

**FELIZARDO B. SARAPAT, AMELITA DURIAN AND FERMIN G. CASTILLO, PETITIONERS, VS. SYLVIA SALANGA AND LIWAYWAY SILAPAN, RESPONDENTS.**

*G.R. NO. 154110. November 23, 2007*

Ponente: AUSTRIA-MARTINEZ, J.

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**AUSTRIA-MARTINEZ, J.:**

Before the Court is a Petition for Review on Certiorari under Rule 45 of the Rules of Court assailing the Decision[1] dated January 29, 2002 of the Court of Appeals (CA) in CA-G.R. SP No. 63688 which denied petitioners' Petition for Certiorari and the CA Resolution[2] dated June 27, 2002 which denied petitioners' Motion for Reconsideration.

The factual background of the case is as follows:

Felizardo B. Sarapat, Amelita Durian and Fermin G. Castillo (petitioners) are President, Treasurer and Director, respectively, of the Philippine Veterans Bank Employees Union-National Union of Bank Employees (PVBEU-NUBE). Sylvia Salanga and Liwayway Silapan (respondents) are members of PVBEU-NUBE.

Sometime in 1985, the Philippine Veterans Bank (PVB) went bankrupt and was placed under receivership/liquidation by the Central Bank. As a result, the services of PVB employees were terminated. When PVB re-opened in 1992, the PVB employees were not re-hired. Thus, PVBEU-NUBE filed a notice of strike and cases of unfair labor practice against PVB before the National Labor Relations Commission (NLRC).

On January 26, 1996, PVB and PVBEU-NUBE entered into a Compromise Agreement for the amicable settlement of all their cases and claims then pending with the NLRC and other tribunals. The total financial settlement granted to PVBEU-NUBE amounted to P35,000,000.00, 10% thereof as attorney's fees, and 5% thereof as special assessment fee to be deducted from the settlement amount of each member to defray the expenses incurred by the union in the prosecution of the labor cases.

On April 10, 1996, respondents, in their behalf and in behalf of 43 other PVBEU-NUBE members, filed with the Department of Labor and Employment-National Capital Region (DOLE-NCR) a petition[3] requesting an audit of the finances of the PVBEU-NUBE. Specifically, the request requires a separate and full accounting of the P600,000.00 representing the special assessment fee of 5% of the first installment of P12,000,000.00 of the Compromise Agreement.[4]

Pre-audit conferences were called. However, despite notices and directives served upon petitioners for them to appear and submit pertinent documents for the audit, they failed to do so.

On April 23, 1999, DOLE-NCR Regional Director Maximo B. Lim issued an Order[5] directing petitioners to open the union books of account to the respondents and to hold a general membership meeting to explain the financial status of the union to the members.

Petitioners filed an appeal with the Bureau of Labor Relations (BLR) questioning the Order calling for the conduct of a general membership meeting.[6]

On September 22, 1999, the parties were summoned to a conference by the BLR. At said conference, the parties agreed that the case be limited to the audit and accounting of all litigation expenses incurred by the union, upon which the 5% special assessment fee was based. They also admitted that the conduct of a general membership meeting of 529 members was no longer feasible because of the dissolution of the union and the termination of the members' employment in PVB.

On March 17, 2000, the BLR issued an Order[7] taking cognizance of the requested audit and accounting of the litigation expenses incurred by the union in the prosecution of its labor cases, considering that a general membership meeting was no longer feasible. Since petitioners did not submit any documents to the Regional Office in support of the alleged litigation expenses despite repeated summons made upon them, the BLR gave them a final chance to submit such documents. The BLR also required PVBEU-NUBE to comment on the petition since P1,372,953.00, part of the P12,000,000.00 special assessment fee, was allegedly remitted to PVBEU-NUBE.

On April 25, 2000, the parties and PVBEU-NUBE were summoned to appear before the BLR. At said conference, Jose P. Umali, representing PVBEU-NUBE, denied participation in the preparation and execution of the Compromise Agreement relative to the PVBEU-NUBE cases with the NLRC, as well as receipt of a check from PVB or PVBEU-NUBE representing the 5% special assessment fee referred to in the Compromise Agreement.

On the other hand, petitioner Sarapat stated that the litigation expenses incurred by PVBEU-NUBE was not limited to the NLRC but included the Supreme Court, the Office of the Secretary of Labor and Employment, and the NCR Arbitration Branch of the NLRC. He requested a period of 20 days or until May 8, 2000 within which to submit the necessary documents to support the alleged litigation expenses.

On May 9, 2000, petitioners filed their Compliance,[8] attaching a Statement of Receipts and Disbursements for the period June 15, 1985 to December 31, 1999, indicating the following disbursements:

Representation and entertainment

**P1,282,750.00**

Gasoline Expense

110,756.75

Membership dues – NUBE

160,000.00

Legal Fees

883,720.00

Christmas Gifts

50,750.25

Office supplies

19,665.35

Advertisement

20,000.00

Advertisement

20,000.00

Telegrams and Postage

7,546.65

Notarial and other fees

5,000.00

Transcript/clerical fees

5,000.00

Filing/appeal fees

10,000.00

Miscellaneous expenses (streamers)

15,000.00

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Total

**P2,580,189.00**

On October 5, 2000, the BLR issued a Resolution[9] declaring the Statement of Receipts and Disbursements as insufficient to prove the actual litigation expenses incurred in the prosecution of labor cases or to justify the 5% special assessment fee since no official receipts, disbursement vouchers, checks, acknowledgment receipts and such other documents which would show actual disbursement of funds and the purpose thereof were submitted.

Thus, the BLR held petitioners solidarily liable to restitute to the PVBEU-NUBE members the total amount of P1,409,946.00, representing the P1,399,246.00 partial remittance of the 5% check-off for the special assessment fee and P10,700.00 personal donations and contributions from PVBEU-NUBE members. It also directed PVB to refrain from deducting anymore 5% special assessment fee from any of the other members' settlement amount under the Compromise Agreement in view of petitioners' failure to justify the purpose of such deduction.

Petitioners filed a Motion for Reconsideration[10] but the BLR denied the same in a Resolution[11] dated December 26, 2000.

On March 12, 2001, petitioners filed a Petition for Certiorari[12] with the CA ascribing grave abuse of discretion to the BLR.

On January 29, 2002, the CA rendered a Decision[13] dismissing the petition. It held that petitioners failed to prove that the BLR acted in a capricious, whimsical, arbitrary or despotic manner in the exercise of its judgment, since all the issues raised by petitioners were judiciously addressed by the BLR after due consideration of the submissions of the parties.

Petitioners filed a Motion for Reconsideration[14] but the CA denied it in a Resolution[15] dated June 27, 2002.

Hence, the present petition anchored on the following grounds:

- THE COURT OF APPEALS COMMITTED GRAVE ERROR IN HOLDING THAT PETITIONERS WERE NOT DENIED DUE PROCESS OF LAW.[16]
- THE COURT OF APPEALS COMMITTED GRAVE ERROR IN NOT RESOLVING THE MAIN ISSUE BROUGHT BEFORE IT, THAT THE BLR ACTED WITHOUT JURISDICTION.[17]
- THE COURT OF APPEALS COMMITTED GRAVE ERROR IN NOT RULING ON THE ISSUE OF WHETHER OR NOT THE BLR ACTED IN EXCESS OF JURISDICTION IN ISSUING THE RESOLUTION OF 05 OCTOBER 2000 SINCE IT PASSED UPON ISSUES NOT BROUGHT TO IT ON APPEAL.[18]
- THE COURT OF APPEALS COMMITTED GRAVE ERROR IN IGNORING THE ISSUE OF WHETHER OR NOT RESPONDENT BLR ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN DENYING THE VALIDITY OF RESPONDENTS-APPELLANTS' ACCOUNTING.[19]
- THE COURT OF APPEALS COMMITTED GRAVE ERROR IN IGNORING THE ISSUE RAISED OF WHETHER RESPONDENT BLR ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN ORDERING RESTITUTION.[20]

In a Resolution[21] dated July 19, 2006, the Court required the parties to submit memoranda but only respondents complied therewith.

Petitioners submit that they were denied due process of law since the BLR ruled *motu proprio* on the propriety of the litigation expenses and ordered restitution without holding a hearing to ask petitioners to explain the accounting or to produce the books of account and receipts of the union; that the appeal before the BLR involved only the Order of the DOLE-NCR Regional Director calling for a general membership meeting; that the propriety of the litigation expenses claimed by petitioners and restitution were not issues on appeal; that a statement of expenses duly attested to by a certified public accountant is competent and valid evidence to prove expenses; that restitution was improper since the 5% special assessment fee became property of the union upon approval of the union members of the Compromise Agreement.

Respondents, on the other hand, aver that the BLR did not lose jurisdiction to pass upon the propriety of the litigation expenses when petitioners submitted its alleged accounting; that petitioners were not denied due process since they were given all the opportunities to present the required documents but they failed to do so; that as the real owners of the union funds are the union members, it was just proper for the restitution of the same to the members.

The petition is bereft of merit for the following reasons.

Firstly, petitioners cannot maintain that they were denied due process. Well-settled is the rule that the essence of due process is simply an opportunity to be heard, or, as applied to administrative proceedings, an opportunity to explain one's side or an opportunity to seek a reconsideration of the action or ruling complained of.[22] Not all cases require a trial-type hearing. The requirement of due process in labor cases is satisfied when the parties are given the opportunity to submit their position papers to which they are supposed to attach all the supporting documents or documentary evidence that would prove their respective claims.[23] Thus, in *Samalio v. Court of Appeals*,[24] the Court held:

Due process in an administrative context does not require trial-type proceedings similar to those in courts of

justice. Where opportunity to be heard either through oral arguments or through pleadings is accorded, there is no denial of procedural due process. A formal or trial-type hearing is not at all times and in all instances essential. The requirements are satisfied where the parties are afforded fair and reasonable opportunity to explain their side of the controversy at hand. The standard of due process that must be met in administrative tribunals allows a certain degree of latitude as long as fairness is not ignored. In other words, it is not legally objectionable for being violative of due process for an administrative agency to resolve a case based solely on position papers, affidavits or documentary evidence submitted by the parties as affidavits of witnesses may take the place of their direct testimony.[25]

In the present case, since the inception of the case before the DOLE-NCR, petitioners were given every opportunity to present their side and submit the union books of accounts and other needed documents to justify the litigation expenses incurred in the prosecution of the labor cases upon which the 5% special assessment fee was based. They failed to do so, even when they requested time, on several occasions, to submit the necessary documents. Besides, when petitioners filed a motion for reconsideration assailing the act of the BLR in ruling on the propriety of the litigation expenses, such action satisfied the requirement of due process. As the Court has consistently held, where the parties were given the opportunity to seek a reconsideration of the action or ruling complained of, they cannot claim denial of due process of law.[26]

Secondly, petitioners are estopped from assailing the jurisdiction of the BLR to rule on the propriety of the litigation expenses. Nary a howl of protest or shout of defiance spewed forth from petitioners' lips when the BLR took cognizance of the case and directed them to submit documents in support of the alleged litigation expenses. Petitioners filed a Compliance with the BLR's directive without raising an objection.

Thirdly, the BLR is clothed with ample authority to rule, *motu proprio*, on the propriety of the litigation expenses. The authority of the BLR is found in Article 226 of the Labor Code of the Philippines, which reads:

Art. 226. Bureau of Labor Relations. – The Bureau of Labor Relations and the Labor Relations Divisions in the regional offices of the Department of Labor shall have original and exclusive authority to act, at their own initiative or upon request of either or both parties, on all inter-union and intra-union conflicts, x x x. (emphasis supplied)

As held by the Court in *La Tondeña Workers Union v. Secretary of Labor*, intra-union conflicts such as examinations of accounts are under the jurisdiction of the BLR.[27]

Fourthly, even though the issue initially raised on appeal was limited to the Order of the DOLE-NCR Regional Director to hold a general membership meeting, since the petitioners admitted during the BLR conference on September 22, 1999 that such meeting was no longer feasible, the BLR was justified in taking cognizance of the case to resolve the issue of the propriety of the litigation expenses upon which the 5% special assessment fee was based. Considering that petitioners admitted on appeal that the case was limited to the audit and accounting of the litigation expenses incurred, such matter was open to evaluation.

Indeed, hearings and resolutions of labor disputes are not governed by the strict and technical rules of evidence and procedure observed in the regular courts of law. Technical rules of procedure are not applicable in labor cases, but may apply only by analogy or in a suppletory character, for instance, when there is a need to attain substantial justice and an expeditious, practical and convenient solution to a labor problem.[28] The BLR was therefore empowered to rule on the same to avoid further delay of the case. Clearly, consideration of the issue became necessary to arrive at a just decision and complete resolution of the case.

Fifthly, no grave abuse of discretion can be ascribed to the BLR in denying petitioners' Statement of Receipts and Disbursements as proof of litigation expenses incurred since petitioners failed to submit supporting receipts and

other documents. Truly, the BLR could only give credence to actual expenses supported by receipts and which appear to have been genuinely expended in connection with the labor cases. The expenses must be actually proven with a reasonable degree of certainty, premised upon competent proof or the best evidence obtainable.[29] It cannot be based simply on mere allegation without any tangible proof, such as receipts or other documentary proofs to support such claim.

Besides, it is absurd to consider expenses for representation and entertainment, membership dues to PVBEU-NUBE, Christmas gifts, advertisements and streamers as litigation expenses. As the BLR aptly stated, the 5% special assessment fee was not intended to form a general fund for the union, but for expenses incurred in the prosecution of the labor cases. Petitioners' failure to substantiate their claim of actual litigation expenses incurred in the prosecution of labor cases, by not presenting in evidence the actual receipts of such expenses and the relevance thereof, did not help their cause.

Lastly, the order for restitution was proper since the petitioners failed to prove the justification for the deduction of the 5% special assessment fee from the members' settlement amount. Restitution is defined as the "act of making good or giving an equivalent for any loss, damage or injury; and indemnification.[30] The Compromise Agreement was entered into, not to benefit the union, but to settle the claims and for the welfare of the union members.

In fine, the CA did not commit any error in upholding the Resolution of the BLR disallowing the 5% special assessment fee for petitioners' failure to support the alleged litigation expenses upon which the 5% special assessment fee was based.

WHEREFORE, the instant petition is DENIED. The Decision dated January 29, 2002 and Resolution dated June 27, 2002 of the Court of Appeals (CA) in CA-G.R. SP No. 63688 are AFFIRMED. Costs against petitioners.

**SO ORDERED.**

Ynares-Santiago, (Chairperson), Chico-Nazario, Nachura, and Reyes, JJ., concur.

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[1] Penned by Associate Justice Jose L. Sabio, Jr. and concurred in by Associate Justices Oswaldo D. Agcaoili (now retired) and Sergio L. Pestaño, CA rollo, p. 126.

[2] Id. at 156.

[3] CA rollo, p. 14.

[4] CA rollo, p. 15.

[5] Id. at 19.

[6] Id. at 24.

[7] Id. at 31.

[8] CA rollo, p. 37.

[9] CA rollo, p. 42.

[10] Id. at 48.

[11] Id. at 55.

[12] Id. at 2.

[13] Id. at 126.

[14] CA rollo, p. 136.

[15] Id. at 156.

[16] Rollo, p. 15.

[17] Id. at 16.

[18] Id. at 17.

[19] Id. at 18.

[20] Id. at 19.

[21] Id. at 141.

[22] Westmont Pharmaceuticals, Inc. v. Samaniego, G.R. Nos. 146653-54 and Samaniego v. Westmont Pharmaceuticals, Inc., G.R. Nos. 147407-408, February 20, 2006, 482 SCRA 611, 619; Mariveles Shipyard Corp. v. Court of Appeals, 461 Phil. 249, 265 (2003); St. Michael Academy v. National Labor Relations Commission, 354 Phil. 491, 511 (1998).

[23] Mariveles Shipyard Corp. v. Court of Appeals, *supra.*; Columbus Philippines Bus Corp. v. National Labor Relations Commission, 417 Phil. 81, 98 (2001).

[24] G.R. No. 140079, March 31, 2005, 454 SCRA 462.

[25] Id. at 472-473.

[26] Amarillo v. Sandiganbayan, 444 Phil. 487 (2003); Toh v. Court of Appeals, 398 Phil. 793, 800 (2000); NAPOLCOM v. Inspector Bernabe, 387 Phil. 819, 827 (2000).

[27] G.R. No. 96821, December 9, 1994, 239 SCRA 117, 124.

[28] Sime Darby Employees Association v. National Labor Relations Commission, G.R. No. 148021, December 6, 2006, 510 SCRA 204, 42; ABD Overseas Manpower Corporation v. National Labor Relations Commission, 350 Phil. 92, 104 (1998).

[29] See Sps. Quisumbing v. Manila Electric Company, 429 Phil. 727, 747 (2002); Fernandez v. Fernandez, 416 Phil. 322, 343 (2001).

[30] BLACK'S LAW DICTIONARY (Fifth Edition).

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