SIME DARBY PILIPINAS, INC. AND LARRY C. DUBBERLY, PETITIONERS, VS. ALFREDO ARGUILLA AND HENRY C. PEDRAJAS, RESPONDENTS.

G.R. NO. 143542. June 08, 2006

Ponente: CALLEJO, SR., J.

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CALLEJO, SR., J.:

Before the Court is a Petition for Review on Certiorari of the Decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 50377 affirming the Decision of the National Labor Relations Commission (NLRC) in NLRC NCR CA No. 004693-93, which, in turn, affirmed the ruling of the Labor Arbiter in NLRC NCR Case No. 08-04696-90.

The Antecedents

On March 27, 1984, Sime Darby Pilipinas, Inc. (SDPI) employed Alfredo Arguilla as truck helper in its Recapping Department in Marikina (now Marikina City), Metro Manila. Henry C. Pedrajas was employed as truck driver in the same department on June 1, 1981.[2]

On May 31, 1990, Arguilla and Pedrajas received separate letters[3] from SDPI informing them that due to the insufficiency of available jobs in its recapping operations, it had decided "to retrench the excess personnel based on the 'last in, first out' principle," and that their services were considered terminated effective June 30, 1990. Arguilla and Pedrajas were assured that they would receive the following from SDPI:

- Severance Pay equivalent to one and one-half (1-1/2) months pay for every year of service;

- Commutation of proportionate unused sick leave credits;

- Commutation of proportionate unused emergency leave credits;

- Proportionate 13[th] month pay; and

- Enjoyment of balance of [their] vacation leave credits.[4]

In a Letter[5] dated June 8, 1990, SDPI informed the Department of Labor and Employment (DOLE) that it had undertaken a retrenchment program in its recap operations "in view of the insufficiency of available jobs resulting in redundancy and/or excess personnel," and that Arguilla and Pedrajas were among the retrenched employees.

On August 28, 1990, Arguilla and Pedrajas signed, under protest, their respective receipts and quitclaims, worded as follows:

> KNOW ALL MEN BY THESE PRESENTS:
>
> For and in consideration of the sum of PESOS ONE HUNDRED TWO THOUSAND FIVE HUNDRED NINETY THREE & 32/100 (P102,593.32) the receipt of which is by these presents acknowledged, I hereby release and quitclaim SIME DARBY PILIPINAS, INC. and/or SIME DARBY PILIPINAS, INC. -

> AMENDED RETIREMENT PLAN from any and all claims and demands which I have, or even to the present, and particularly from all claims, demands, damages and/or causes of action arising out of my employment with, and separation from SIME DARBY PILIPINAS, INC.
>
> IN WITNESS WHEREOF, I hereby sign and execute these presents in Makati, Metro Manila, this 28[th] day of August 1990.
>
> (Signature)
>
> HENRY C. PEDRAJAS
>
> UNDER PROTEST 8/31/90
>
> SIGNED IN THE PRESENCE OF:
>
> (Signature) (Signature)
>
> x x x x
>
> RECEIPT AND QUITCLAIM
>
> KNOW ALL MEN BY THESE PRESENTS:
>
> For and in consideration of the sum of PESOS SEVENTY ONE THOUSAND EIGHT HUNDRED THIRTY EIGHT & 16/100 (P71,838.16) the receipt of which is by these presents acknowledged, I hereby release and quitclaim SIME DARBY PILIPINAS, INC. and/or SIME DARBY PILIPINAS, INC. - AMENDED RETIREMENT PLAN from any and all claims and demand which I have, or even to the present, and particularly from all claims, demands, damages and/or causes of action arising out of my employment with, and separation from SIME DARBY PILIPINAS, INC.
>
> IN WITNESS WHEREOF, I hereby sign and execute these presents in Makati, Metro Manila, this 28[th] day of August 1990.
>
> (Signature)
>
> ALFREDO A. ARGUILLA
>
> UNDER PROTEST 8/31/90
>
> SIGNED IN THE PRESENCE OF:
>
> (Signature) (Signature)[6]

Arguilla and Pedrajas (herein respondents), thereafter filed a complaint for illegal dismissal with plea for their reinstatement and monetary benefits against SDPI and its President, Larry C. Dubberly (herein petitioners). The case was docketed as NLRC NCR Case No. 08-04696-90.

In their Position Paper,[7] petitioners alleged the following:

> - There should be no dispute at all that the retrenchment program undertaken by the respondents is legitimate and was done in good faith and for a valid purpose. For one, not only the two (2) complainants were affected or singled out, as they would want to project and impress upon this Honorable Office. To state a fact, there were a total of not less than sixty-five (65) employees from the company's different departments, in the provinces and in Metro Manila since February 1990, who were similarly retrenched and were paid their respective separation pay and other benefits due them by reason of such retrenchment move undertaken by the respondent company. x x x

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> - Secondly, to show its good faith and the legitimacy of the retrenchment program, respondents complied with and observed the requirement of thirty (30) days prior notice to each and every affected employee, and the payment of benefits grossly over and above what was required under the law, and in fact, both complainants received and were paid substantial benefits in the amounts of P102,593.32 and P71,838.16, respectively, which they acknowledged receipt in a quitclaim and release, which they, however, inexplicably signed "Under Protest" on August 31, 1990, after receiving and benefiting from the proceeds thereof.
>
> - Thirdly, respondents complied with the reportorial requirements whereby it reported to the Chief, Labor Statistics Service of the Department of Labor and Employment (DOLE) the names of the employees of the Company who were/would be affected by the retrenchment program of the respondent company x x x, even only for statistical purposes. By and large, contrary to the contention by the complainants, the retrenchment program undertaken by the respondents, in whatever angle one is to look at it, is legitimate and was done in good faith. Consequently, unless shown to have been done in bad faith, and as a means to circumvent or defeat the intention of the law, the prerogative of the company to undertake an honest-to-goodness retrenchment program is inviolable and could not validly be interfered with.[8]

Sometime in 1991, petitioner SDPI closed its Bacolod branch and retrenched 15 employees who were members of the Sime Darby Salaried Employees Association, Inc. (Union), the duly recognized collective bargaining unit of SDPI employees.[9] The Union, in behalf of its members, filed a complaint for unfair labor practice against petitioner SDPI, alleging therein that the retrenchment program, the closure of the Bacolod, Iriga and Cagayan de Oro City branches, and the termination of the employment of its members were intended to bust the Union. They insisted that these were in the nature of unfair labor practice, as the dismissed employees were not given the opportunity to resign. The Union prayed that, after due proceedings, judgment be rendered, thus:

> WHEREFORE, it is respectfully prayed that a decision be rendered in favor of complainant against the respondents ordering the latter:
>
> a) Guilty of committing unfair labor practice acts;
>
> b) To reinstate with full backwages and without loss of seniority rights the following:
>
> - Antonio Domantay - Sales Dept., Head Office-Marketing Coordinator - Original & TBA Sales. One of the most senior of the Sales Dept.
>
> - Leonardo Amodia - Accounts Receivable Clerk - Cebu Branch - A union officer and the most senior of the Dept.
>
> - Bethoven Tupas - Davao Branch - Inside Salesman - previously a marketing coordinator/outside salesman.
>
> - Romulo Reblingca - Davao Branch - Partsman.
>
> - Rommel Felstado - Sales Engineer, Head Office Tractors Division.

c. To immediately comply [with] the decision in:

> c.1 NCR Case No. 1-34-85
> c.2 G.R. No. 77188

d. To open up all those closed positions which were formerly handled by union members and contracted out;

e. To cease and desist from committing acts of union-busting, contracting out of jobs and other similar or analogous acts which may constitute unfair labor practice.

Considering that the charges in this case constituted criminal liabilities, it is respectfully prayed that this case be immediately, as much as possible, terminated in order to discourage and prevent the individual respondents from

further committing unfair labor practice acts similar to the charges in the above-entitled case.

It is so finally prayed that complainant be granted with such other reliefs and remedies under the premises.[10]

The case was docketed as NLRC NCR Case No. 00-06-0355-91.

On December 8, 1992, the Labor Arbiter rendered judgment in NLRC NCR Case No. 08-04696-90 in favor of respondents. The fallo of the decision reads:

> Accordingly, respondent is hereby declared guilty of illegal dismissal and is hereby ordered to reinstate complainants to their former or equivalent positions without loss of seniority rights and other benefits plus one year backwages, computed as follows:
>
> HENRY PEDRAJAS
> 6/30/90 - 6/30/91 = 12.0 mos.
> P257.76 x 26 x 12.0 mos. = P80,421.12
> 1/12 of P80,421.12 6,701.76
> Total P87,122.88
>
> ALFREDO ARGUILLA
> 3/30/90 - 3/30/91 = 12.0 mos.
> P257.76 x 26 x 12.0 mos. = P80,421.12
> 1/12 of P80,421.12 6,701.76
> Total P87,122.88

SO ORDERED.[11]

The Labor Arbiter anchored his ruling on the finding that petitioners failed to produce evidence to support the contention that they resorted to retrenchment for reasons of "economic survival," let alone submit record and documents to prove their claim. The Labor Arbiter emphasized that any act sanctioning the dismissal of respondents would open the floodgates to abuse, as there simply was no evidence to prove that petitioner SDPI has been suffering losses or that the position the dismissed employees were occupying had become redundant.[12]

According to the Labor Arbiter, the fact that respondents executed their respective Quitclaims and Releases and had received amounts corresponding to their years of service was of no moment, since respondents, from the very start, had manifested their protest against petitioners' decision to do away with their services. It was not surprising that they accepted the amounts paid to them, as they were left with no choice. The Labor Arbiter, likewise, considered the ages of the respondents at the time of their separation from the service, and how it would be very hard for them to get other jobs.[13]

Petitioners appealed the decision to the NLRC. In the meantime, respondents were reinstated to their former positions, per their manifestation to the NLRC dated July 5, 1995.

In a separate development, the Labor Arbiter rendered judgment in NLRC NCR Case No. 00-06-0355-91 on August 4, 1992, dismissing the complaint for unfair labor practice against petitioners. The Labor Arbiter ruled that the retrenchment program implemented by petitioners in the SDPI head office, including the closure of its Bacolod office, was a valid exercise of management prerogative. It was further pointed out that even the Union itself admitted that the retrenchment of employees would reduce labor costs by at least P7,200,000.00, and that even Goodyear Philippines, a competitor of petitioner SDPI, was winding up its affairs.

The Union appealed the decision to the NLRC.

Meanwhile, on August 4, 1995, respondents received P18,884.03 and P18,887.80, respectively, from petitioner

SDPI, and signed their respective Receipt and Quitclaims[14] pertinent thereto.

A few months later, petitioner SDPI and Goodyear Philippines, Inc. executed a Memorandum of Agreement[15] dated April 24, 1996 in which petitioner SDPI sold all its assets, including all its buildings, machineries and equipment at the Recapping Department in Marikina City for P1,500,000,000.00. The NLRC was duly informed of the agreement.

In the meantime, the NLRC rendered judgment in NLRC NCR Case No. 08-04696-90 on December 18, 1997 affirming the decision of the Labor Arbiter.[16] Petitioners moved for the partial reconsideration of the decision on the ground that the NLRC in NLRC NCR Case No. 00-06-0355-91 had affirmed the validity of its retrenchment program; hence, there was no factual and legal basis to hold them liable for illegal dismissal.[17] Petitioners further averred that the decision of the NLRC in NLRC Case No. 00-06-0355-91 had likewise resolved the issues and matters in NLRC Case No. 08-04696-90. They alleged that the NLRC decision in the unfair labor practice case constitutes a bar to the filing of NLRC Case No. 08-04696-90 for illegal dismissal.

Petitioners alleged that even assuming the validity of the order of reinstatement, it was impossible for respondents to be reinstated pending appeal and receive all the benefits of their employment in conformity with the Labor Arbiter's decision, since supervening events had rendered their reinstatement totally impossible. They pointed out that the recapping operations ceased sometime in 1995, consistent with SDPI's streamlining operations which began at the inception of the present case. The economic conditions resulted in the downward trend of the market, prompting petitioners to sell their tire factory to Goodyear in 1996 if only to cut its losses while it still could. As a result, respondents' positions in the company no longer existed; neither were there similar positions in the company where they could be assigned due to the complete abolition of the tire factory. In fact, the necessity of cost-cutting to protect the company's business interest has been acknowledged by petitioners. Petitioners insisted that respondents never questioned or denied the validity of their separation from the company in 1995 and they each voluntarily signed a Release and Quitclaim to forego any further claims against the company.[18]

On October 21, 1998, the NLRC rendered a Decision in NLRC NCR Case No. 08-04696-90 denying the motion for reconsideration of petitioners. The NLRC declared that its decision in NLRC NCR Case No. 00-06-0355-91 was not a bar to the resolution of the instant complaint for illegal dismissal.

> After evaluation, this Commission deems it proper to deny the Motion for Reconsideration filed by respondents. No grave abuse of discretion was committed when this Commission upheld the illegality of complainant's dismissal. It may be true that the Second Division of this Commission recognized the validity of respondents' retrenchment program. This does not, however, mean that there is no uniformity in the rulings of this Commission. Decisions are based on the evidence presented on record. It may have happened that respondents were able to present sufficient evidence in the case decided by the Second Division, hence, the decision in their favor. In the instant case, however, their position paper only proffered the notices to their employees who will be retrenched, the computation of their benefits and the notices to the Department of Labor and Employment.[19]

Petitioners filed a petition for certiorari before the Court of Appeals against the retrenched employees, assailing the decision and resolution of the NLRC on appeal on the following grounds:

> I
>
> THE PUBLIC RESPONDENT NLRC (FIRST DIVISION) COMMITTED GRAVE ABUSE OF DISCRETION IN NOT UPHOLDING THE VALIDITY OF THE RETRENCHMENT PROGRAM OF SDPI.
>
> II

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> THE PUBLIC RESPONDENT NLRC (FIRST DIVISION) COMMITTED GRAVE ABUSE OF DISCRETION IN FAILING TO APPLY THE DOCTRINE OF RES JUDICATA IN THE INSTANT CASE.
>
> III
>
> THE PUBLIC RESPONDENT NLRC (FIRST DIVISION) COMMITTED GRAVE ABUSE OF DISCRETION IN FAILING TO RULE THAT SUPERVENING EVENTS HAVE RENDERED THE INSTANT CASE MOOT AND ACADEMIC.[20]

Petitioners point out that the respondents had been reinstated to their former positions pending appeal before the NLRC, and that it had sold its Recapping Department to Goodyear Philippines, Inc. on April 24, 1996. Moreover, complainants had already received their separation pay as a result of the company's compulsory retrenchment program.[21]

On January 6, 2000, petitioners submitted to the court a copy of the Memorandum of Agreement executed by SDPI and Goodyear Philippines, Inc., and manifested that respondents executed their respective Receipt and Quitclaim on August 4, 1995. Petitioners assert that, in view of these supervening events, the case had been rendered moot and academic, and should be considered closed and terminated.[22]

On March 20, 2000, the CA rendered judgment dismissing the petition for lack of merit.[23] The appellate court ratiocinated that petitioners failed to substantiate their claim that the employees had been validly retrenched; the case was not mooted by the reinstatement of respondents pending appeal and the sale of the Recapping Department of SDPI to Goodyear Philippines, Inc.; and, respondents were not barred from pursuing their claim for monetary benefits under the decision of the Labor Arbiter, considering that the amounts given to them relate to their illegal dismissal from employment and not due to their separation from SDPI due to cessation of its Recapping Department. According to the appellate court, respondents' receipt of separation pay pendente lite did not prevent them from contesting the legality of their dismissal arising from an unfair labor practice. It ruled, however, that it was not competent to determine the amount of separation pay of respondents.[24]

Petitioners filed a motion for reconsideration which the appellate court denied; hence, the instant Petition for Review on Certiorari where they contend that:

> I
>
> IN ANY EVENT, THERE ARE SUPERVENING EVENTS WHICH NOT ONLY RENDER THE PRESENT CASE MOOT AND ACADEMIC, BUT WILL MAKE THE EXECUTION OF THE JUDGMENT AGAINST THE PETITIONERS INEQUITABLE AND UNJUST: (1) RESPONDENTS HAVE EXECUTED VALID AND BINDING QUITCLAIMS TWICE AND WERE CORRESPONDINGLY PAID SEPARATION BENEFITS TWICE MORE THAN THE MINIMUM REQUIRED BY LAW; (2) PETITIONER SDPI'S ENTIRE [RECAPPING] OPERATIONS HAD CLOSED. TO AWARD RESPONDENTS THEIR MONETARY CLAIMS WOULD CLEARLY RESULT IN UNJUST ENRICHMENT.
>
> II
>
> THE COURT OF APPEALS COMMITTED GRAVE ERROR IN UPHOLDING THE NLRC DECISION FINDING THAT RESPONDENTS ARE ENTITLED TO THEIR MONETARY CLAIMS. RESPONDENTS WERE DISMISSED AS A RESULT OF PETITIONER SDPI'S VALID RETRENCHMENT PROGRAM.
>
> III
>
> THE VALIDITY OF SDPI'S RETRENCHMENT PROGRAM HAS ALREADY BEEN AFFIRMED WITH FINALITY BY THE NLRC. THUS, THIS IS ALREADY RES JUDICATA.[25]

Petitioners aver that the CA erred in declaring that respondents were entitled to their monetary claim. Petitioners recall that, in 1990, respondent Arguilla received P71,838.16 and respondent Pedrajas received P102,593.32 by way of separation pay, including the commutation of their unused leave credits and the proportionate amount of their 13[th] month pay; on August 4, 1995, respondent Arguilla again received P18,884.03, while respondent Pedrajas received P18,887.80 from the corporation. Petitioners point out that in both instances, respondents executed deeds of quitclaim which effectively discharged the corporation from any and all claims, liability, and damages which respondents had or may have in the future, and all causes of action arising from and in connection with their respective employment and separation from the corporation. Petitioners state that respondents executed their respective deeds of quitclaim voluntarily, with full knowledge of the pending case and of the implication of the deeds. Petitioners assert that to rule in favor of respondents would be tantamount to allowing them to enrich themselves at the expense of the corporation.

Petitioners posit that the validity of the corporation's retrenchment program had been affirmed with finality by the NLRC in NLRC NCR Case No. 00-06-0355-91. The case is barred by said decision of the NLRC insofar as the validity of its retrenchment program is concerned. Petitioners maintain that there is ample evidence to prove the validity of petitioners' retrenchment program, independent of the NLRC decision in NLRC NCR Case No. 00-06-0355-91.

By way of comment, respondents aver that they were not parties in NLRC NCR Case No. 00-06-0355-91; hence, the decision of the Labor Arbiter declaring the retrenchment program of SDPI in its Bacolod branch was valid, and the NLRC decision which affirmed that of the Labor Arbiter was in no way binding on them. Petitioners failed to adduce competent substantial evidence to prove the essential requisites of a valid retrenchment. They assert that the issues raised in the case at bench are factual, hence, inappropriate in a petition under Rule 45 of the Rules of Court.

Respondents further assert that the "receipt issue" raised by petitioners, i.e., whether there is factual basis for the retrenchment of respondents, is improper in a petition for review on certiorari under Rule 45 of the Rules of Court. They maintain that the factual findings of the Labor Arbiter, affirmed on appeal by the NLRC and by no less than the Court of Appeals on a petition for certiorari, are conclusive on this Court.

Respondents insist that petitioner SDPI did not stop its recapping operations when its assets were sold to Goodyear Philippines, Inc. on April 24, 1996. On the contrary, petitioner SDPI continued with its recapping operations by putting up a subsidiary corporation, the SD Retread Systems, which is owned (controlling interest) and managed by the top officers of SDPI. They point out that the president and vice-president for sales, the vice-president for finance, and the vice-president production of SDPI are the incorporators of SD Retread System; counsel of SDPI is also the counsel for SD Retread System, with the same principal purpose[26] as the Recapping Department of SDPI. They point out that when petitioner SDPI retrenched its employees in 1990, it earned a net profit of P100,227,000.00; P119,127,000.00 in 1992 and P166,445,000.00 in 1993. From 1989 to 1990, SDPI declared dividends amounting to P193,281,000.00. The jobs of respondents had been ferried out by SDPI to hire new workers who would be paid lower wages.

In reply, petitioners aver that, absent evidence of duress or force against respondents, the receipts and quitclaims which they executed pendente lite must be declared valid, and as such, the case has been rendered moot and academic. They claim, that in affirming the decision of the NLRC, the CA thereby allowed respondents to enrich themselves unjustly at their expense, which is proscribed by Articles 22, 2149, and 2175 of the New Civil Code.

The petition is partially granted.

Whether or not there is factual basis for the retrenchment of respondents is one proscribed by Rule 45 of the Rules

of Court as amended. The Court is not a trier of facts. It is not tasked to review the evidence on record, documentary and testimonial, and reassess the probative weight thereof. Besides, the Labor Arbiter declared that petitioners failed to prove the requisites for a valid retrenchment of petitioner's employees and that the respondents were illegally dismissed. The findings of the Labor Arbiter were affirmed by the NLRC on appeal, which was, in turn affirmed by the CA. Considering that there is no evidence that the Labor Arbiter and the NLRC ignored, misconstrued and misapplied facts and circumstances of substance which, if considered, would warrant a reversal or modification of the outcome of the case, such findings are conclusive on this Court.

The decision of the NLRC in the unfair labor practice case (NLRC NCR Case No. 00-06-0355-91) is not a bar to the instant case, for the reason that respondents were not parties therein. The principle of res judicata does not apply because one who was not a party to a case is not bound by any decision rendered therein.[27] Only parties in interest in an action are bound by the judgment. Strangers to a case are not bound by the judgment rendered therein and such judgment is not available as an adjudication either against or in favor of such person.[28] For res judicata to apply, there must be identity of parties in both cases. While the requirement does not mean that the parties be physically identical, it is satisfied if there is privity between the parties or their successors-in-interest by title subsequent to the commencement of the previous causes of action, litigating for the same thing, title or capacity.[29] It must be stressed that there is no privity between the Union, which is the complainant in NLRC NCR Case No. 00-06-0355-91 for unfair labor practice, and the respondents who as complainants below filed the case for illegal dismissal. Although the Union sued for and in behalf of its members, who were at the same time employees of petitioner SDPI, respondents who were employees of SDPI were not members thereof.

It cannot be validly claimed that there is identity of the causes of action in the two cases. NLRC NCR Case No. 00-06-0355-91 was one for unfair labor practice involving the dismissal of union members stationed in the head office and in SDPI's Davao branch; it likewise invoked the implementation of the decisions in NLRC NCR Case No. 1-34-85 and G.R. No. 77188. On the other hand, the complaint of respondents was for illegal dismissal, on account of petitioners' claim that there were excess personnel in its Recapping Department in Marikina. The evidence necessary to sustain the action of respondents against petitioners would not have been sufficient to grant reliefs in NLRC NCR Case No. 00-06-0355-91 and vice versa.

The fact that respondents received P18,884.03 and P18,887.80, respectively, (allegedly as separation pay as a result of the compulsory retrenchment program of petitioner SDPI) and that they executed separate deeds of quitclaim on August 4, 1995 does not completely render this case moot and academic.

It bears stressing that the law looks with disfavor on quitclaims and releases by employees who have been inveigled or pressured into signing them by unscrupulous employers seeking to evade their legal responsibilities and frustrate just claims of employees.[30] In line with the policy of the State to promote the welfare of execution, quitclaims executed by employees are often frowned upon as contrary to public policy. Acceptance of benefits therefrom does not amount to estoppel. Indeed, in Lopez Sugar Corporation v. Federation of Free Workers,[31] this Court ruled that:

> Acceptance of those benefits would not amount to estoppel. The reason is plain. Employer and employee, obviously do not stand on the same footing. The employer drove the employee to the wall. The latter must have to get hold of money. Because, out of the job, he has to face harsh necessities of life. He thus found himself in no position to resist money proferred. His, then, is a case of adherence, not of choice. One thing sure, however, is that petitioners did not relent their claim. They pressed it. They are deemed not to have waived any of their rights. x x x"[32]

In exceptional cases, the Court has given effect to quitclaim executed by employees if the employer is able to prove the following requisites: (1) the employee executes a deed of quitclaim voluntarily; (2) there is no fraud or

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deceit on the part of any of the parties; (3) the consideration of the quitclaim is credible and reasonable; and (4) the contract is not contrary to law, public order, public policy, morals or good customs or prejudicial to a third person with a right recognized by law.[33] In this case, petitioners failed to prove all the foregoing requisites.

Admittedly, respondents signed their respective Receipts and Deeds of Quitclaims. However, a careful review of the record shows that petitioners failed to disclose the names of the officers/employees of SDPI who allegedly explained to respondents the implications and consequences of the execution of said quitclaims. The records show that, even after signing the quitclaims, respondents opposed the motion for partial reconsideration of petitioners of the decision of the CA and sought the affirmance of the decision of the NLRC.

Indeed, the quitclaims prepared by petitioners, which they had the respondents sign, are deceptive. It is made to appear in said deeds that respondents received P18,884.03 and P18,887.80, respectively, as full and final payment of separation pay from petitioner SDPI as a result of the latter's compulsory retrenchment program. However, the Labor Arbiter had already declared that there was no factual basis for the retrenchment of respondents and that they were illegally dismissed from their employment by SDPI. It is inconceivable that, after having won a favorable decision from the Labor Arbiter, respondents would make a volte face on August 4, 1995 and declare that, after all, the compulsory retrenchment program of SDPI was valid.

Moreover, at the time respondents received the said amounts of P18,884.03 and P18,887.80 on August 4, 1995, the NLRC had already determined that there was no factual basis for the termination of the employment of respondents on account of the sale of the machineries and equipment of petitioner SDPI in its Recapping Department in Marikina City. It was only on April 24, 1996, or eight months after respondents had signed the subject quitclaims, that SDPI and Goodyear Philippines, Inc. executed their Memorandum of Agreement.

Under the quitclaims, it is made to appear that respondents are discharging and releasing petitioner SDPI and its officers, including petitioner Larry Dubberly, from any and all claims, complaints, liability and demands which may be had in the future and all causes of actions, arising from and in connection with respondents' employment and separation from petitioner SDPI. The quitclaims are worded so broadly that respondents discharged the petitioners of their liabilities under the decision of the Labor Arbiter in the amounts of P18,884.03 and P18,887.80, respectively, and to their reinstatement to their jobs solely and merely for and in consideration of such measly amounts.

If petitioners acted in good faith, they should have required respondents to be assisted by counsel before signing the said quitclaim. After all, the appeal of petitioners in the NLRC was still pending, and respondents were represented by counsel. What petitioners did was to have respondents sign the quitclaims without prior knowledge, much less, conformity of their counsel.

Petitioners claim that, by not dismissing the case before it by reason of a supervening event and despite the execution by respondents of the Receipts and Quitclaim during the pendency of their appeal, the NLRC and the CA thereby allowed respondents to enrich themselves at the expense of petitioners. This contention is barren of merit. It goes without saying that the amounts of P18,884.03 and P18,887.80 received by respondents on August 4, 1995 should be deducted from the Labor Arbiter's monetary award. We agree with petitioners' claim that respondents can no longer be reinstated because SDPI had already sold its assets and that its Recapping Department had already been taken over by Goodyear Philippines, Inc. on April 24, 1996.

IN LIGHT OF ALL THE FOREGOING, the petition is PARTIALLY GRANTED. The Decision of the Court of Appeals, finding that the NLRC found no grave abuse of discretion in affirming in toto the Decision of the Labor Arbiter, is AFFIRMED. Considering that reinstatement is no longer feasible, the P18,884.03 received by respondent Alfredo Arguilla and the P18,887.80 received by respondent Henry C. Pedrajas on August 4, 1995

shall be deducted from the respective sums awarded to them. No costs.

SO ORDERED.

Panganiban, C.J., (Chairperson), Austria-Martinez, and Chico-Nazario, JJ., concur.
Ynares-Santiago, J., on leave.

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[1] Penned by Associate Justice Romeo A. Brawner (now Commissioner of the Commission on Elections), with Associate Justices Fermin A. Martin, Jr. and Andres B. Reyes, Jr., concurring; rollo, pp. 33-39.[2] Rollo, p. 216.[3] Id. at 198-199.[4] Id.

[5] Id. at 204.[6] Id. at 200-201.[7] Id. at 188-197.[8] Id. at 192-193.[9] Id. at 246.[10] Id. at 247-248.[11] Id. at 167.

[12] Id. at 156.

[13] Id. at 157.

[14] The Receipt and Quitclaims are worded as follows:

x x x

This is to acknowledge receipt of the amount of PESOS: Eighteen Thousand Eight Hundred Eighty-Four and 03/100 (P18,884.03), Philippine Currency, from SIME DARBY PILIPINAS, INC. representing the full and final payment of my separation from SIME DARBY PILIPINAS, INC., as a result of the compulsory retrenchment program.

I further acknowledge that upon receipt of this separation pay, I hereby release and forever discharge SIME DARBY PILIPINAS, INC., its Directors, Officers, successors-in-interest, representatives and assigns from any and all claims, complaints, liability, and demands, which I now have or may have in the future, and all causes of actions, arising from and in connection with my employment, and separation from SIME DARBY PILIPINAS, INC.

Marikina, Metro Manila, Aug. 4, 1995.

(SGD.)
ALFREDRO A. ARGUILLA
Employee

SIGNED IN THE PRESENCE OF:

_____ _____

x x x

x x x

This is to acknowledge receipt of the amount of PESOS: Eighteen Thousand Eight Hundred Eighty-Seven and 80/1000, (P18,887.80), Philippine Currency, from SIME DARBY PILIPINAS, INC. representing the full and final payment of my separation from SIME DARBY PILIPINAS, INC., as a result of the compulsory retrenchment program.

I further acknowledge that upon receipt of this separation pay, I hereby release and forever discharge SIME

DARBY PILIPINAS, INC., its Directors, Officers, successors-in-interest, representatives and assigns from any and all claims, complaints, liability, and demands, which I now have or may have in the future, and all causes of actions, arising from and in connection with my employment, and separation from SIME DARBY PILIPINAS, INC.

Marikina, Metro Manila, Aug. 4, 1995.

(SGD.)

HENRY C. PEDRAJAS

Employee

SIGNED IN THE PRESENCE OF:

_____ _____

(Rollo, pp. 133-134; emphasis supplied).[15] Id. at 61-125.[16] Id. at 155-158.[17] Id. at 160.[18] Id. at 179-180.[19] Id. at 161.[20] Id. at 136.[21] Id. at 132-134.[22] Id. at 56-125.[23] Id. at 33-39.[24] Id. at 38-39.[25] Id. at 14-15.[26] "To engage in, conduct and carry on the business of recapping, including the purchase acquisition, holding, selling, trading and dealing in or otherwise handling and disposing of recapping materials and other allied corporation." (As stated in the Articles of Incorporation of SD Retread System, Inc.); rollo, p. 364.[27] Calalas v. Court of Appeals, 388 Phil. 146, 151 (2000). [28] Matuguina Integrated Wood Products, Inc. v. Court of Appeals, 331 Phil. 795, 810 (1996).[29] Sunflower Umbrella Manufacturing Co., Inc. v. De Leon, G.R. No. 107349, September 26, 1994, 237 SCRA 153.[30] JMM Promotions and Management, Inc. v. Court of Appeals, 439 Phil. 1, 11 (2002).[31] G.R. Nos. 75700-01, August 30, 1990, 189 SCRA 179, cited in Philippine National Construction Corporation v. NLRC.[32] Id. at 193.[33] More Maritime Agencies, Inc. v. National Labor Relations Commission, 366 Phil. 646, 653 (1999).

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