

FORTUNE TOBACCO CORPORATION, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION & EDGARDO DE LA CRUZ, ET AL., RESPONDENTS.

G.R. No. 95937. August 16, 1991

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

The computation of the backwages to be paid to the herein private respondents is in issue in this petition for certiorari and prohibition.

The record of the case discloses the following facts:

On January 29, 1986, the private respondents filed a complaint for illegal dismissal against their employer, the herein petitioner Fortune Tobacco Corporation before the National Labor Relations Commission (NLRC) praying that they be reinstated in the company with full backwages and without loss of seniority rights. The case was docketed as NLRC Case No. 1-381-86.

The parties submitted their respective position papers with the petitioner maintaining that it had already sold its redrying plant as of October 17, 1985. In due time, the labor arbiter to whom the case was assigned rendered a decision, the dispositive portion of which reads as follows:

"WHEREFORE, respondent (herein petitioner) is hereby ordered to reinstate the individual complainants (herein private respondents) to their former position(s) with full backwages reckoned from October 5, 1985 up to actual reinstatement, or, in the alternative, to pay each of the complainants their separation pay equivalent at least to one month salary for every year of service, whichever is higher a fraction of six months being considered as one whole year, and for purposes of computing said benefit, the usual or normal seasonal period of one (1) calendar year shall be treated as one (1) whole year.

"xxx."[1]

The petitioner appealed the said decision of the labor arbiter to the NLRC. On July 31, 1989, the NLRC promulgated its resolution modifying the decision appealed from, thus:

"And considering that as alleged by the respondent without any contravention from the complainants that the plant had already been sold, respondent-appellant must pay separation pay to all those who opt not to be rehired by the new owner of the plant. Respondent?appellant must also pay the complainants' backwages from October 5, 1985 up to the date the plant was actually sold. Such backwages must be computed by taking into consideration the nature of complainants work as seasonal period in one (1) calendar year should be treated as one (1) whole year (sic).

"Wherefore, except for the above modification the decision sought to be reversed should be as it is hereby AFFIRMED.

Costs against respondent-appellant." (Emphasis supplied.)[2]

The petitioner went to this Court in G.R. No. 89477 by way of a petition. The same was, however, dismissed in a resolution dated September 4, 1989 issued by the Second Division of this Court.[3] Thus, the decision of the NLRC became final and executory.

On August 21, 1990, the Research and Information Unit of the NLRC came up with its "Computation of Backwages and Separation Pay" pursuant to the decision dated July 31, 1989.[4] The amount stated in the computation is P3,863,464.89. The said amount was apparently reached by reckoning the computation period to start from October 5, 1985 up to August 1990. The research unit also stated that it took into account this period because the date of the actual sale of the plant is not ascertained.

On August 28, 1990, in a hearing set up for the purpose, the petitioner was given ample time to establish by way of competent proof the date of the actual sale of the plant and its facilities cited in the final and executory decision of the NLRC. On September 7, 1990, the petitioner filed its manifestation to which was attached a certified copy of the "Deed of Conditional Sale" executed by and between the petitioner and Premium Tobacco Redrying and Fluecuring Company, Inc. (PTRFC) dated October 17, 1985. The petitioner also attached its own computation of the amounts which should be paid the private respondents. In fine, the petitioner has taken the position that the date of the actual sale of the plant and its facilities is October 17, 1985 and as such the amount stated in the computation of the research unit of the NLRC should be substantially reduced.

On September 29, 1990, the private respondents filed their "Opposition to Manifestation" with annexes showing a certification from the Office of the Municipal Assessor of Marikina, Metro Manila, a copy of a Declaration of Real Property and an affidavit of one of the complainants in this case alleging that there was no actual sale of the plant and its facilities to the alleged vendee. The opposition alleges, among others, that there was no actual transfer or actual sale of the plant and its facilities in favor of the PTRFCI; that only a change in name and form has been undertaken by the petitioner; that the properties are still declared in the name of the petitioner; that the PTRFCI representative, a certain Mr. Angelo Ang, is the plant manager of the Vigan, Ilocos Sur plant of the petitioner; that the control, management, operation and funding of the plant are in the hands of the petitioner notwithstanding the alleged sale; and that the computation made by the NLRC is in order.

The petitioner filed its comment/rejoinder on September 27, 1990, alleging therein that the sale on October 17, 1985 is valid and that the property remains in the name of the petitioner pending the full payment of the purchase price agreed upon by the vendor and the vendee.[5]

On October 26, 1990, Labor Arbiter Ramon Reyes issued an order holding, among others, that there was no actual sale between the petitioner and the PTRFCI; that the Deed of Conditional Sale entered into by the said parties does not state any consideration; and that no actual sale has taken place. With this observations, the labor arbiter went on to declare that the computation of the research unit of the NLRC in the amount of P3,863,464.89 is in accord with the resolution of the said Commission.

On October 30, 1990, the labor arbiter issued a writ of execution directing the Acting Sheriff of the NLRC to collect the aforesaid amount of P3,863,464.89 from the petitioner in satisfaction of its obligation or to cause the full satisfaction of the same out of the chattels of the immovable properties of the petitioner.[6]

The petitioner elevated the case to this Court by way of the instant petition with the same arguments raised before the NLRC recited therein. The petitioner prays for the issuance of a temporary restraining order and/or writ of preliminary injunction. The thrust of the petition is that the computation made by the NLRC is attended with grave abuse of discretion and thus, the writ of execution should not be enforced. The petitioner also argues that the award of damages should be limited to cover a three-year period only, in accordance with prevailing jurisprudence.

On November 21, 1990, this Court resolved to issue a temporary restraining order enjoining the private respondents from enforcing the challenged writ of execution. The petitioner filed a bond in the amount of P100,000.00.

The Office of the Solicitor General, as counsel for the NLRC, filed its comment praying therein for the dismissal of the petition on the ground that no jurisdictional infirmity attended the issuance of the challenged writ of execution because there is no actual sale of the plant and its facilities up to the present time.[7]

The Court eventually resolved to give due course to the petition. After the parties filed the required pleadings, the case was deemed submitted for decision.

Pursuant to the resolution of the NLRC dated July 31, 1989, which was for all intents and purposes sustained by this Court as explained earlier, the petitioner is required to, among others, pay the backwages of the private respondents for the period covering October 5, 1985 up to the time the plant and its facilities are actually sold.

The petitioner maintains that the plant and its facilities were sold on October 17, 1985 by virtue of the Deed of Conditional Sale, bearing the same date, executed by the petitioner and the PTRFCI. Thus put, the petitioner contends that the amount of backwages to be paid to the private respondents should be based on the period covering October 5 to 17, 1985. On the other hand, the private respondents maintain that there has been no actual sale of the plant and its facilities up to the present time and as such the backwages to be paid should be computed accordingly. The NLRC shares the view of the private respondents.

The Court finds that there is no actual sale of the plant and its facilities up to the present time.

While the Deed of Conditional Sale was executed on October 17, 1985, it does not necessarily follow that the plant and its facilities were, ipso facto, sold on that very day. The pertinent portions of the said document are as follows:

"1. Upon execution of this Deed the PROPERTIES shall be deemed transferred to the possession of the VENDEE. Ownership, however, over the PROPERTIES shall be retained by the VENDOR until the VENDEE shall have paid in full the purchase price stipulated in Article I hereof. The VENDEE shall not, in the meantime, sell, lease, let or otherwise encumber or dispose of the PROPERTIES or assign its rights under this Agreement without the prior written consent of the VENDOR. Any disposition made in violation of this article shall be void ab initio.

"2. The VENDOR, upon full payment by the VENDEE of the unpaid balance of the purchase price inclusive of interest charges above specified will execute and deliver to the VENDEE a final or absolute deed of sale over the PROPERTIES.

"II. DEFAULT AND FORFEITURE

"1. That in case the VENDEE fails to make timely payment as specified above, or fails to perform any of the covenants or agreements hereof, this contract shall, at the exclusive option the VENDOR, be annulled and in such event, all payments made by the VENDEE by virtue of this contract shall be automatically forfeited and retained by the VENDOR as rental payments for the use of said PROPERTIES and/or liquidated damages sustained by it as a result of the VENDEE's default; and the VENDEE shall forthwith surrender the possession and custody of the PROPERTIES to the VENDOR." [8]

A careful evaluation of the stipulations of the said agreement will readily show that the petitioner has no intention to transfer ownership over the plant and its facilities to the vendee unless there is full payment of the purchase price on the part of the latter. In fact, it is clearly stipulated that ownership over the plant and its facilities will be transferred to the vendee by way of "a final and absolute deed of sale" only after such full payment, inclusive of

interest charges. The terms and conditions of the agreement speak for themselves. At any rate, even accepting that the plant and its facilities have been sold on a conditional basis, there can be no actual sale thereof unless the plant and its facilities are unconditionally conveyed to the PTRFCI by virtue of "a final or absolute deed of sale" in accordance with the terms and conditions stated in the agreement between the parties.

The Solicitor General manifests that the tax records of the petitioner as well as the certification issued by the Municipal Assessor of Marikina reveal that the plant is still registered in the name of the petitioner.[9] The Solicitor General points out that under these circumstances, the petitioner may not validly contend that there has been an actual sale of the plant and its facilities to the PTRFCI. These observations are well-taken.

The petitioner, however, correctly asserts that the award of backwages should be limited to cover a three-year period, and, a fortiori, any award in excess of such period is null and void. The contention finds support in prevailing jurisprudence.[10] A modification is, therefore, in order. The backwages to be paid to the private respondents should not exceed a period covering three years, computed from October 5, 1985.

WHEREFORE, the instant petition is hereby DISMISSED. The backwages to be paid to the private respondents should, however, not exceed a period covering three (3) years, computed from October 5, 1985. No pronouncement as to costs.

SO ORDERED.

Narvasa, (Chairman), Cruz, Griño-Aquino, and Medialdea, JJ., concur.

* The complete list of petitioners is not disclosed in the record.

[1] Page 32, rollo.

[2] Pages 5 and 6, NLRC resolution.

[3] Page 44, rollo.

[4] Pages 46 to 49, rollo.

[5] Pages 52 to 55, rollo.

[6] Pages 97 to 99, rollo.

[7] Pages 5 to 6, NLRC resolution.

[8] Pages 167 and 168, rollo.

[9] Pages 11 and 12, comment of the Solicitor General; pages 169 and 170, rollo.

[10] D.M. Consunji v. Pucan, 159 SCRA 107 (1988); Medado v. Court of Appeals, 185 SCRA 80 (1990).

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