v. Philippine American Investments Corporation*, G.R. No. 174114, July 6, 2007, 526 SCRA 682, 687.

[11] Viesca v. Gilinsky, G.R. No. 171698, July 4, 2007, 526 SCRA 533, 557-558.

[12] MIAA v. ALA Industries Corp., G.R. No. 147349, February 13, 2004 citing Amarante v. CA, 232 SCRA 104, 108, May 3, 1994, v. CA, 321 Phil. 224, 231, December 4, 1995, Article 1306 of the Civil Code and Rosaura v. Judge Villanueva Jr., 389 Phil. 699, 706, June 26, 2000.

[13] National Commercial Bank of Saudi Arabia v. Court of Appeals, et al., G.R. No. 124267, January 17, 2005.

[14] Rollo, p. 223.

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