

**LABOR CONGRESS OF THE PHILIPPINES (LCP) FOR AND IN BEHALF
AND IN REPRESENTATION OF ITS MEMBERS, PETITIONERS, VS.
NATIONAL LABOR RELATIONS COMMISSION, BUN SIT G. CHUNG
(ALIAS) CA...**

G.R. No. 116839. July 13, 1998

Ponente: PURISIMA, J.

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PURISIMA, J.:

The issue for resolution here is whether the dismissal of all the employees of subject corporation was a valid exercise of management prerogative to close business operations due to severe financial reverses, within the purview of Article 283 of the Labor Code, as amended, or was in reality, a form of union busting.

Respondent Lucky Textile Mills, Inc. (Lucky, for short) is a corporation engaged in textile manufacturing in Meycauayan, Bulacan. The petitioner, Labor Congress of the Philippines, is the union representing individual petitioners herein who were employees of Lucky, and formerly members of the union, Nagkakaisang Manggagawa sa Lucky - NAFLU (NML-NAFLU).

Since in the later part of 1980, Lucky suffered financial losses, like most textile companies, as a result of the Gulf Crisis, slowdown in production and walkouts. Agitating for across the board implementation of Wage Order No. RB-III-0I, employees of Lucky, including the individual petitioners in this case, through NML-NAFLU, their exclusive bargaining agent at the time, staged a strike sometime in February, 1991. But the Labor Arbiter as well as the National Labor Relations Commission (NLRC) adjudged as illegal the said strike, lasting for about four (4) months, which effectively stopped productive operations, and eventually led to the closure, of Lucky.

As mandated by the Labor Code, Lucky sent letters, dated March 12 and 15, 1991, respectively, to the Department of Labor and Employment (DOLE) and NML-NAFLU, to inform them of the projected closure of operations of Lucky effective April 18, 1991 due to financial losses and extremely adverse business conditions.

On June 13, 1991, in connection with its closure of operations, Lucky entered into an agreement with NML-NAFLU, stipulating inter alia the acceptance by the union of Lucky's closure, termination of employment of the workers, as of April 18, 1991, lifting of picket line, dismantling of barricades, removal of inventories to be disposed of by Lucky, payment of separation/retirement pay of the employees and their signing of release forms upon payment of what was due them.

Conformably, upon receipt of their separation/retirement pay, all the employees of Lucky inked the corresponding release papers/quitclaims.

Thereafter, Lucky exerted earnest efforts to sell its factory and company equipments but did not succeed to dispose of the same. To meet its loan amortizations, Lucky was constrained to lease its building and equipments to the three corporations, Family Textile Inc., New World Textile and Walden Textile Industries, the other private respondents in this case.

Believing that Lucky had resumed operations, its former employees, including the herein individual petitioners, sought reemployment and reinstatement to their former positions. However, Lucky did not heed their yearning.

Feeling aggrieved, the individual petitioners lodged complaints against the herein private respondents for Unfair Labor Practice, illegal Lockout and/or illegal Dismissal with prayer for Damages and Attorney's Fees; alleging that Lucky resorted to "bust the strikers", that Lucky established Family Textile Mills, New World Textile and Walden Textile Industries, to serve as conduits for transacting business, that petitioners acceded to receive their separation pay and to sign release papers under desperate circumstances, and that they were assured that should management resume operations, they would be recalled to their former jobs.

On the other hand, Lucky theorized that severe financial losses and problems impelled management to cease business operations, and it granted all its employees separation pay even though it was not under obligation to do so because its closure was by reason of serious losses; that the employees were not in any way forced to sign quitclaims and release papers, and the three other corporations referred to are separate and distinct entities, with which Lucky has a lessor-lessee relationship.

After hearing or on April 29, 1993, to be precise, the Labor Arbiter came out with a decision in favor of Lucky; disposing, as follows:

"xxx

In essence, the issues to be resolved is whether Lucky closed business operations for purposes of "Union Busting," and whether the establishment and organization of Family Textile Mills, Walden Textile Industries and New World Finishing Services were at the instance of Lucky as vehicle for continuing its business.

On the matter of closure, Lucky submitted documentary evidence attesting to its valid exercise of its management prerogative to close its business and its compliance with all the requirements provided by the provisions of the Labor Code on closure of business.

On the matter of its relationship with other respondents, public instruments were adduced to establish the independent corporate existence of the said firms. Complainants have not submitted any substantial evidence which would warrant this Office to pierce the veil of corporate fiction.

In fact, records will show the complainants contended themselves with presentation of joint affidavits of some of the individual complainants which by reason of a total absence of other corroborative evidence are clearly self-serving. Under our rules of evidence, self-serving testimonies standard alone will not suffice to meet the requirements of substantial evidence.

Thus, complainants failed to prove their causes of action.

xxx." (Rollo, p. 10).

On February 28, 1994, the NLRC issued the Resolution under attack; affirming the Labor Arbiter's disposition, thus:

"xxx

There is no merit in this appeal. It must, therefore, fail. It was sufficiently established that the closure of business by respondents is a valid exercise of management prerogative. It is within the purview of the authorized causes for termination of employer-employee relationship. Article 283 of the Labor Code provides, thus:

"Art. 283. Closure of establishment and reduction of personnel. - The Employer may also terminate the employment of any employee due to xxx the closing or cessation of operation of the establishment or

undertaking unless the closing is for the purpose of circumventing the provisions of this Title by serving a written notice on the workers and the Ministry of Labor Employment at least one (1) month before the intended date thereof. xxx.”

In the case at bar, the record clearly indicates that respondent Lucky completely closed its business operations in compliance with the provisions of the aforequoted law. It served a written notice to the complainants and the Department of Labor and Employment at least one (1) month before said closure.

Additionally, it may be observed, as correctly pointed out by the Arbiter below, the other respondents are independent corporations. They are separate and distinct entities.

WHEREFORE, premises considered, the instant appeal should be, as it is hereby, dismissed for lack of merit.

SO ORDERED.

xxx” (Rollo, p. 11)

With the denial by NLRC of their motion for reconsideration, petitioners found their way to this court via the present petition imputing grave abuse of discretion on the part of NLRC.

Petitioners contend that the findings culled by NLRC are not borne out by sufficient and convincing evidence, and do not accord with the law in point.

So as not to preclude them from asserting the right to security of tenure, petitioners impugn the validity of the quitclaims and release papers inked by them; branding the same as contrary to law, morals and public policy.

The petition is not meritorious.

Apart from what the employees stated in their affidavits, which are evidently self-serving, there is nothing on record to substantiate their allegation - that the closure of Lucky constituted “union busting” or was devised to evade management obligations under the CBA, and that the three other corporations aforementioned are sort of “dummies” of Lucky.

We are impressed with the factual findings of the Labor Arbiter, gathered on the basis of testimonial and documentary evidence, and as affirmed by the NLRC, - that Lucky is not guilty of unfair labor practice, as charged, that the closure of Lucky was neither an act of discrimination against nor a ploy for the dismissal of employees but was necessitated by unabated losses in its operations, that its workers were forewarned of the impending closure of the company, and with the assistance of DOLE, they willingly agreed with Lucky to sign the necessary quitclaims upon payment of their separation/retirement pay (even though Lucky was under no obligation to pay the same under Article 283 of the Labor Code, as amended), and that from the pertinent articles of incorporation and lease agreements, it could be gleaned unerringly that the other private respondents are corporations separate and distinct from Lucky, and are lessees of Lucky’s buildings and equipments.

In a long line of decisions, this court held that factual findings by quasi-judicial agencies, such as the Department of Labor and Employment, supported by substantial evidence, are entitled to great respect in view of their expertise in their respective fields. (Association of Marine Officers and Seamen of Reyes and Lim Co. vs. Laguesma, 239 SCRA 465 [1994], Lopez Sugar Corporation vs. Federation of Free Workers, 189 SCRA 179 [1990], Gubac vs. NLRC, 187 SCRA 412 [1990]). Conformably, NLRC rulings anchored on substantial evidence, are accorded not only respect but should be given stamp of finality. (Garcia vs. Manila Times, 224 SCRA 399 [1993])

In the case under study, we discern no basis for deviating from the aforestated doctrine, absent any clear showing that the findings by the Labor Arbiter, as affirmed by the NLRC, are bereft of sufficient substantiation or are

otherwise capricious. Indeed, petitioners have not offered any proof superior in substance or reliability.

Although the law looks with disfavor upon quitclaims and releases by employees pressured into signing the same by unscrupulous employers minded to evade legal responsibilities, there are legitimate waivers resulting from voluntary settlements of laborers's claims which should be treated and upheld as the law between the parties. (Veloso vs. DOLE , 200 SCRA 202)

The Individual petitioners herein, being members of the bargaining agent which entered into subject agreement with Lucky, are bound by the terms thereof. As a matter of fact, they ratified the same agreement by accepting their separation pay thereunder and executing the corresponding quitclaims and release papers.

That the terms and conditions of subject quitclaims written in English were not duly explained to the textile workers concerned, who are lowly employees, is an issue raised for the first time in the present petition and consequently improper for consideration here. Well-settled is the rule, also applicable in labor cases, that issues not raised below cannot be raised for the first time on appeal. To allow fresh issues on appeal is violative of the rudiments of fair play, justice and due process. (Association of Marine Officers and Seamen of Reyes and Lim Co. vs. Laguesma, 239 SCRA 468)

WHEREFORE, the petition under consideration is Dismissed and the challenged Resolution of NLRC is Affirmed. No pronouncement as to costs.

SO ORDERED.

Narvasa, C.J., (Chairman), Romero, and Kapunan, JJ., concur.

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