

**PILAR CAPULE, DESEDERIO N. AGUINALDO, MARY J. ILUMIN,
KAERRYL ANN C. MIÑANO AND BENEDICT M. REYES, PETITIONERS,
VS. NATIONAL LABOR RELATIONS COMMISSION (FIFTH DIVISION),
AND ISO...**

Ponente: GARCIA-FERNANDEZ, J.

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GARCIA-FERNANDEZ, J.:

This is a petition for certiorari[1] under Rule 65 of the Revised Rules of Court, as amended seeking to annul and set aside the following issuances of respondent National Labor Relations Commission (NLRC), Fifth Division in NLRC LAC No. 07-001620-10: 1) decision[2] dated November 22, 2010 which reversed and set aside the Labor Arbiter's decision; and 2) resolution[3] dated April 6, 2011 denying petitioners' motion for reconsideration.

The facts of the case are as follows:

Private respondent Isometric Diagonal Scheme was engaged in drafting/detailing and/or production/reproduction of plans and specifications of buildings/structures by means of specialized computers/ software and printers. It employed petitioners based on the following terms and conditions:

Date Hired

Position

Initial Monthly

Salary

1. Pilar I. Capule

04/11/05

Detailer

P13,000.00

2. Desederio N. Aguinaldo

03/25/06

Janitor/ Messenger

P7,000.00

3. Mary J. Ilumin

04/08/06

Document
Control Officer

P8,000.00

4. Kaereryl Ann C. Miñano

10/24/06

Detailer

P8,000.00

5. Benedict M. Reyes

09/11/06

Janitor

P7,000.00

Private respondent corporation was gravely affected by the adverse effects of economic recession and thus, in order to avert closure, it adopted certain measures, as follows:

- Retrenchment of seventeen (17) employees, due to lack of market/financial losses, effective November 10, 2008 per Establishment Termination Report dated October, 2008;

- Temporary lay-off of 62 employees (including petitioners) for four (4) months, starting March 21, 2009;

- Closure and consolidation of their IDS offices/branches to save on rents and overhead expenses. Pampanga and Ortigas branches closed and all employees assigned therein were transferred to Cubao Office; and salary reduction of all employees effective March 7, 2009.

On March 7, 2009, private respondent reduced the salaries of all its employees with their written conformity. Petitioners' salaries were reduced as follows:

LATEST REGULAR SALARY (per hour)

REDUCED SALARY

(per hour)

1. Capule

P270.00

P212.00

2. Desederio

P120.00

P105.30

3. Ilumin

P190.00

P158.68

4. Miñano

P210.00

P172.85

5. Reyes

P95.00

P84.80

On March 21, 2009, petitioners, together with fifty-seven (57) other employees were laid-off temporarily for four (4) months. On July 30, 2009, petitioners tendered their resignation letters. Petitioners executed their individual Release and Quitclaim Deed.

On September 16, 2009, petitioners filed a complaint against private respondents for constructive illegal dismissal, underpayment of salary, 13[th] month pay, separation pay, retirement benefits, illegal lay-off, salary deduction, moral and exemplary damages and attorney's fees. Petitioners alleged that they were forced to agree to have their salaries reduced; that they were promised to be reinstated in a few months time; that they were forced to resign; that they were illegally laid-off; that during their lay-off, private respondents hired new employees; and that no report on their temporary lay-off was submitted to the Department of Labor and Employment (DOLE). Petitioners prayed for reinstatement with backwages, damages and attorney's fees; and that individual co-respondents who are officers of the corporation should be solidarily liable with the latter for the payment of money claims.

For their part, private respondents denied their liability to petitioners; that the lay-off of their employees including petitioners was necessary to avert closure due to lack of work; that all the temporarily laid-off employees returned back to work after four (4) months except petitioners who opted to voluntarily resign and received the benefits due them; that petitioners were not singled out since they were just among the employees who were temporarily laid-off; and that they hired new employees whose qualifications would be useful for expected technical work in case of expected economic recovery.

On May 31, 2010, Labor Arbiter Aliman D. Mangandog rendered a decision[4], the dispositive portion of which reads:

“WHEREFORE, premises considered, judgment is hereby rendered finding the respondents liable for illegal dismissal and consequently ordered to pay jointly and severally complainants' separation pay of one (1) month salary for every year of service in the total amount of P215,000.00 as mentioned above plus backwages up to the finality of the decision which is partially computed as of this date in the total amount of P450,500.00 as likewise mentioned above. Respondents are also ordered to pay each complainant the amount of P50,000.00 as

moral and exemplary damages.

Respondents are likewise ordered to pay complainant ten (10%) percent of the total awards as attorney's fees.

Other claims are dismissed for lack of merit.

SO ORDERED.”

Private respondents filed an appeal before the NLRC. In a decision[5] dated November 22, 2010, the NLRC reversed and set aside the decision of the Labor Arbiter, the dispositive portion of which reads:

“WHEREFORE, premises considered, the partial appeal of complainants is hereby DISMISSED due to non-perfection. Respondents' appeal is hereby GRANTED. The decision of the Labor Arbiter dated May 31, 2010 is REVERSED and SET ASIDE and a new one entered dismissing the complaint for lack of merit.

SO ORDERED.”

Petitioners filed a motion for reconsideration[6] which was however denied in a resolution[7] dated April 6, 2011.

In the instant petition for certiorari, petitioners alleged that:

THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT REVERSED AND SET ASIDE THE DECISION OF THE LABOR ARBITER.

Petitioners contend that they were illegally dismissed by private respondents; that their salaries were reduced prior to their lay-off; that they were illegally laid-off on March 13, 2009 without any pay; and that they were forced to resign and were made to sign their respective waiver and quitclaim.

The petition is bereft of merit.

Retrenchment is used interchangeably with the term “lay-off.” It is the termination of employment initiated by the employer through no fault of the employee’s and without prejudice to the latter, resorted to by management during periods of business recession, industrial depression, or seasonal fluctuations, or during lulls occasioned by lack of orders, shortage of materials, conversion of the plant for a new production program or the introduction of new methods or more efficient machinery, or of automation. Simply put, it is an act of the employer of dismissing employees because of losses in the operation of a business, lack of work, and considerable reduction on the volume of his business, a right consistently recognized and affirmed by the Supreme Court.[8]

Under Article 286 of the Labor Code, the bona fide suspension of the operation of a business or undertaking for a period not exceeding six months shall not terminate employment. Consequently, when the bona fide suspension of the operation of a business or undertaking exceeds six months, then the employment of the employee shall be deemed terminated. By the same token and applying said rule by analogy, if the employee was forced to remain without work or assignment for a period exceeding six months, then he is in effect constructively dismissed.[9]

In this case, private respondents were able to substantiate their allegation that the temporary lay-off of their employees including petitioners was made in good faith as a measure to avert imminent closure of their business. Records show that as early as 2008, private respondents already resorted to retrenchment of seventeen (17) employees due to lack of work. In 2009, sixty-two (62) employees including petitioners were likewise temporarily laid-off to address their worsening business condition; that prior to the temporary lay-off, private respondents closed their Pampanga and Ortigas branches to save on rentals and overhead expenses; and that private respondents also resorted to reduction of salaries of all their employees. The right of management to retrench or to lay-off workers to meet clear and continuing economic threats or during periods of economic recession to prevent losses is recognized by Article 283 of the Labor Code, as amended.[10] Clearly, petitioners' employment rights

were not circumvented when they were temporarily laid-off.

In fact, private respondents recalled all temporarily laid-off employees including petitioners after four (4) months, when their bona fide suspension of operations lapsed. All concerned employees went back to work except petitioners who were shown to have voluntarily resigned. Records show that petitioners received sums of money on account of their separation from employment as evidenced by receipts and quitclaims. Such voluntary acceptance by petitioners negated their contention that they executed the resignation letters against their will. Private respondents sufficiently proved that petitioners indeed resigned from their respective posts and intended to give up their jobs. Although there is a rule that the filing of a complaint for illegal dismissal is inconsistent with resignation, however, the rule is not applicable where the filing of an illegal dismissal case by the employee was evidently a mere afterthought.[11] It is worthy to emphasize at this point that the NLRC found that private respondents recalled the temporarily laid-off employees including petitioners after four months. However, petitioners tendered their resignation and severed their employment from private respondents.

There was no convincing proof shown by petitioners to prove existence of coercion, undue influence or fraud exerted against them by private respondents when they signed their respective quitclaims. Therefore, the release, waiver and quitclaims executed by petitioners are considered valid and binding on them and private respondents. The Supreme Court held that not all waivers and quitclaims are void and 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.[12] While the law looks with disfavor upon releases and quitclaims by employees who are inveigled or pressured into signing them by unscrupulous employers seeking to evade their legal responsibilities, a legitimate waiver representing a voluntary settlement of a laborer's claims should be respected by the courts as the law between the parties.[13] This Court finds that petitioners' waivers and quitclaims fall into the category of legitimate waivers as defined by the Supreme Court.[14]

There being no illegal dismissal in the instant case, the reliefs of backwages, reinstatement and damages are not appropriate. The law in protecting the rights of the laborer, authorizes neither oppression nor self-destruction of the employer. While the Constitution is committed to the policy of social justice and the protection of the working class, it should not be supposed that every labor dispute will be automatically decided in favor of labor. Management also has its own rights, which, as such, are entitled to respect and enforcement in the interest of simple fair play.[15]

WHEREFORE, the petition is DISMISSED.

SO ORDERED.

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

Pizarro N.B., Acting Chairperson and Acosta, F. P., JJ., concur.

[*] Per Office Order No. 168-14-RDC dated May 2, 2014.

[1] Rollo, pp. 3-33.

[2] Rollo, pp. 114-124.

[3] Rollo, pp. 136-139.

[4] Rollo, pp. 97-107.

[5] Rollo, pp. 114-124.

[6] Rollo, pp. 125-134.

[7] Rollo, pp. 136-139.

[8] Ruben L. Andrada, et al. v. National Labor Relations Commission, Subic Legend Resorts and Casino, Inc., and/or Mr. Hwa Puay, Ms. Flordeliza Maria Reyes Rayel, and Its Corporate Officers, G.R. No. 173231, December 28, 2007 citing Sebuguero v. NLRC, G.R. No. 115394, September 27, 1995.

[9] SKM Art Craft Corporation v. Efren Bauca, et al., G.R. No. 171282, November 27, 2013.

[10] Art. 283. Closure of establishment and reduction of personnel.—The employer may also terminate the employment of any employee due to x x x retrenchment to prevent losses or the closing or cessation of operations of the establishment x x x by serving a written notice on the worker and the DOLE at least one month before the intended date thereof. x x x In case of retrenchment to prevent losses, the separation pay shall be equivalent to one (1) month pay or at least one-half month pay for every year of service whichever is higher. x x x

[11] Valdez vs. National Labor Relations Commission, G.R. No. 125028, February 9, 1998.

[12] Goodrich Manufacturing Corporation vs. Ativo, G.R. No. 188002, February 1, 2010.

[13] Hypte R. Aujero vs. Philippine Communications Satellite Corporation, G.R. No. 193484, January 18, 2012.

[14] Francis Ray Talam v. National Labor Relations Commission, 4th Division, Cebu City, et al., G.R. No. 175040, April 6, 2010.

[15] Philippine Long Distance Telephone Company vs. Eusebio M. Honrado, G.R. No. 189366, December 8, 2010.

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