

SOLIDBANK CORPORATION, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION; RODOLFO N. BOMBITA, DANILO J. MEDRANO, DONALD F. MAGLEO, RONALD M. PASIMIO, JOSE R. PACHECO, ALFREDO ...

G.R. No. 165951. March 30, 2010

Ponente: PERALTA, J.

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PERALTA, J.:

Before this Court is a Petition for Review on certiorari,[1] under Rule 45 of the Rules of Court, seeking to set aside the May 28, 2004 Decision[2] and October 28, 2004 Resolution[3] of the Court of Appeals (CA), in CA-G.R. SP No. 76879. The CA awarded financial assistance to respondents Rodolfo Bombita et al. out of "compassionate justice" despite the fact that petitioner Solidbank Corporation had already paid the respondents their separation pay in accordance with Article 283 of the Labor Code.

The facts of the case are as follows:

Sometime in May 2000, petitioner decided to cease its commercial banking operations and forthwith surrendered to the Bangko Central ng Pilipinas its expanded banking license. As a result of petitioner's decision to cease its operations, 1,867 of its employees would be terminated.

On July 25, 2000, petitioner sent individual letters to its employees, including respondents, advising them of its decision to cease operations and informing them that their employment would be terminated. The pertinent portions of said letter are hereunder reproduced, to wit:

With the cessation of the banking operations of Solidbank Corporation and the surrender of its banking license to the Bangko Sentral ng Pilipinas (BSP), the employment of all Solidbankers will have to be terminated.

We regret that your services as an employee of Solidbank are hereby terminated, effective the close of business hours on 31 August 2000. Your separation package will be in accordance with the implementing guidelines issued to all officers and staff in President/CEO D.N. Vistan's Memorandum of 14 July 2000. You will receive your separation pay only upon release of your clearance, but not later than the effectivity date of your termination from the Bank.

We wish you success in your future endeavors.[4]

On July 31, 2000, petitioner sent to the Department of Labor and Employment a letter[5] dated July 28, 2000, informing said office of the termination of its employees, the pertinent portions of which read:

In compliance with the provisions of Article 283 of the Labor Code, we would like to inform the Department of Labor and Employment that Solidbank Corporation will cease operations and surrender its banking license to the Bangko Sentral ng Pilipinas effective 31 August 2000.

Due to the cessation of the Bank's operations, the employment of all officers and staff of Solidbank will be

terminated effective the close of business hours on 31 August 2000. As a result, the Bank will implement a separation program in accordance with the attached guidelines. The separation package offered to Solidbankers is more than what is required by law.[6]

Petitioner granted to its employees separation pay equivalent to 150% of gross monthly pay per year of service, and cash equivalent of earned and accrued vacation and sick leaves as a result of their dismissal. Upon receipt of their separation pay, the employees of petitioner, including respondents, individually signed a "Release, Waiver, and Quitclaim." [7]

On September 27, 2000, respondents filed with the Labor Arbiter (LA) complaints for illegal dismissal, underpayment of separation pay, plus damages and attorney's fees, and these were docketed as NLRC NCR Case Nos. 30-09-03843-00, 30-1004350-00, 30-10-03928-00, 30-10-04200-00, and 30-10-04036-00.

On July 22, 2002, the LA rendered a Decision[8] ruling that respondents were validly terminated from employment as a result of petitioner's decision to cease its banking operations. The LA, however, inspired by compassionate justice, awarded financial assistance of one month's salary to respondents. The dispositive portion of the Decision reads:

WHEREFORE, the Complaints for illegal dismissal filed by the complainants under the above-stated case numbers are hereby dismissed for lack of merit. However, inspired by compassionate justice, this Office hereby orders the respondent Solidbank Corporation to provide each complainant a financial assistance of one month's salary.

Metrobank's motion to dismiss the claim against it for want of jurisdiction is DENIED for lack of merit.

Complainants' motion to admit annexes dated March 12, 2001, together with their motions to amend affidavits/complaints dated January 22, 2001 are hereby GRANTED for being meritorious.

Solidbank's counterclaim is dismissed for lack of merit.

SO ORDERED.[9]

Both parties appealed the LA's Decision to the National Labor Relations Commission (NLRC).

On October 29, 2002, the NLRC rendered a Decision[10] affirming the findings of the LA that respondents were validly terminated. The NLRC ruled that the closure of a business is an authorized cause sanctioned under Article 283 of the Labor Code and one that is ultimately a management prerogative. The NLRC, however, modified the LA's Decision by increasing the amount of financial assistance to two month's salary out of compassionate justice. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the Decision appealed from is affirmed with modification as to the award of the financial assistance.

SO ORDERED.[11]

Aggrieved by the NLRC Decision, petitioner then appealed to the CA, specifically questioning the grant of financial assistance to respondents.

On May 28, 2004, the CA rendered a Decision reversing the Decision of the NLRC. The CA shared the view of the LA that respondents should only be awarded one month's salary as financial assistance and not two month's salary as previously decreed by the NLRC. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the assailed Decision is hereby REVERSED, and the 22 July 2002 Decision of the Labor Arbiter is hereby REINSTATED.

SO ORDERED.[12]

Petitioner then filed a motion for reconsideration, which was, however, denied by the CA in a Resolution dated October 28, 2004.

Hence, herein petition, with petitioner raising the following assignment of errors, to wit:

THERE IS NO LEGAL BASIS FOR THE COURT OF APPEALS' AWARD OF FINANCIAL ASSISTANCE EQUIVALENT TO ONE-MONTH'S SALARY TO THE RESPONDENTS AFTER ITS FINDING THAT SOLIDBANK HAS MORE THAN COMPLIED WITH THE MANDATE OF THE LAW ON PAYMENT OF SEPARATION PAY.[13]

THE AWARD OF FINANCIAL ASSISTANCE CANNOT BE JUSTIFIED ON THE BASIS OF "COMPASSIONATE JUSTICE" AND AS A FORM OF "EQUITABLE RELIEF." [14]

TO SUSTAIN THE COURT OF APPEALS' AWARD OF FINANCIAL ASSISTANCE TO THE 140 VALIDLY-DISMISSED RESPONDENTS WOULD RESULT IN A HIGHLY ANOMALOUS SITUATION WHERE THE SAID RESPONDENTS WOULD BE ACCORDED BETTER BENEFITS THAN OTHER FORMER SOLIDBANK EMPLOYEES WHO WERE SIMILARLY SITUATED.[15]

The petition is meritorious. The errors being interrelated, this Court shall discuss the same seriatim.

Before anything else, this Court shall first address the allegations raised by respondents in their Comment,[16] which deal with the issue of the validity of their termination. Respondents, in the main, claim that their termination was unlawful as petitioner did not really cease its operations.[17] Thus, notwithstanding their admission that the LA, the NLRC, and the CA all ruled in unison that their termination was in accordance with law, respondents seek this Court's discretion to reverse such findings.

On this note, it is well settled that this Court is not a trier of facts. To begin with, the question of whether respondents were dismissed for authorized cause is a question of fact which is beyond the province of a petition for review on certiorari. It is fundamental that the scope of the Supreme Court's judicial review under Rule 45 of the Rules of Court is confined only to errors of law. It does not extend to questions of fact; more so, in labor cases where the doctrine applies with greater force.[18]

The LA and the NLRC have already determined the factual issues, and these were affirmed by the CA. Thus, they are accorded not only great respect but also finality, and are deemed binding upon this Court so long as they are supported by substantial evidence. A heavy burden rests upon respondents to convince the Court that it should take exception from such a settled rule.[19]

Moreover, what is damning to the cause of the respondents is the fact that the issue of the validity of their dismissal is now already final. As correctly manifested by petitioner, respondents had earlier filed with this Court a petition for review[20] dated December 28, 2004, docketed as G.R. No. 165985, entitled *Rodolfo Bombita, et al. v. Solidbank Corporation, et al.*, which questioned the validity of their termination. A perusal of said petition shows that the issues raised therein are the very same issues respondents now raise in their Comment. On February 21, 2005, this Court's Second Division issued a Resolution[21] denying respondents' petition for review. On September 20, 2005, an Entry of Judgment[22] was rendered. Based on the foregoing, the validity of the termination of respondents is an issue that this Court must no longer look into as a necessary consequence of the denial of their petition for review before this Court.

Now, going to the issues raised by petitioner, this Court finds the same to be impressed with merit.

Article 283 of the Labor Code provides:

ARTICLE 283. Closure of establishment and reduction of personnel. - The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or 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 and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor-saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole year. [23]

Based on Article 283, in case of cessation of operations, the employer is only required to pay his employees a separation pay of one month pay or at least one-half month pay for every year of service, whichever is higher. That is all that the law requires.

In the case at bar, petitioner paid respondents the following: (a) separation pay computed at 150% of their gross monthly pay per year of service; and (b) cash equivalent of earned and accrued vacation and sick leaves. Clearly, petitioner had gone over and above the requirements of the law. Despite this, however, petitioner has been ordered to pay respondents an additional amount, equivalent to one month's salary, as a form of financial assistance.

The LA awarded the financial assistance out of "compassionate justice." The CA affirmed such grant also out of "compassionate justice" and as a form of "equitable relief" for the employees who were suddenly dismissed due to exigencies of business.[24]

After a thorough consideration of the circumstances at bar, this Court finds that the award of financial assistance is bereft of legal basis and serves to penalize petitioner who has complied with the requirements of the law.

It behooves this Court as to why the CA affirmed the grant of financial assistance notwithstanding its pronouncement that it would be inequitable to allow respondents to receive benefits than those prescribed by law and jurisprudence, to wit:

In the instant case, both the Labor Arbiter and the NLRC upheld the validity of the dismissal of the employees and of the quitclaim agreements between the affected employees and employer Solidbank. However, it was a strange occurrence when the NLRC granted an additional award of separation pay in an amount equivalent to two months salary to each employee. This means that Solidbank now has the obligation to pay the employees not only their wages, benefits and other privileges under the law, and separation pay in an amount equivalent to 150% of their one month's pay, but also financial assistance equivalent to two months pay to each employee. Such a situation cannot be upheld by this Court. As discussed above, all that the law requires in cases of dismissal due to an authorized cause is that the employer must pay financial assistance or separation pay in an amount equivalent to "one month's pay or one-half month's for every year of service, whichever is higher." Solidbank has complied with the mandate of the law. Hence, it would be unjust and inequitable to allow the employees to receive higher benefits than those prescribed by the Labor Code and jurisprudence.[25]

Moreover, a review of jurisprudence relating to the application of "compassionate and social justice" in granting financial assistance in labor cases shows that the same has been generally used in instances when an employee has been dismissed for a just cause under Article 282 of the Labor Code and not when an employee has been dismissed for an authorized cause under Article 283.

As a general rule, an employee who has been dismissed for any of the just causes enumerated under Article

282[26]of the Labor Code is not entitled to separation pay.[27] Although by way of exception, the grant of separation pay or some other financial assistance may be allowed to an employee dismissed for just causes on the basis of equity.[28]

The reason that the law does not statutorily grant separation pay or financial assistance in instances of termination due to a just cause is precisely because the cause for termination is due to the acts of the employee. In such instances, however, this Court, inspired by compassionate and social justice, has in the past awarded financial assistance to dismissed employees when circumstances warranted such an award.

In *Central Philippines Bandag Retreaders, Inc. v. Diasnes*,[29] this Court discussed the parameters of awarding separation pay to dismissed employees as a measure of financial assistance, viz:

To reiterate our ruling in *Toyota*, labor adjudicatory officials and the CA must demur the award of separation pay based on social justice when an employee's dismissal is based on serious misconduct or willful disobedience; gross and habitual neglect of duty; fraud or willful breach of trust; or commission of a crime against the person of the employer or his immediate family - grounds under Art. 282 of the Labor Code that sanction dismissals of employees. They must be most judicious and circumspect in awarding separation pay or financial assistance as the constitutional policy to provide full protection to labor is not meant to be an instrument to oppress the employers. The commitment of the Court to the cause of labor should not embarrass us from sustaining the employers when they are right, as here. In fine, we should be more cautious in awarding financial assistance to the undeserving and those who are unworthy of the liberality of the law.[30]

Thus, in *Philippine Commercial International Bank v. Abad*,[31] this Court, having considered the circumstances present therein and as a measure of social justice, awarded separation pay to a dismissed employee for a just cause under Article 282. The same concession was given by this Court in *Aparente, Sr. v. National Labor Relations Commission*[32] and *Tanala v. National Labor Relations Commission*. [33]

Looking now at Article 283, this Court holds that the same was drafted by the legislature, taking the best interest of laborers in mind. It is clear that the causes of the termination of an employee under Article 283 are due to circumstances beyond their control, such as when management decides to reduce personnel based on valid grounds, or when the employer decides to cease operations. Thus, the bias towards labor is very apparent, as the employer is statutorily required to pay separation pay, the amount of which is also statutorily prescribed.

While the CA should not be faulted for sympathizing with the plight of respondents as they suddenly lost their means of livelihood, this Court holds that it is precisely because of the sudden loss of employment – one that is beyond the control of labor – that the law statutorily grants separation pay and dictates how the same should be computed. Thus, any business establishment that decides to cease its operations has the burden of complying with the law. This Court should refrain from adding more than what the law requires, as the same is within the realm of the legislature.

It bears to stress, however, that petitioner may, as it has done, grant on a voluntary and ex gratia basis, any amount more than what is required by the law, but to insist that more financial assistance be given is certainly something that this Court cannot countenance, as the same serves to penalize petitioner, which has already given more than what the law requires. Moreover, any award of additional financial assistance to respondents would put them at an advantage and in a better position than the rest of their co-employees who similarly lost their employment because of petitioner's decision to cease its operations.

Withal, the law, in protecting the rights of the laborers, authorizes neither oppression nor self-destruction of the employer. While the Constitution is committed to the policy of social justice and the protection of the working class, it should not be supposed that every labor dispute will be automatically decided in favor of labor. The

management also has its own rights, as such, are entitled to respect and enforcement in the interest of simple fair play. Out of its concern for those with less privileges in life, the Supreme Court has inclined more often than not toward the worker and upheld his cause in his conflicts with the employer. Such favoritism, however, has not blinded the Court to the rule that justice is in every case for the deserving, to be dispensed in the light of the established facts and applicable law and doctrine.[34]

WHEREFORE, premises considered, the petition is GRANTED. The May 28, 2004 Decision and October 28, 2004 Resolution of the Court of Appeals, in CA-G.R SP No. 76879, are REVERSED and SET ASIDE.

SO ORDERED.

DIOSDADO M. PERALTA

Associate Justice

WE CONCUR:

RENATO C. CORONA

Associate Justice

Chairperson

PRESBITERO J. VELASCO, JR.

Associate Justice

ANTONIO EDUARDO B. NACHURA

Associate Justice

JOSE CATRAL MENDOZA

Associate Justice

[1] Rollo, pp. 10-33.

[2] Penned by Associate Justice Mariano C. del Castillo (now a member of this Court), with Associate Justices Roberto A. Barrios and Magdangal M. de Leon, concurring; id. at 37-47.

[3] Id. at 49.

[4] See rollo, pp. 123-259.

[5] Rollo, p. 260.

[6] Id. (Emphasis supplied.)

[7] See rollo, pp. 405-683.

[8] Rollo, pp. 764-776.

[9] Id. (Emphasis supplied.)

[10] Id. at 853-864.

[11] Id. at 863.

[12] Id. at 46.

[13] Id. at 19.

[14] Id. at 26.

[15] Id. at 27.

[16] Id. at 935-952.

[17] Id at 939.

[18] *Skippers United Pacific, Inc. v. National Labor Relations Commission*, G.R. No. 148893, July 12, 2006, 494 SCRA 661, 667.

[19] Id.

[20] Rollo, pp. 962-985.

[21] Id. at 986- 987. The pertinent portions read:

In accordance with Rule 45 and other related provisions of the 1997 Rules of Civil Procedure, as amended, governing appeals by certiorari to the Supreme Court, only petitions which are accompanied by, or comply strictly with, the requirements specified therein shall be entertained. On the basis thereof, the Court Resolves to DENY the petition for review on certiorari dated 28 December 2004 assailing the decision of the Court of Appeals for petitioners' failure to properly verify the petition in accordance with Section 1, Rule 45, in relation to Section 4, Rule 7, and to submit a valid certification of non-forum shopping in accordance with Section 4 (e), Rule 45, in relation to Section 5, Rule 7, Section 2, Rule 42, and Sections 4 and 5 (d), Rule 56, the attached verification and certification of non-forum shopping having been signed by petitioner Rodolfo N. Bombita only without proof of authority to sign for his co-petitioners. Moreover, the certification on non-forum shopping/verification and affidavit of service of the petition did not indicate affiants' community tax certificate numbers or any competent evidence of affiants' identities, and counsel for petitioners failed to indicate his Attorney's Roll number.

[22] Rollo, pp. 988-989.

[23] Emphasis supplied.

[24] Rollo, pp. 45-46.

[25] Id. at 44-45. (Emphasis and underscoring supplied.)

[26] ART. 282. Termination by employer. - An employer may terminate an employment for any of the following causes:

- Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
- Gross and habitual neglect by the employee of his duties;
- Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
- Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representative; and
- Other causes analogous to the foregoing.

[27] Section 7, Rule I, Book VI of the Omnibus Rules Implementing the Labor Code provides:

Sec. 7. Termination of employment by employer. -- The just causes for terminating the services of an employee

shall be those provided in Article 282 of the Code. The separation from work of an employee for a just cause does not entitle him to the termination pay provided in the Code, without prejudice, however, to whatever rights, benefits and privileges he may have under the applicable individual or collective bargaining agreement with the employer or voluntary employer policy or practice.

[28] Philippine Commercial International Bank v. Abad, 492 Phil. 657, 663-664 (2005).

[29] G.R. No. 163607, July 14, 2008, 558 SCRA 194.

[30] Id. at 207.

[31] Supra note 28.

[32] 387 Phil. 96 (2000).

[33] 322 Phil. 343 (1996).

[34] Mercury Drug Corporation v. National Labor Relations Commission, G.R. No. 75662, September 15, 1989, 177 SCRA 580, 586-587.

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