

WYETH-SUACO LABORATORIES, INC., AYERST LABORATORIES (PHILS.), INC. AND THOMAS LEBER, PETITIONERS, VS. NATIONAL LABOR RELATIONS COMMISSION, LABOR ARBITER DAISY G. BARCELONA AND R...

G.R. No. 100658. March 02, 1993

Ponente: MELO, J.

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MELO, J.:

Sought to be annulled and set aside by petitioners are: (a) the June 29, 1989 Decision of Labor Arbiter Daisy G. Cauton-Barcelona ordering Thomas Leber, Vice-President/General Manager of Wyeth-Suaco and Ayerst Laboratories (Phils.), Inc. and the said company to pay Rolando V. Santos separation pay equivalent to three (3) months' salary for every year of service subject to the deduction of whatever amounts he had received in the form of financial assistance; (b) the February 27, 1991 Resolution of the National Labor Relations Commission (NLRC) affirming said decision; and (c) the Resolution of March 26, 1991 of the NLRC denying the motion for reconsideration of its earlier resolution.

Rolando V. Santos was hired by Ayerst Laboratories (Phils.), Inc. (ALPI for brevity) in April 1974 as a medical representative. He rose gradually from the ranks until in 1983 when he became a product manager with a monthly salary of P9,850.00 (p. 12, Rollo).

On June 5, 1987, the management committee of ALPI announced to the company employees the contents of a telex it had received on June 3, 1987 from Area Director Richard Sperber regarding the decision "to merge the international divisions of Wyeth and Ayerst into a single operating unit" and the new group would be called Wyeth-Ayerst International. The telex was followed by a phone call on June 4 from Sperber assuring "everybody that the merger (details of which will still take many months to complete) is a very positive move of ALPI and its employees in that it will be part of a much bigger company with room for everybody." (p. 80, Rollo).

The assurance notwithstanding, during the negotiations for the supposed merger, the employees were advised to keep their options open and to look for other jobs. Faced with this uncertainty, Santos, a family man, started looking for vacancies in other companies. Having found one in Berlimed Corporation, on August 4, 1987, Santos tendered his resignation from ALPI to take effect on August 31, 1987 (p. 27, Rollo). Thereafter, he executed an affidavit of release and quitclaim dated October 19, 1987 discharging the company and its representatives "from any action, claim for sum of money, or other obligations arising from all incidents of my employment"; acknowledging receipt of "all amounts that are now or in the future may be due me from the Company"; and warranting that he would not institute any action against the same company (p. 43, Rollo). The company, in turn, gave him financial assistance amounting to P65,400.50 which is the equivalent of two and one-half (2-1/2) months' pay for every year of his 14-year service with the company or roughly one (1) month pay for every five (5) years of service (pp. 19-20, Rollo).

In the meantime, the labor union in ALPI became restless as no word had come from the company regarding the

details of the merger. Thus, the union president sent three letters to the management committee but they did not merit a reply. Later, however, the employees each received termination letters which prompted the union to file a notice of strike. Consequently, the management agreed to negotiate with the union.

It was during these negotiations that the management revealed that the deal between ALPI and Wyeth-Suaco was a buy-out of the former's assets by the latter and not a merger of the two companies as earlier announced. The union also learned that only a few of ALPI's line production people would be retained by the buying company. However, the union's effort to get the best bargain for its members resulted in the retrenchment package consisting of three (3) months' pay for every year of service (p. 22, Rollo).

On November 29, 1987, Santos filed a complaint against Leber, Wyeth-Suaco, and ALPI before the NLRC for unfair labor practice, underpayment, separation pay and/or retirement/resignation benefits and illegal constructive dismissal (NLRC-NCR Case No. 00-11-04068-87; p. 27, Rollo). In due course, Labor Arbiter Daisy G. Cauton-Barcelona rendered a decision in favor of Santos. She found that the respondents' non-disclosure of the true facts of the transaction between the two companies was a "material misrepresentation", which, had it not been timely discovered, would have resulted in the "serious economic dislocation" of many of ALPI's employees (p. 24, Rollo). She added:

"Moreover, even the mere impending 'merger' with no definite security as to the status of one's employment will certainly cause anxiety and worry especially during these times where the rate of unemployment is soaring and the means of survival is becoming extremely difficult everyday. Under the obtaining situation we find it hard to construe that the complainant's resignation was indeed voluntary considering that at that time, he was already receiving a relatively much higher pay. His resourcefulness and foresight, given such an uncertain predicament should not be taken as a negative factor to deny him the separation benefits afforded to those similarly situated. Otherwise, this would be rendering naught the objectives of social justice as guaranteed by the Constitution." (p. 8, Decision; p. 25, Rollo.)

Hence, the Arbiter ordered herein petitioners to pay Santos "separation pay in the amount equivalent to three (3) months' salary for every year of service subject to the deduction of whatever amounts already received by him in the form of financial assistance." She also ordered petitioners to pay attorney's fees and the costs of suit (p. 26, Rollo).

Wyeth-Suaco and Leber appealed (p. 100, Rollo), but in the Resolution of February 27, 1991, the NLRC, per Commissioner Domingo H. Zapanta and with the concurrence of Commissioners Edna Bonto-Perez and Rustico L. Diokno, affirmed the decision of Labor Arbiter Barcelona. The affirmance was based on the NLRC's findings that Santos is similarly situated as his co-employees in the managerial level who must have received much more than the rank and file employees who had been given three months' salary for every year of service and that, therefore, the refusal of the company to pay him even three months' salary for every year of service is discriminatory (p. 16, Rollo).

Wyeth-Suaco and ALPI as well as Leber filed a motion for the reconsideration of said Resolution but the NLRC denied it on March 26, 1991 (p. 10, Rollo). Hence, the petition.

Acting on the petition, on July 24, 1991, the First Division of this Court required respondents to file their comment. In the same Resolution, the Court issued a temporary restraining order enjoining the NLRC from enforcing the questioned decision and resolutions effective upon approval by the Court of a bond in the amount of P350,000.00 to be posted by petitioners within forty-eight (48) hours from notice (pp. 142 and 146, Rollo). Counsel for petitioners received a copy of the Resolution of July 24, 1991 on July 25, 1991.

On July 27, 1991, petitioners mailed a manifestation and motion stating that they had earlier filed a bond with the

NLRC through Prudential Guarantee and Assurance, Inc. in the amount of P340,328.45 and, therefore, posting of the P350,000.00 bond "may cause unnecessary hardship" upon them. They prayed that they be allowed "to avail themselves of the supersedeas bond posted before the NLRC and to post additional bond only in the amount of P9,671.55 as their compliance with the directive of this Court (pp. 175-176, Rollo). The Court granted the prayer in the Resolution of September 2, 1991 (p. 193-a, Rollo).

Petitioners, however, failed to post the additional bond of P9,671.55 within the period which expired on December 3, 1992. The Court thus required petitioners' counsel to show cause why they should not "be disciplinarily dealt with or held in contempt for such failure and to comply with the directive ... to post additional bond." (p. 237, Rollo). Petitioners finally complied with the directive and posted the increased bond of P350,000.00 to cover the two-year period between July 14, 1990 and July 14, 1992 (pp. 239 and 241, Rollo). Thereafter, petitioners explained that the delay in posting the additional bond was due to their "difficulty in making arrangements for the form which the bond is to take" (pp. 262-263, Rollo).

The Court is faced herein with the issue of whether or not an employee who had resigned three months prior to the purchase of his employer's assets by another company may still be entitled to the separation pay subsequently awarded to the other employees of the same company who had not resigned even if at the time of such award he had been employed and lucratively compensated by a third company.

A touchstone to the resolution of this issue is the effect of the release and quitclaim affidavit he had executed after resigning from ALPI.

A quitclaim executed in favor of a company by an employee amounts to a valid and binding compromise agreement between them (*Samaniego v. NLRC*, 198 SCRA 111 [1991]). Article 227 of the Labor Code provides that any compromise settlement voluntarily agreed upon with the assistance of the Bureau of Labor Relations or the regional office of the DOLE, shall be final and binding upon the parties and the NLRC or any court "shall not assume jurisdiction over issues involved therein except in case of non-compliance thereof or if there is prima facie evidence that the settlement was obtained through fraud, misrepresentation, or coercion."

While Santos was not an ordinary employee and, therefore, the assistance of any DOLE official was not entirely necessary when he executed the release and quitclaim affidavit, the circumstances of this case call for a holding that he should still be given the difference between what he had received and that which he would have received through the retrenchment package, a privilege granted and extended to all employees of ALPI.

Quitclaims are commonly frowned upon as contrary to public policy and they are ineffective to bar claims for the full measure of the workers' legal rights (*Lopez Sugar Corporation v. FFW*, 189 SCRA 179 [1990]). The reason for this is because the employer and the employee do not stand on the same footing, such that quitclaims usually take the form of contracts of adherence, not of choice (*Carino v. ACCFA*, 18 SCRA 183 [1966]).

In the case at bar, both the labor arbiter and the NLRC found for private respondent primarily because of the fact that petitioners were guilty of misrepresentation by their failure to disclose to the ALPI employees the real nature of the negotiations and transaction between Wyeth and ALPI. The Court is bound by this finding of fact there being no showing that neither the arbiter nor the NLRC gravely abused their discretion or otherwise acted without jurisdiction or in excess of the same (*Ilas v. NLRC*, 193 SCRA 682 [1991]).

Indeed, Santos resigned because of the uncertainty as to the future of ALPI. Like the other employees, he was made to believe that the deal between the two companies was merely a merger but it really was a projected buy-out. While "dire necessity" as a reason for signing a quitclaim is not acceptable reason to set aside the quitclaim in the absence of a showing that the employee had been forced to execute it, such reason gains

importance if the consideration for the quitclaim is unconscionably low and the employee has been tricked into accepting it (*Veloso v. DOLE*, 200 SCRA 201 [1991]).

The consideration of compassionate justice cited by the labor arbiter in her decision which petitioners belittle as lacking in statutory basis (Petition, p. 5) in fact finds meaning in this case. Santos was no ordinary employee. He was the recipient of (a) the UTAK Award given by the Drug Association of the Philippines for two consecutive years (1986 and 1987); (b) two plaques for best art work; and (c) the Honorable Mention Award at the 1985 UTAK Awards. He was the Salesman of the Year in 1979-1980 and the second placer for the same award in 1976-1977. These awards were capped in April 1987 by the UTAK Grand Award (Rollo, p. 30).

Although these awards were bestowed upon him as an individual, they also indirectly gave recognition to ALPI as an employer. That Santos resigned when he felt that the company he had worked for was floundering as it was in a way seeking a crutch for its survival should not be taken against him. Indeed, the employees of ALPI were advised by management to keep their options open and to begin to scout for other employment. Given such circumstances, Santos cannot be blamed for grabbing the first acceptable offer in another company. Equity and justice, therefore, demand that Santos' untainted record of service to ALPI for fourteen years should be justly compensated by giving him at least the same retrenchment package as that given to the other employees.

PREMISES CONSIDERED, the petition is hereby DISMISSED and the questioned Decision of the Labor Arbiter and the Resolutions of the NLRC AFFIRMED. The temporary restraining order issued on July 24, 1991 is lifted.

SO ORDERED.

Bidin, Davide, Jr., and Romero, JJ., concur.

Feliciano, J., (Acting Chairman), no part.

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