

EDGARDO C. MORALES, RAMON S. MANUEL, MARCELINO R. PAGKALINAWAN, EDDIE ALBERT MERCADO, LEONILO V. CANDELARIA, VALENTINO P. TARQUIAN, ANGEL P. CARABALLOS, JR., ANGEL M. JUDALENA, ...

G.R. No. 100133. February 06, 1995

Ponente: VITUG, J.

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VITUG, J.:

These original petitions seek to annul and set aside the resolutions, dated 31 May 1990, 13 December 1990 and 28 May 1991, of the National Labor Relations Commission ("NLRC") affirming, with modification, the decision of 17 January 1989 of the Labor Arbiter in NLRC Case No. 11-3949-85.

Petitioners in G.R. No. 100133 and private respondents in G.R. No. 100508 (hereinafter also referred to collectively as the "complainants") were declared by the Labor Arbiter in its decision, dated 17 January 1989, to have been illegally dismissed. Accordingly, private respondent in G.R. No. 100133 and petitioner in G.R. No. 100508 (hereinafter referred to also as "SMC" [San Miguel Corporation]) was ordered to reinstate all of the complainants, without loss of seniority rights, with full back salaries and benefits in accordance with law.

For the factual backdrop, we shall adopt the findings of the NLRC:

"Complainants are salesmen and relief salesman of the respondent company. They were investigated on irregularities and/or anomalies allegedly committed from the period January to February 1985, wherein the respondent company was reportedly to have lost millions of pesos.

"It appears that during the last week of January 1985, rumors spread in the company that the deposits on empty San Miguel Beer bottles would go up. On January 31, 1985, the company decided to implement the changes in the rates of deposits as follows: for beer bottles, from P.50 to P1.00 per bottle; and for shells, from P18.00 to P36.00 per shell.

"The company noted certain abnormalities in the selling operations in that from January 25 to 30, 1985, very minimal empties returned were reported, and from January 31 to February 7, 1985, empties returned were more than the reported sales. From this, it appears that many salesmen did not return to the warehouse the containers retrieved from their customers or sold goods to their customers, but allowed the latter to pay for the deposit value of the empties instead of requiring the customers to return the equivalent amount of empties for every full goods purchased, in violation of the 'one-to-one' rule being practiced in the company. An audit conducted revealed that from January 31 to February 6, 1985, many salesmen returned empties exceeding the empties actually retrieved from their outlets.

"Complainants were among those investigated and required to present their side. After the investigation, the company terminated the services of the complainant on October 3, 1985. [1]

The Labor Arbiter, in his disputed decision of 17 January 1989, adjudged:

"WHEREFORE, premises considered, complainants are hereby declared to have been illegally dismissed, and respondent corporation is hereby ordered to reinstate complainants without loss of seniority rights and with full backwages and benefits in accordance with law but not to exceed the jurisprudential three (3) year limit, and to pay ten (10) percent of the total award as attorney's fees.

"In the interest of justice and equity complainants who are no longer willing to be reinstated may opt for separation pay in accordance with law." [2]

Aggrieved by said decision, SMC filed its appeal with the NLRC.

On 15 February 1990, during the pendency of the appeal, the complainants filed an Omnibus Motion stating that a compromise agreement with SMC [3] was entered into some time in June 1989 by twelve of them, namely: Jesus del Mundo, Jr., Justino Nuyda III, Wenceslao Padoc, Miguel Rayos, Welyn Yaun, Antonio Licad, Victor Luciano III, Eddie Albert Mercado, Cesar Reyes, Jr., Fortunato Villarosa, Manuel Llorente, Jr., and Edgardo Morales (with an option on the part of four other complainants, namely: Espanillo, Garcia, Santos and Candelaria, to join the compromise agreement). The agreement, among other things, provided:

"1. That respondent [SMC] would abide by the decision of the Labor Arbiter with regards to the money claims and attorney's fees in that:

"(a) Respondent would immediately pay to the complainants the full amount of their gross benefits upon their signing of their individual 'Release, Waiver and Quitclaim' in favor of the respondent, 'Affidavit of Desistance' with the assistance of their undersigned counsel and attached to the Manifestation/Motion prepared and duly signed by their undersigned counsel; except as regards to complainants Manuel Llorente, Jr., Jesus del Mundo, Jr., Justiniano G. Nuyda III, Wenceslao M. Padoc, Miguel A. Rayos and Welyn Yaun, from whom certain amounts were to be withheld in trust for a period of only one (1) month to give time for respondent to file the necessary complaint against Roberto Halili allegedly to recover their money absconded by him from the respondent;

"(b) Respondent would pay directly to the undersigned counsel his attorney's fees the equivalent amount of ten (10%) per cent of the gross benefits due to each of the conforming complainants, soon after the latter's acceptance of their individual claims, in accordance with the said decision appealed from; and

"2) That as a concession, conforming complainants would waive their right to reinstatement to their former positions under the employ of respondent." [4]

Complainants prayed for the approval of the above compromise agreement.

In a "Memorandum," dated 15 March 1990, filed with the NLRC, complainants charged SMC with bad faith in not complying with the terms of the compromise, particularly in the remittance of benefits due to six (6) of the complainants, as well as the payment of attorney's fees to counsel, which matter was explicit in the agreement. The complainants, accordingly sought the withdrawal of their motion for the approval of the compromise agreement and, instead, prayed for a decision of the case "on the merits."

On 31 May 1990, the NLRC promulgated its judgment affirming, with modification, the decision of the Labor Arbiter. The NLRC held:

"We noted that respondent justifies the dismissal of the complainants on account of their alleged willful violation of the one-to-one rule prescribed in the Beer Marketing Division (BMD) Manual, but it failed to submit a copy thereof as evidence. Assuming that such rule exists and the rule is known to the complainants, we agree with the contention of the complainants that the actual policy or practice is that the empties whenever practicable should be surrendered by the buyer, but this is not a condition for the purchase. This is supported by the common practice in neighborhood stores and in supermarkets that one who buys a case of beer is not

required to have the equivalent number of empty bottles before beer could be sold to him. The customer could make a deposit for the bottles and the shell. It is further significant to note that respondent has failed to rebut the claim of the complainants that no salesman yet has been reprimanded, suspended or penalized for violation of this rule. Moreover, there is no clear showing that complainants have economically profited or pocketed the difference of the cash value of the empties returned under the new price rate to the prejudice of the company.

“xxx xxx xxx

"Considering the allegations in the Omnibus Motion, the individual Manifestation/Motions filed by the withdrawing complainants and in their affidavits of desistance, and in line with the Commission's policy of encouraging amicable settlement of cases at any stage of the proceedings, we hereby, grant complainants' prayer that the amicable settlement entered into between the respondent and the withdrawing complainants be given due course. For this reason, the latter are dropped from the list of complainants herein.

"Subsequently, on March 7, 1990, complainant Leonilo Candelaria filed a Manifestation/Motion, praying that he, likewise, be discharged as complainant in this case, attaching thereto an affidavit of desistance wherein he was assisted by counsel.

"For the same reasons earlier mentioned, we hereby grant the motion and Leonilo Candelaria is considered withdrawn from the list of complainants herein.

"With respect to the amounts allegedly to have been withheld from complainant Jesus del Mundo, Jr., Justino G. Nuyda III, Wenceslao M. Padoc, Miguel A. Rayos and Welyn D. Yaun, since July 8, 1989, respondent is hereby directed to pay their withheld claims considering that the complainants are dropped from the list of complainants herein as a result of the amicable settlement entered into by them with the respondent.

"As to the attorney's fees due to complainants' counsel from the withdrawing complainants, the same shall be governed by the amicable settlement.

"WHEREFORE, premises considered, the appealed decision is affirmed with modification, as follows:

"1. Complainants Antonio Licad, Victor Luciano III, Eddie Albert Mercado, Jesus V. del Mundo, Jr., Justino G. Nuyda III, Wenceslao M. Padoc, Miguel A. Rayos, Cesar A. Reyes, Jr., Fortunato S. Villarosa, Welyn D. Yaun, and Leonido Candelaria are hereby dropped as complainants herein, in view of the amicable settlement entered into by them with the respondent company;

"2. Respondent is hereby directed to release to complainants Jesus del Mundo, Jr., Justino Nuyda III, Wenceslao M. Padoc, Miguel A. Rayos and Welyn D. Yaun, the amounts withheld from them since July 8, 1989 as a result of the amicable settlement entered into by them with the respondent.

"3. Respondent is hereby ordered to reinstate the remaining complainants Luisito J. Espanillo, Jesus Garcia, Jr., Waldo Santos, without loss of seniority rights and with full backwages and benefits, but not to exceed three years and to pay ten (10) percent of the total award as attorney's fees." [5]

On 14 June 1990, SMC moved to have said resolution reconsidered while complainants, on their part, opposed and prayed for its affirmance except insofar as Del Mundo, Nuyda, Padoc, and Rayos were concerned whom they sought to be reinstated. In a separate motion for reconsideration, dated 15 June 1990, complainants explained that as regards Del Mundo, Nuyda, Padoc and Rayos, the compromise agreement should be declared rescinded because of SMC's failure to remit the amounts withheld from them under the terms of the agreement.

On 13 December 1990, the NLRC promulgated its other disputed resolution, the dispositive portion of which provided:

"WHEREFORE, premises considered, the appealed decision is hereby modified as follows:

"1. Complainants Edgardo C. Morales, Manuel Llorente, Jr., and Welyn D. Yaun, are likewise dropped as complainants in this case in view of the amicable settlement entered into by them with the respondent company;

"2. Respondent is ordered to reinstate complainants Jesus Del Mundo, Jr., Justino Nuyda III, Wenceslao M. Padoc and Miguel A. Rayos, to their former positions without loss of seniority rights and with full backwages and benefits, not to exceed three (3) years, and to pay ten (10%) percent of the total award as attorneys fees. However, any amounts previously received by the said complainants in accordance with the compromise agreement are to be deducted from the awarded backwages." [6]

In justifying the partial rescission of the compromise agreement and ordering the reinstatement of complainants Del Mundo, Nuyda III, Padoc and Rayos, the NLRC said:

"It appears that under the compromise agreement the respondent withheld from the four complainants certain sums of money from the amount due to them for a period of one month from June 8, 1989 or July 8, 1989, for the purpose of giving time to the respondent to file the necessary action against their former counsel, Atty. Roberto Halili, for the recovery of the amounts allegedly absconded by him.

"As respondent has not denied the allegation of the four individual complainants nor has respondent explained its reason why it continued to retain the amounts withheld from them beyond the stipulated period, we believe it just and proper that the compromise agreement, insofar as the four mentioned complainants are concerned, be declared as rescinded as prayed for. As a consequence, we order the reinstatement of the four complainants to their former positions with backwages but not to exceed three years in accordance with the prevailing jurisprudence on payment of backwages. However, whatever amounts complainants may have received from the respondent under the compromise agreement are to be deducted from the award of backwages." [7]

On 14 January 1991, SMC again filed a motion to have the above resolution reconsidered; complainants, upon the other hand, prayed that a writ of execution be immediately issued for the satisfaction of the 31st May 1990 decision and 13th December 1990 resolution of the NLRC. On 28 January 1991, complainants filed their comment and opposition to the motion of SMC. This time, complainants likewise assailed the validity of the compromise agreement, as well as the releases, waivers and quitclaims, for purportedly having been executed without the prior approval of the Labor Arbiter and being constitutive of unfair labor practice. The complainants thus all sought to be reinstated to their former positions.

Having failed to get any further reconsideration from the NLRC, the instant petitions for certiorari (G.R. No. 100133 and No. 100508) were filed by both private parties with this Court ascribing grave abuse of discretion on the part of the NLRC.

This Court, in its resolution of 24 July 1991 issued a temporary restraining order. On 23 August 1993, following the receipt of comments, the Court resolved to dismiss both petitions after concluding that no grave abuse of discretion was, in fact, committed by public respondent.

SMC timely filed a motion for reconsideration. Commenting thereon, the complainants argued that the motion should be denied for having merely raised issues already passed upon by the Court. Strangely, the complainants subsequently also filed their own motion for reconsideration insisting that the NLRC gravely abused its discretion when it refused to also reinstate Licad, Luciano, Mercado, Reyes, Jr., Villarosa, Yaun, Morales and Llorente, Jr.

In order to write finis, once and for all, to this prolonged controversy we have decided to render this extended resolution.

The first issue raised in these petitions is essentially factual. The findings of both the Labor Arbiter and the NLRC on the illegal dismissal of the complainants concerned are not bereft of substantial basis. This Court has

repeatedly adhered to the time-honored doctrine that such findings should not only be entitled to great respect but also given the stamp of finality absent any arbitrariness in the process of their deduction from the evidence adduced (*Capitol Industrial Construction Group vs. NLRC*, 221 SCRA 469; *A.M. Oreta and Co. Inc. vs. NLRC*, 176 SCRA 218; *Hydro Resources Contractors Corp. vs. Labor Arbiter Adrian Pagalilauan*, 172 SCRA 399).

The second and third issues, sans the conflicting factual assertion of both parties (into which matter this Court, not being a trier of facts, will not involve itself further), relate to the validity and enforceability of the compromise agreement entered into between SMC and the participating complainants. A compromise entered into in good faith by workers and their employer to resolve a pending controversy is valid and binding on the agreeing parties (*Chua vs. NLRC*, 190 SCRA 558). In the case at bench, the compromise agreement was executed by said complainants and SMC in which mutual concessions were given and mutual benefits were derived. The compromise was approved and considered by the NLRC when it promulgated its questioned resolutions of 31 May 1990 and 13 December 1990. As a result, the complainants who so agreed to have their cases amicably settled and compromised were ordered dropped from the complaint. Settlements of this kind not only are recognized to be proper agreements but so encouraged as well (Art. 2028, Civil Code; *Santiago, IV vs. De Guzman*, 177 SCRA 344).

The NLRC likewise ordered the reinstatement of four (4) of the complainants, namely Jesus del Mundo, Jr., Justino Nuyda III, Wenceslao Padoc and Miguel Rayos due to SMC's failure as to them to so abide by the terms of the amicable settlement. Under Article 2041 of the Civil Code, should a party fail or refuse to comply with the terms of a compromise or amicable settlement, the other party could either (1) enforce the compromise by a writ of execution, or (2) regard it as rescinded and so insist upon his original demand. The original demand of the four (4) complainants was for them to be reinstated to their former positions (see *Leonor vs. Sycip*, 1 SCRA 1215). Certainly, there was nothing erroneous, let alone grave abuse of discretion, on the part of the NLRC when it accordingly ordered their reinstatement with three (3) years of backwages. [8]

WHEREFORE, the motions for reconsideration filed herein by both parties are DENIED WITH FINALITY for lack of merit, and the temporary restraining order issued on 24 July 1991 is hereby LIFTED.

SO ORDERED.

Feliciano, (Chairman), Romero, Melo, and Francisco, JJ., concur.

[1] Rollo of G.R. No. 100133, pp. 88-89.

[2] Rollo of G.R. No. 100133, pp. 61-62.

[3] Through Atty. Dionisio Tejero, SMC's Vice President.

[4] Rollo of G.R. No. 100133, pp. 65-66.

[5] Rollo of G.R. No. 100133, pp. 92-101.

[6] Rollo of G.R. No. 100133, pp. 132-133.

[7] Rollo of G.R. No. 100133, pp. 131-132.

[8] Where an illegal dismissal transpires before the effectivity of R.A. 6715 or before 21 March 1989, the award of backwages in favor of the dismissed employee is limited to three (3) years without deduction or qualification (*Maranaw Hotels and Resorts Corp. vs. Court of Appeals*, 215 SCRA 501).

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