

NATIONAL POWER CORPORATION, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION AND GABRIEL V. MANANSALA, RESPONDENTS.

G.R. Nos. 65882-84. April 15, 1988

Ponente: PADILLA, J.

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PADILLA, J.:

Appeal from the Resolution of the National Labor Relations Commission (NLRC, for short), dated 10 August 1983, in NLRC Case No. 65-IPA-CIR entitled "National Power Corporation Complainant, versus National Power Corporation Employees and Workers Association and Court of Industrial Relations. Respondents," which affirmed the Order of the NLRC Labor Arbiter, dated 21 May 1980, issued in the same case, directing petitioner National Power Corporation (NPC for short) to deliver to private respondent Atty. Gabriel V. Manansala the amount of P33,450.18 which it holds in trust for the National Power Corporation Employees and Workers Association (NPCEWA, for short)

On 11 January 1966, the NPCEWA staged a strike against NPC for alleged violation of their collective bargaining agreement. The dispute, which spawned into four (4) related cases, was brought to the Court of Industrial Relations [later succeeded by the NLRC] and, eventually to this Court. On 9 July 1973, both disputants were able to thresh out their differences in a Supplemental Agreement. Accordingly, they filed a joint Motion to Withdraw all pending labor cases against each other.[1]

Attorney Simplicio J. Balcos, NPCEWA's former counsel, questioned the validity of the Agreement and opposed the NPC and NPCEWA joint Motion to Withdraw. He contended that to allow said withdrawal would unjustly deprive him of his attorney's fees.[2]

On 1 March 1979, this Court upheld the validity of the Agreement and granted the NPC and NPCEWA Joint Motion to Withdraw, in a Joint Resolution in "National Power Corporation vs. National Power Corporation Employees and Workers Association and Court of Industrial Relations,"[3] stating:

"Accordingly, the "Joint Motion to Withdraw" the above-entitled cases is granted. Consequently, the said cases are hereby considered withdrawn. The Secretary of Labor, however, is directed to receive evidence for the purpose of fixing the reasonable attorney's fee due to Atty. Simplicio S. Balcos from NPCEWA. No costs.""[4]

On 5 September 1979, after the withdrawn cases were remanded to the Ministry of Labor and Employment, private respondent Atty. Gabriel V. Manansala, the retained counsel of the NPCEWA during the successful negotiations resulting in said Supplemental Agreement, filed a Motion for Remittance of Attorney's Fees.[5] On 26 September 1979, NPC moved for dismissal of the motion for lack of jurisdiction, improper venue, and/or lack of cause of action. It asserted that it had already issued a check for ten thousand pesos (P10,000.00) in favor of Atty. Manansala, and stated: "As to any other accounts [,] NPC no longer held [sic] any funds in trust for NPCEWA and, therefore, if the movant has a right to attorney's fees for services rendered to the NPCEWA, he has no cause of action against NPC."[6]

This motion to dismiss was denied on 8 November 1979 by the Labor Arbiter, in an order stating thus:

"A motion for remittance of attorney's fees by the National Power Corporation to movant Atty. Gabriel Manansala has been filed in these cases. Antecedents of this motion as can be gleaned from this pleading, the supporting papers and from those of the other party disclose that presently, the amount corresponding to attorney's fee is in the hands of the NPC. Such fees stemmed from the services rendered by said movant to the NPC Employees and Workers Association (NPCEWA, for short) involved in the above-entitled cases, all originating from the defunct Court of Industrial Relations. The said sum is admittedly Ten Thousand Pesos (P10,000.00) as a partial claim. It is being held in trust by NPC. xxx. (Italics supplied).

xxx xxx xxx

"The foregoing admittedly were cases that originated from the defunct Court of Industrial Relations, of which this Commission is the successor. The present motion basically concerns a question of implementation or execution against the NPCEWA, where the attorney's fees due movant are now held by National Power Corporation. We fail to see why the jurisdiction of this Commission will not be impugned on such a matter. The NPC itself is a party to these cases.

"As it is, the only legal obligation is to deliver the amount to the movant Atty. Gabriel Manansala. The NPC is a trustee or garnishee of funds belonging to NPCEWA, and the former is certainly obligated to deliver the same, since the union itself so allows payment to movant.

"WHEREFORE, in view of the foregoing, the National Power Corporation is hereby directed to deliver to Atty. Gabriel Manansala the partial claim in the amount of Ten Thousand Pesos (P10,000.00) within five (5) days from receipt of this Order.

"With respect to the balance of the attorney's fees due to Atty. Gabriel Manansala, let the Research and Information Division through its Socio-Economic Analyst compute the same."[7]

On 3 December 1979 [not November as mistakenly stated by the Labor Arbiter], without acting on the Motion for Reconsideration filed by NPC,[8] a writ of execution was issued directing the Sheriff to collect from NPC the partial claim of P10,000.00. This was however returned unsatisfied because the Commission on Audit allegedly refused to indorse the check which NPC had already prepared as early as May 1979. Consequently, on 15 February 1980, NPC's deposit with the Philippine National Bank was levied upon to satisfy the partial claim.[9]

Meanwhile, on 12 February 1980, NLRC's analysts reported that they could not submit a computation of Attorney Manansala's balance for attorney's fees, as ordered, because NPC had alleged that it did not have the appropriate records in its possession.[10] The analysts were then directed to consult other extant and available records to quantify Attorney Manansala's claim. On 27 March 1980, another report was submitted by the analysts, in which the benefits that NPCEWA received were computed at P12,774,000.00 as follows:

"Attached herewith is the letter, dated March 19, 1980, submitted by Atty. Gabriel Manansala. Mentioned therein are the benefits given to the members of the union NPCEWA as per Supplemental Agreement entered into by the NPCEWA and NPC Supervisors Union between the National Power Corporation on July 9, 1973. Shown below is the summary of the benefits given to the members of the union (NPCEWA);

a.

Strike duration pay for 17 days at an average of PI 5.00 per day for 2,000 employees

P 310,000.00

b.

Yearly wage increase as a result of upward adjustment of pay scale

5,704,000.00

c. Signing bonus— P500 x 2,000

1,000,000.00

d. 6% yearly adjustment

5,760,000.00

Total amount—

P12,774,000.00

The above figures in the amount of P12,774,000.00 was arrived at by assuming that there were 2,000 members of the NPCEWA, who were paying their union dues. The rates were based from the average yearly increase."^[11]

This report was set for hearing on 23 April 1980 but NPC failed to appear. On 30 April 1980, however, NPC filed a Comment and submitted an official record of the union, taken from a former union official, showing that the balance of NPCEWA's funds which NPC was holding in trust, amounted to P33,450.18 only.

On 14 May 1980, the Labor Arbiter approved the 27 March 1980 report of the NLRC analysts and ordered NPC to deposit with the NLRC cashier the sum equivalent to ten percent (10%) of twelve million, seven hundred seventy-four thousand pesos (P12,774,000.00) minus ten thousand pesos (P10,000.00) or one million, two hundred sixty-seven thousand, four hundred pesos (P1,267,400.00).

Relevant portions of the Labor Arbiter's Order state thus:

"Atty. Gabriel Manansala is the retained counsel of the National Power Corporation Employees and Workers Association (NPCEWA) during the successful negotiations resulting in the Supplemental Agreement referred to in the above-quoted resolution of the Supreme Court. The NPCEWA did recognize this service by passing Resolution No. 73-3 which provides among others, to wit:

xxx xxx xxx

Whereas, Resolution No. 72-22 of the NPCEWA Board provides: 'xxx that claims for contingent fees on any benefit accruing to the members shall be subject to the approval of the NPCEWA Board.

"WHEREAS, thru the representation of the members of the NPCEWA Board, the Union counsel agreed to reduce this original demand from 15% to 10% of the aforementioned benefits.

xxx xxx xxx

"RESOLVED, further that the above assessment to be, as it is hereby appropriated in accordance with the following distribution:

10%

attorney's fees

4%

NPCEWA General Welfare fund

1%

Chapter's share

xxx xxx xxx

"Respondent NPC as it turned out did deduct and hold in trust the foregoing deductions, xxx.

"[W]hen the Honorable Supreme Court finally promulgated its said Resolution on March 1, 1979, e.g. around six years later, respondent NPC had the amounts in trust as indicated by the following communication of its General counsel, Atty. Marcelino Ilao. Again we quote:

May 22, 1979

"MEMO FOR — The Controller

"Subject: Remittance of attorney's fees collectible from the economic benefits enjoyed by former union (NPCEWA) members under the Supplemental Agreement of July 9, 1973.

"Forwarded herewith is the letter of Atty. Gabriel Manansala, former counsel for NPCEWA, dated March 10, 1979, together with the pertinent resolutions of the Board of Directors of the defunct union and the Decisions of the Supreme Court granting the petition of both NPC and NPCEWA withdrawing all labor cases against each other after considering the opposition of some eighteen (18) members led by Enrique Barredo. Also forwarded is a copy of the subject Supplemental Agreement.

"It will be recalled that upon the execution of the subject agreements, management implemented the same and employees were paid the benefits accruing therefrom, except those union members who opposed the same. In effecting the payment, the corresponding deductions due the NPCEWA and attorney's fees were deducted but not remitted to the Union. Whether the sums retained were returned to the union members, the records do not show. The personnel who was then directly involved in this matter was Mr. Luis Tec. Consequently, it is requested that the records of deductions effected them and other pertinent documents be located to determine [the] whereabouts of the sums retained and the union members who were recipients of the benefits for purposes of remitting the sum to the former counsel of the union.

(Sgd) MARCELINO C. ILAO General Counsel"

xxx xxx xxx

"An examination of the Supplemental Agreement would at once disclose that — a) its lifetime is four (4) years starting from July 1973; b) it has a wage escalation clause "in the event that the cost of living index in any given year shall exceed more than six percent (6%) per year"; c) it provides for a retroactive payment of salary differentials pursuant to an improved salary scales "as approved under Resolution No. 73-189 dated June 15, 1973" by the NPC Board; d) it provides for reimbursement of the employees strike duration pay for seventeen (17) days. (Please refer to page 5 of said Supplemental Agreement). Another consideration for the execution of said agreement is the grant of "contract implementation bonus" or what is commonly called signing bonus. Altho not mentioned in the contract, the same is specifically treated in the letter dated 10 March 1979 jointly signed by Atty. Manansala and Mr. Eugenio P. Marquez, NPCEWA President. (See Annex D, of Motion for Remittance of Attorney's Fee). The two were counsel and Chairman, respectively, of the union panel that negotiated the contract. As such they were privy to all the discussions, assurances and commitments that led to the signing of said contract.

"In so far as the claim of Atty. Manansala is concerned, there appears to be no doubt about the propriety of the same. As a matter of fact, the partial claim of P10,000.00 was already paid. With respect to the rest, the same had already been segregated and held in trust by the NPC. This was admitted by Mr. R. R. RAVANZO, former General Manager of NPC, as earlier stated in his 1st Indorsement dated 30 August 1973."[12]

As to NPC's Comment on the Report of the examiners, in which NPC claimed that it only had P33,450.18 in funds in trust, the Labor Arbiter rejected the same, holding:

(1)

Respondent NPC has earlier asserted that it has already issued a check in the amount of P10,000.00 in favor of Atty. Manansala and " As to any other accounts NPC no longer hold[s] any funds in trust, for NPCEWA and, therefore, if the movant has a right to attorney's fees for services rendered to the NPCEWA, he has no cause of action against NPC (Reply with prayer to Dismiss, of September 26, 1979 by NPC).

(2)

The Report of Examiner of February 12, 1980 which has not been commented nor objected by NPC states that "xxx The General Counsel of respondent, Atty. Marcelino Ilao. informed the undersigned analysts that the records corresponding to the payment of the amount of the settlement of the Supplemental Agreement are no longer in the possession of respondent xxx

"Why should the records now so suddenly appear at this state of the proceedings? At no time has the NPC agreed to open up its records on the assertion that there are no more records.

"We hold therefore that the Report of Examiner dated 27 March 1980 is approved. The National Power Corporation is hereby directed to deposit with the Cashier of this Commission the sum equivalent to ten percent (10%) of P12,774,000.00 (minus P10,000.00) or P1,267,400.00 for further disposition within five days from receipt of this order."[13]

The above Order was appealed by NPC to the NLRC en bane on 23 May 1980 in NPC vs. NPCEWA and CIR, G.R. No. L-26169 (Case No. 65-IPACIR), NPCEWA vs. NPC and CIR, G.R. No. L-26178 (Case No. 65IPA-CIR), NPC vs. NPCEWA and CIR, G.R. No. L-31279 (Case No. 2368-V-CIR) and NPC vs. NPCEWA and CIR, G.R. No. L-33909. The appeal is still pending.[14]

On 15 May 1980, Attorney Manansala filed a Notice of Partial Execution of the P33,450.18 balance that NPC stated it was holding in trust for NPCEWA. This was granted on 21 May 1980 by the Labor Arbiter.[15] On 6 June 1980, NPC appealed to the NLRC the 21 May 1980 order granting partial execution.[16] On 10 August 1983, after a discussion of the factual antecedents of the appeal, the NLRC, as stated at the outset of this decision, affirmed the order granting partial execution, ruling thus:

"The order of 21 May 1980, which is now being sought to be reconsidered, is simply an incident to the Order of 14 May 1980 which has become final and executory. Therefore, there is no reason to disturb the Order of 21 May 1980.

"WHEREFORE, the Order appealed from is hereby affirmed and the instant appeal dismissed.

SO ORDERED."[17]

On 16 December 1983, or over four (4) months after the issuance of the NLRC 10 August 1983 Resolution, NPC filed this petition for certiorari questioning the same resolution as having been issued with grave abuse of

discretion. NPC contends that the NLRC has no jurisdiction to order payment of attorney's fees to Attorney Manansala, as this Court's Resolution considering the cases between NPC and NPCEWA withdrawn ordered the reception of evidence only for the purpose of fixing the attorney's fees due Atty. Balcos. Since Atty. Manansala's claim for legal fees was not sanctioned by this Court's Resolution, it is argued by NPC that the NLRC has no competence to act on his claim. In addition, NPC contends that Attorney Manansala's claim, even if tenable, is a matter of contract between him and NPCEWA; that Manansala cannot demand payment for his services to NPCEWA from NPC which was not a party to the contract; that said contract involves a claim extraneous to the issues in NPC v. NPCEWA and, is cognizable by the regular courts.

We find petitioner's above contentions to be without merit. Its interpretation of this Court's Resolution in NPC v. NPCEWA approving the Supplemental Agreement between NPC and NPCEWA, is out of context. This Court's reference in said Resolution to Atty. Balcos' fees was simply a consequence of its denial of Atty. Balcos's Opposition to the Supplemental Agreement and his attempt to impugn the Agreement's validity. Atty. Balcos's claim was merely remanded to the NLRC, the latter being the trier of facts and incidents in NPC vs. NPCEWA and thus, imbued with competence to rule on such matter.

Taken in this light, Atty. Manansala's Motion for Remittance of Attorney's Fees, as an incident in the main case, was not improperly recognized by the NLRC. In the first place, Attorney Manansala was within his right in filing the motion, now contested, it being a notice of his attorney's lien over NPCEWA funds of which NPC was admittedly a trustee. As held in *Martinez et al. vs. Union de Maquenistas, Fogoneros y Motormen, et al.* "Since the Court of Industrial Relations obviously had jurisdiction over the main cases, that is, over the subject matter of Cases No. 17-IPA and 18-IPA, it likewise had full jurisdiction to consider and decide all matters collateral thereto, such as claims for attorney's fees made by the members of the bar who appeared therein." [18]

We however find meritorious petitioner's contention that the NLRC should not have issued its 10 August 1983 Resolution affirming the Labor Arbiter's order of 21 May 1980 granting partial execution of Attorney Manansala's claim. Considering the pendency with the NLRC en banc of NPC's earlier appeal from the Arbiter's order of 14 May 1980 directing it to deposit with the NLRC one million two hundred sixty-seven thousand and four hundred pesos (P1,267,400.00) as the total attorney's fees due Attorney Manansala, the NLRC should have held in abeyance all orders for the partial execution of this claim, pending the final resolution of the main issue on appeal also before the NLRC en banc.

WHEREFORE, petition is GRANTED. The Resolution of the NLRC, dated 10 August 1983, is hereby annulled and set aside, for being premature.

SO ORDERED.

Yap (Chairman), Melencio-Herrera, Paras, and Sarmiento, JJ., concur.

[1] Rollo at 16-17.

[2] Id. at 38.

[3] G.R. Nos. L-26169. L-26178. L-31279, L-33909, 89 SCRA 1 (1979).

[4] Rollo at 12; Id at 4.

[5] Rollo at 20. It was shown during the oral argument before this Court, that Atty. Simplicio S. Balcos, NPCEWA's former counsel, had already received three hundred fifty-nine thousand, four hundred eighty-four pesos and sixty-nine centavos (P359,484.69) as of 31 July 1973 from NPCEWA for the cases he had filed.

Despite repeated summons, however, Atty. Balcos never attended the hearings scheduled by the NLRC in compliance with this Court's Resolution of 1 March 1979 to determine whether he was still entitled to additional attorney's fees (over and above the aforementioned amount). (Rollo at 62).

[6] Id at 25.

[7] Id. at 22-23.

[8] Id. at 5.

[9] Id. at 23.

[10] Id. at 5-6.

[11] Id. at 24.

[12] Id. at 20-22; 24-25.

[13] Id. at 20-22; 24-26.

[14] Id. at 6.

[15] Id. at 6.

[16] Id.

[17] Id. at 26.

[18] 19 SCRA 167. 171 (1967).

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