

DEMETRIO DENDEN, JR., RICARDO R. BACUS, JERRY BUHIAN, EFREN B. CANDELASA, FERNANDO CARPENTERO, ALBERTO R. CUETO, REYMUNDO CUETO, RONALD DINGCONG, CHRISTOPHER Z. EMPOC, ROBERTO N...

Ponente: DE GUIA-SALVADOR, R., J.

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DE GUIA-SALVADOR, R., J.:

At bench is a petition for certiorari under Rule 65 of the 1997 Revised Rules of Civil Procedure which seeks to nullify and set aside the Decision dated June 5, 2012[1] of the National Labor Relations Commission (NLRC) in NLRC NCR Case No. 12-17100-10, the decretal portion of which reads:

“WHEREFORE, the respondents' appeal is GRANTED. The Decision appealed from is REVERSED and SET ASIDE, and a new one issued DISMISING the complaint.

SO ORDERED.”

Likewise assailed is the NLRC's Resolution dated July 6, 2012[2] which denied petitioners' motion for reconsideration of said NLRC Decision.

The Facts

Private respondent Archipelago Builders (Archipelago) is a duly organized single proprietorship engaged in construction business, while its co-respondent John Paul Pe is its Over-All Project Coordinator. On the other hand, the seventeen (17) petitioners, namely: Demetrio Denden Jr., Ricardo R. Bacus, Jerry Buhian, Efren B. Candelasa, Fernando Carpentero, Alberto R. Cueto, Reymundo Cueto, Ronald Dingcong, Christopher Z. Empoc, Roberto Ganob, Antonino S. Leyte, Ronnie S. Leyte, Carlos C. Miñoza Jr., Gilbert Ompoc, Judito Peloramas, Jose Terez, and Nelson Tesio, are former employees of private respondents who filed a complaint for illegal dismissal against the latter.

Petitioners alleged that from 1989 to 2007, Archipelago hired them as laborers, carpenters, helpers and masons. On November 2, 2010, while performing their assigned duties, petitioners were required by Archipelago's timekeeper to sign a paper stating that they will be paid their 13[th] month pay, but that they will be transferred to a sub-contractor effective the following day. As a result of such transfer, they would receive wages ranging from P300.00 to P350.00, which were less than their previous wage. Upon verification with Archipelago the next day, petitioners were told that they were already transferred to a sub-contractor.

Aggrieved, petitioners filed on November 3, 2010 a complaint for illegal dismissal and for payment of separation pay, proportionate 13[th] month pay and service incentive leave pay before the the Department of Labor and Employment (DOLE) NCR MUNTAPARLAS Field Office in Las Piñas City. After the conciliation proceedings held before the said DOLE office on November 17, 2010, petitioners executed a Quitclaim and Release for and in consideration of the sum of P167,079.45 before the DOLE-NCR Director II Benvenuto C. Algere. Despite such amicable settlement, petitioners filed on December 3, 2010 another complaint for constructive dismissal and

non-payment of separation pay before the Labor Arbiter. Petitioners maintained that they were regular employees of Archipelago as they have performed work necessary and desirable for the its business for more than one (1) year. They also claimed that what was settled before the DOLE field office was their money claims, but not their complaint for illegal dismissal.

For their part, private respondents claimed that petitioners were construction project workers of Archipelago. Sometime in November 2010, petitioners were informed by Archipelago's project manager that the phase of the construction of the C5 Ridgewood Tower project for which their services were engaged was about to be completed. Petitioners were also informed that their engagement as construction project workers will cease upon completion of said phase of the project. Thereafter, petitioners no longer reported for work even if there were still some work to be done. Later on, private respondents received a notice/invitation from the DOLE-NCR MUNTAPARLES Field Office regarding the complaint for illegal dismissal and money claims filed by petitioners. Efforts to settle the case were pursued in earnest and favorably resulted in the payment of petitioners' claims and the execution of a Quitclaim and Release for and in consideration of the sum of P167,079.45. Private respondents thus argued that with the amicable settlement reached by the parties before the DOLE field office, the complaint for illegal dismissal before the Labor Arbiter should be dismissed.

In its July 25, 2011 Decision, the Labor Arbiter ruled that it has jurisdiction to hear the case considering that what was decided before the DOLE field office were the money claims of petitioners, but not the issue of their illegal dismissal. Anent such termination issue, the Labor Arbiter found that petitioners were regular employees, and not project employees as claimed by private respondents. Thus, it held that petitioners were constructively dismissed when they were transferred to a sub-contractor where they would receive less than what they were previously paid by private respondents. However, due to the perceived strained relations caused by the instant proceedings, it awarded in favor of petitioners separation pay, in lieu of reinstatement, as well as backwages.[3]

On appeal, the NLRC reversed the Labor Arbiter's ruling and dismissed petitioners' complaint for illegal dismissal. In its June 5, 2012 Decision, the NLRC held that the issues raised by petitioners have already been tackled and resolved in the proceedings before the DOLE-NCR MUNTAPARLAS Field Office. It noted that the settlement agreement before the DOLE is considered final and binding as between the parties thereto, unless there is prima facie evidence that said settlement agreement was obtained through fraud, misrepresentation or coercion, which vices were not even raised by petitioners in the proceedings before the Labor Arbiter. Dissatisfied with the NLRC Decision, petitioners filed a motion for reconsideration, but the NLRC denied it in the Resolution dated July 6, 2012. Hence, petitioners filed the instant petition for certiorari.

The Issues

Petitioners seek the nullification of public respondent NLRC's assailed Decision and Resolution on the affirmative of the following issues, to wit:

“I

WHETHER THE HONORABLE NATIONAL LABOR RELATIONS COMMISSION COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DISMISSING THE COMPLAINT FOR ILLEGAL DISMISSAL, THE ISSUE HAVING BEEN SETTLED IN A QUITCLAIM EXECUTED BEFORE THE DOLE.

II

WHETHER THE PETITIONERS ARE ILLEGALLY DISMISSED AND CONSEQUENTLY ENTITLED TO THEIR MONETARY CLAIMS.”[4]

The Court's Ruling

We find the petition bereft of merit.

A contract whereby parties avoid litigation or put an end to one already commenced by making reciprocal concessions,[5] a compromise agreement is a bilateral act or transaction that is expressly acknowledged as a juridical agreement under the Civil Code of the Philippines.[6] To be valid, the same is merely required under the law to be based on real claims and actually agreed upon in good faith by the parties thereto.[7] With respect to matters definitely stated therein or which, by implication from its terms, should be deemed to have been included therein, the general rule is that a compromise has the effect and authority of *res judicata* upon the parties even if the agreement has not been judicially approved.[8]

Article 277 of the Labor Code states:

Art. 227. Compromise Agreements. - Any compromise settlement, including those involving labor standard case, voluntarily agreed upon by the parties with the assistance of the Bureau or the regional office of the Department of Labor, shall be final and binding upon the parties. The National Labor Relations Commission or any court shall not assume jurisdiction over issues involved therein except in cases of non-compliance thereof or if there is *prima facie* evidence that the settlement was obtained through fraud, misrepresentation, or coercion. [Emphasis supplied]

Under the above provision of the Labor Code, any compromise settlement voluntarily agreed upon by the parties with the assistance of the Bureau of Labor Relations or the regional office of the Department of Labor and Employment shall be final and binding upon the parties.[9] The assistance of the BLR or the regional office of the DOLE in the execution of a compromise settlement is a basic requirement,[10] without which there can be no valid compromise settlement.[11]

In this case, petitioners filed on November 3, 2010 a complaint for illegal dismissal and payment of money claims before the DOLE-NCR MUNTAPARLES Field Office. Private respondents were then sent by the said office a Notice/Invitation for conciliation-mediation assistance.[12] In the course of the proceedings before the DOLE field office, a settlement agreement was reached between the parties, which culminated in the signing of the Quitclaim and Release[13]] with the assistance of DOLE NCR Director II Benvenuto C. Alegere,[14] to wit:

“COMES NOW, the undersigned complainant(s) in the above entitled case before this Office, respectfully state(s):

That for and in consideration of the sum of ONE HUNDRED SIXTY SEVEN THOUSAND SEVENTY NINE PESOS 045/100 (P167,079.45), in settlement of my/our claims; as financial assistance and/or gratuitously given by my/our employer receipt of which is hereby acknowledged to my/our complete and full satisfaction, I/we hereby release and discharge the ARCHIPELAGO BUILDERS and/or its officers from any and all claims by way of wages, separation pay, overtime pay, differential pay, or otherwise as maybe due me/us incident to my/our past employment with said establishment. I/we hereby state further that I/we have no more claim, right or action of whatsoever nature past, present or contingent against the said respondent and/or its officers. x x x ”
[Emphasis supplied]

Notwithstanding the foregoing settlement agreement, petitioners filed another complaint for constructive dismissal before the Labor Arbiter on December 3, 2010.

Petitioners contend that they never waived all their claims against private respondents when they executed the Quitclaim and Release because only the issues of non-payment of the 13[th] month pay and of the service incentive leave pay were tackled and determined before the DOLE field office. Insisting that the matter of illegal dismissal was not included as a subject of the settlement agreement, petitioners posit that private respondents

cannot evade payment of separation pay and other monetary claims arising from their unlawful termination. Citing the fact that they merely finished grade school or high school education, petitioners add that the contents of the quitclaim were never explained to them and that they signed it merely as proof of their receipt of their 13th month pay and service incentive leave pay. Petitioners also discredit the quitclaim for being a contract of adhesion where the stipulations were already prepared in such a way that it cannot be considered as a product of mutual agreement, as it left them with no other option than to adhere to its terms. Petitioners further assert that they never intended to relinquish their right to litigate their action for unlawful dismissal.

Petitioners' contentions are without merit.

Under the DOLE D.O. No. 107, Series of 2010 [Guidelines on the Single Entry Approach Prescribing a 30-day Mandatory Conciliation-Mediation Services for All Labor and Employment Cases)], it is the duty of the DOLE official assisting the parties in the conciliation proceedings to validate their respective positions as well as the reliefs sought. Section 9 of D.O. No. 107 provides:

“Section 9. Conduct of Conciliation-Mediation. – The Desk Officer shall exert best efforts to assist the parties to arrive at a settlement. In facilitating the conciliation meeting, he/she shall:

a)

Clarify the issues and narrow down the disagreements;

b)

Validate the positions and the relief sought;

c)

Encourage parties to generate options and enter into stipulations;

d)

Offer proposals and options toward mutually acceptable solutions and voluntary settlement.”

There is no dispute that the DOLE field office has jurisdiction over conciliation-mediation proceedings in cases of illegal dismissal and non-payment of separation pay. Section 6 of D.O. No 107 states:

“Section 6. Issues Subject of the 30-day Mandatory Conciliation-Mediation. – Except as expressly excluded herein, all issues arising from labor and employment shall be subject to the 30-day mandatory conciliation-mediation, which may include the following:

a)

Termination or suspension of employment issues;

b)

Claims for any sum of money, regardless of amount;

xxx xxx xxx

g)

Any other claims arising from employer-employee relationship.”

In cases of voluntary settlement, the DOLE officer is explicitly mandated under Section 10 of DOLE D.O. No. 107 to reduce the settlement agreement into writing, to have the parties understand its contents, and to have them

sign it in his presence. Section 10 states:

“Section 10. Settlement Agreement. – In case of voluntary settlement, the Desk Officer shall reduce the agreement into writing, have the parties understand the contents thereof, sign the same in his/her presence, and attest the document to be the true and voluntary acts of the parties. Any settlement agreement reached by the parties before the Desk Officer shall be final and binding.

In case of partial settlement and/or partial execution of certain issues, all unresolved issues shall be referred pursuant to Section 15.”

In the case at bench, it is important to note that the conciliation/mediation proceedings between the parties prior to the signing of such settlement agreement were conducted not only in the presence of, but with the assistance of DOLE official as requested by petitioners themselves when they filed their complaint before the DOLE field office. Likewise, there is no allegation on record, let alone any evidence presented, to show that the settlement agreement was obtained through fraud, misrepresentation or coercion. Neither is there any allegation that the DOLE official who assisted in the conciliation/mediation proceedings was remiss in his duties as prescribed under Sections 9 and 10 of DOLE D.O. No. 107. It is therefore presumed that the assisting DOLE official performed his duties in a regular manner and explained to petitioners the contents, significance and consequences of the Quitclaim and Release.

The presumption of regularity in the performance of official duty under Section 3 of Rule 131 of the Rules of Court is made in the context of an existing rule of law or statute authorizing the performance of an act or duty or prescribing a procedure in the performance thereof.[15] It applies to public officers from the highest to the lowest in the service of the Government, departments, bureaus, offices, and/or its political subdivisions.[16] The presumption prevails until it is overcome by no less than clear and convincing evidence to the contrary. Unless the presumption is rebutted, it becomes conclusive.[17]

In the present case, We note the absence of any clear and convincing evidence to rebut the presumption of regularity in favor of the DOLE official who assisted in the settlement of the termination dispute pursuant to Sections 9 and 10 of DOLE D.O. No. 107. Hence, the Quitclaim and Release signed by the petitioners before the DOLE official is valid and effective under the law. Such settlement agreement is final and binding upon the parties, and effectively bars the complaint for illegal dismissal petitioners filed before the Labor Arbiter.

On petitioners' contention that the Quitclaim and Release is void for being a mere contract of adhesion, it is well-settled that such contract may be struck down as void or unenforceable, for being subversive of public policy, only when the weaker party is imposed upon in dealing with the dominant bargaining party and is reduced to the alternative of taking it or leaving it, completely deprived of the opportunity to bargain on equal footing. However, in view of the legal presumption of regularity in the performance of official duties in favor of the DOLE official, which petitioners failed to overturn by clear and convincing evidence to the contrary, they cannot be heard to complain of being ignorant of the contents and significance of the settlement agreement or having been deceived or forced into consenting to it.

On petitioners' contention that the consideration for the subject quitclaim is unreasonable in view of their length of service with Archipelago, We find such argument without basis. Even as petitioners claimed in their position paper that they were hired on various dates from 1989 to 2007, there is nothing in the records to substantiate such allegations. As aptly noted by the Labor Arbiter, the only evidence petitioners presented to prove their length of service is the company-issued identification cards, which indicate only the dates of their issuance.

We likewise disagree with petitioners' contention that the issue of illegal dismissal was not included in the settlement agreement arrived at before the DOLE-NCR MUNTAPARLES Field Office. The Quitclaim and

Release executed by the parties before the DOLE Office arose from the complaint[18] filed by petitioners charging private respondents with the following causes of action:

(a)

Illegal dismissal (no claim for reinstatement) claiming separation pay;

(b)

Non-payment of 13[th] month pay/proportionate 13[th] month pay; and

(c)

Diminution of Benefits

In the Minutes of the Meeting[19] held on November 17, 2010 before the DOLE office, the subject matter of the complaint was explicitly stated thus:

“The complainants are claiming that they were illegally dismissed. Likewise, they have not received their thirteenth month pay (13[th]) and 5 days incentive leave (SIL).

It was agreed by both parties that settlement will be done next hearing, on 24 November 2010, 10 AM.”

Contrary to petitioners argument that the settlement agreement they executed before the DOLE Office is limited to the non-payment of 13[th] month pay and service incentive leave pay, a simple perusal of their complaint and the minutes of the meeting shows that the issues of illegal dismissal and the payment of separation pay were explicitly raised and considered in the conciliation/mediation proceedings before the said DOLE office. Significantly, no less than the Quitclaim and Release stated in clear and unmistakable terms that for and in consideration of P167,079.45, petitioners released and discharged private respondents from any and all of their claims which included, among others matters, their separation pay, and that they have no more claim, right or action of whatsoever nature whether past, present or contingent against their employers.

The cardinal rule in the interpretation of contracts, such as the subject settlement agreement, is to the effect that their literal meaning should be applied if the terms thereof are clear and leave no doubt as to the intention of the contracting parties.[20] Because unambiguous provisions need no further interpretation[21] and leave no room for construction,[22] We find that NLRC did not commit grave abuse of discretion in upholding the terms of the Quitclaim and Release, and accordingly dismissing petitioners complaint for illegal dismissal filed before the Labor Arbiter.

In the context of petitions for certiorari like the one at bench, grave abuse of discretion is understood to be such capricious and whimsical exercise of jurisdiction as is equivalent to lack of jurisdiction.[23] It is tantamount to an evasion of a positive duty or to a virtual refusal to perform a duty enjoined by law, or to act at all in contemplation of law, as when the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility.[24] For failure of petitioner to demonstrate grave abuse of discretion on the part of the NLRC, We find no reason to disturb, much less nullify, its assailed decision and resolution.

WHEREFORE, the petition at bench is DISMISSED.

SO ORDERED.

Garcia and Bueser, JJ., concur.

- [1] Rollo. pp. 196-202
- [2] Rollo. pp. 217-220
- [3] Ibid.
- [4] Rollo. p. 9
- [5] Domingo vs. Court of Appeals, 255 SCRA 189, 199
- [6] Chua Lao vs. Macapugay, 312 SCRA 380, 384
- [7] Sanchez vs. Court of Appeals, 279 SCRA 647 676
- [8] Cebu International Finance Corporation vs. Court of Appeals, 316 SCRA 488, 501
- [9] Galicia vs. NLRC , 276 SCRA 381(1997)
- [10] Labor vs. NLRC, 248 SCRA 183 (1995)
- [11] Mindoro Lumber and Hardware vs. Bacay, 459 SCRA 714 (2005)
- [12] Rollo. p. 67
- [13] Id. pp. 70-72, Annexes “4”, “5” and “6”
- [14] Id. pp. 70-72
- [15] People v. Kamad, 610 SCRA 295 (2010)
- [16] General Milling Corporation v. Casio, 615 SCRA 13 (2010)
- [17] Baygar, Sr. v. Panontongan, 581 SCRA 565 (2009)
- [18] Rollo. p. 83
- [19] Rollo. p. 69, Annex “3
- [20] Wood Technology Corporation vs. Equitable Banking Corporation, 451 SCRA 724; Pichel vs. Alonso, 111 SCRA 341, 349
- [21] Holy Cross of Davao College, Inc. vs. Holy Cross of Davao Faculty Association, G.R. No. 156098. June 27, 2005
- [22] Heirs of the Late Spouses Aurelio and Esperanza Balite vs. Lim, G.R. No. 152168. December 10, 2004
- [23] Nepomuceno vs. Court of Appeals, 303 SCRA 679, 682
- [24] J.L. Bernardo Construction vs. Court of Appeals, 324 SCRA 24, 34

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