

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
THIRD DIVISION**

**FILCON MANUFACTURING
CORPORATION and EDWARDSON
MANUFACTURING CORPORATION,
*Petitioners,***

-versus-

**G.R. No. 78576
July 31, 1991**

**NATIONAL LABOR RELATIONS
COMMISSION and CONFEDERATION
OF FREE LABORERS (CFL),
*Respondents.***

X-----X

DECISION

BIDIN, J.:

Assailed in this Petition for *Certiorari* is the Resolution of the National Labor Relations Commission (NLRC) promulgated on March 13, 1987 dismissing for having been filed two (2) days late the appeal and petition for relief from judgment of the May 15, 1985 Decision of Labor Arbiter Cornelio Linsangan, the decretal portion of which reads:

“WHEREFORE, respondents corporations are hereby ordered to reinstate all the complainants and to pay them full backwages reckoned from November 7, 1983 up to actual reinstatement and to pay them their vacation and sick leave pay for 1983.

“SO ORDERED”

The facts are as follows:

Petitioner Edwardson Manufacturing Corporation (EDWARDSON) is a private corporation duly organized and existing as of November 20, 1959 per certificate of registration with the Securities and Exchange Commission, (p. 36, Rollo). It was engaged in the business of manufacturing, buying, selling, importing, exporting or otherwise dealing in wholesale quantities, shoes, slippers, bags, belts and all kinds of leather goods or manufactures. Its incorporators are: Antonio K. Paredes, Hipolito de la Cruz, Benjamin de la Cruz, Santos de la Cruz and Rosita C. Paredes (Articles of Incorporation, p. 32, Rollo).

Petitioner Filcon Manufacturing Corporation (FILCON) is likewise a private corporation registered with the Securities and Exchange Commission on August 10, 1983 (Annex “B”, Petition). Its incorporators are: Tan Ti Bun, Tan That, Lorenzo O. Tan, Sy Hok, Sy Tiong Bon, Charles Yu and Liao Hong Bun @ Robert Liao (Articles of Incorporation, Annex “A”, Petition).

Saddled with threats of foreclosure of its mortgaged properties consisting of real estates covered by Transfer Certificates of Title Nos. 68884, 68885, 68878, 68886, 68887, 68883, 68882, 68881, 68879 of the Registry of Deeds of Rizal and chattel mortgage on various machineries and equipment with the Prudential Bank (Annex “T”), petitioner Edwardson sold to Tan Ti Bun the various machineries and equipment and the buildings and improvements found on its lots to Ramon Ong both on April 18, 1983, subject to six (6) months retention of the properties from dated of sale to enable EDWARDSON to

wind up its business and operations (Annexes “D” and “E”, Deed of Absolute Sale).

Private respondents Raymundo Pamisa, Monica Severino, Rodolfo Cadiente, Raymundo Anyaya, Jagget Singh, Atanacio Arle, Anastacia Etiong, Susan Morada, Angeles Dacuya, Alexander Sinlao, Ester Jacinto, and Juana Fulgencio who are members of the Confederation of Free Laborers (CFL) are former employees of EDWARDSON (Sama-Samang Sinumpaang Salaysay (Joint Affidavit dated February 24, 1984, pp. 201-204, Rollo; Complainant’s Joint Affidavit dated February 1985, pp. 206-208, Rollo).

On October 1, 1983, EDWARDSON notified in writing its employees including the herein twelve (12) individual complainants by means of a memorandum of the intended closure, a copy of which was received by their Union President Rogelio Bangco, and another copy was posted in the company Bulletin Board (Allegedly Annexes “3-Edwardson and “3-A-Edwardson” but not found in the records).

On October 27, 1983, EDWARDSON filed a Notice of Business Closure with the Municipal Government of Marikina, Metro Manila and its Municipal License or Permit was surrendered (Allegedly Annexes 4-Edwardson” and “4-A-Edwardson”), and likewise filed the same kind of notice with the Social Security System (Allegedly Annex “5-Edwardson”).

EDWARDSON closed its business operations, terminated the services of all its employees including Pamisa and eleven (11) others and paid them separation pay (Annexes “F” to “S-1” inclusive, Satisfaction of Receipts of Separation Pay and/or Releases and Quitclaims, Petition).

EDWARDSON likewise paid Pamisa and eleven (11) others, their respective 13th month pay, sick and vacation leave pay and incentive pay all for the year 1983 (Allegedly Annex “18-Edwardson” & several documents).

Private respondent Confederation of Free Laborers (CFL) on behalf of the twelve (12) individual complainants filed a complaint for illegal dismissal and non-payment of their vacation and sick leave for 1983 against petitioners FILCON and EDWARDSON and on April 10, 1984, Labor Arbiter Cornelio L. Linsangan rendered a decision, the dispositive part of which reads:

“WHEREFORE, judgment is hereby rendered ordering the respondent companies to reinstate complainants and to pay full backwages. Further, the respondents are directed to pay complainants their earned vacation and sick leave benefits for 1983.” (Writ of Execution, p. 132, Rollo).

On appeal to the NLRC, the case was remanded to the same labor arbiter since the petitioners were denied due process when their position paper was not considered in the resolution thereof (Decision, p. 74, Rollo).

Upon re-evaluation of the evidence, the labor arbiter gave credence to the joint affidavit executed by the twelve (12) complainants alleging that: (1) the franchise of EDWARDSON was sold to FILCON to evade liability for retirement benefits due complainants who are at the retireable age; (2) after the sale, complainants were made to choose between acceptance of 45% of total separation pay and shall remain permanent or regular employees of FILCON or to receive 100% separation pay and shall be considered resigned; (3) the 12 complainants chose the first option and in fact worked with FILCON since April, 1983 up to November 7, 1983 when their services were terminated; (4) the complainants deny the contents of the Releases and Quitclaims signed by them as they have not waived their rights to claim the balance of separation pay from the agreed 46% and for having signed the same in blank and believing in good faith that petitioners would make good their promise from which petitioners later on reneged (p. 75, Rollo).

However, petitioners' documents and the individual affidavits of Ramon Ong and Gasentin Chan representing FILCON and EDWARDSON, respectively, denying the sale of EDWARDSON's franchise to FILCON; liability to pay the twelve (12) complainants' separation pay, vacation and sick leave pay inasmuch as the same

have already been fully satisfied as shown in the Releases and Quitclaims, and purported proposals made upon the union members in order to become regular employees of FILCON were merely discredited.

The labor arbiter thus concluded:

“We take pains in ascertaining the candidness and persistence of complainants in pursuing this case. We find complainants belonging to that breed of common folk whose temerity to lie cannot in the least be traced (o)n their faces. t)n the contrary, they are indicative of truth and sincerity. As a matter of fact, there is no denial by respondents of the agreement to pay them only 45% as separation pay and be retained as regular employees of Filcon Manufacturing Corporation, from which agreement respondents reneged and still, complainants did not receive 45% as agreed upon. Apparently, there was only e change of name of respondent Edwardson to Filcon Manufacturing Corporation. Respondent Edwardson was engaged in the manufacture of shoes as Filcon is so engaged.

“What is significant and decisive of the issue is the certification of the Securities and Exchange Commission to wit: ‘To date, no papers/documents has been submitted to this Office showing its dissolution or cessation of business activity,’ (See certification) end yet respondent Edwardson Manufacturing wants us to believe it has ceased operations. An allegation must be proved, not simply averred.

“It is also evident that complainants have worked with respondent Filcon Manufacturing Corporation up to November 7, 1983 when hey were terminated. These established facts must be destroyed for respondents to escape liability to complainants. The evidence of respondents does not satisfy. Consequently, there is no necessity to alter our earlier decision.

“WHEREFORE, respondents corporations are hereby ordered to reinstate all the complainants and to pay them full backwages reckoned from November 7, 1983 up to actual reinstatement and to pay them their vacation and sick leave pay for 1983.

“SO ORDERED.

“Manila, Philippines, 15 May 1985.”
(*Decision, pp. 76-77, Rollo, emphasis supplied*).

Petitioners’ counsel received a copy of the aforesaid decision on May 17, 1985 and interposed their appeal on May 29, 1985, or two (2) days beyond the 10-day period within which to file an appeal.

Thereafter, a petition for relief from judgment and/or appeal was likewise filed by counsel for petitioners on July 16, 1985.

Both appeal and petition for relief from judgment were dismissed by the NLRC on March 13, 1987 as the appeal was filed two (2) days late and rejecting illness of counsel as an excuse for such delay (pp. 78-79, Rollo).

Hence, the present petition.

An urgent motion for issuance of a temporary restraining order was filed by petitioners’ counsel on July 7, 1987 to enjoin and prevent respondent Labor Arbiter from enforcing the writ of execution issued on June 26, 1987 (p. 136, Rollo). On July 8, 1987, a Temporary Restraining Order was issued by this Court.

Considering the allegations contained, the issues raised and the arguments adduced in the petition for certiorari, as well as the comments of the respondents thereon, and the reply, consolidated reply and supplemental reply of counsel for petitioners to said comments, the petition was given due course.

Petitioners advance the following assignment of errors:

I

Public respondent National Labor Relations Commission acted with grave abuse of discretion amounting to lack or excess of jurisdiction when it dismissed herein petitioners’ appeal interposed from the decision of public respondent Labor

Arbiter Cornelio L. Linsangan in NLRC-NCR No. 11-5214-83 and when it denied petitioners' petition for relief from judgment on flimsy grounds and that grave abuse of discretion was magnified when the said public respondent also denied petitioners' motion for reconsideration of its resolution dismissing petitioners' appeal and denying the petition for relief from judgment.

II

Public respondents Labor Arbiter Cornelio L. Linsangan and Carmelo V. Cachero also acted with grave abuse of discretion when they respectively issued the writ of execution and tried to implement the same immediately without holding a conference as what is usually done by the National Labor Relations Commission through its labor arbiters.

III

Disposing cases based on the merits rather than on mere technicalities is more favored by our courts of justice as its ends is better served.

IV

The case of the petitioners is quite meritorious and to disregard the same would be tantamount to wilfully closing our eyes in order to avoid seeing and realizing the naked truth.

The crucial issue in this case is whether or not the NLRC committed grave abuse of discretion amounting to lack of or in excess of jurisdiction when it dismissed petitioners' appeal and petition for relief from judgment of the labor arbiter's decision, the said appeal having been filed two (2) days late.

Petitioners contend, inter alia, that respondent NLRC committed grave abuse of discretion amounting to lack of jurisdiction in arbitrarily dismissing petitioners' appeal on a technicality. It invokes the Rules of Court provision on liberal construction of the rules in the interest of substantial justice. Moreover, they pray for a similar

judgment had in NLRC-NCR Case No. 11-4876-83 entitled Virginia de Jesus, et al. vs. Edwardson Manufacturing Corporation and Filcon Manufacturing Corporation, et al. promulgated by the NLRC on July 29, 1986 completely absolving petitioner FILCON of any and all claims of individual complainants therein and which ruling has been affirmed by this Court in G.R. No. 72238 entitled “Virginia de Jesus, et al. vs. NLRC, et al.” in the resolution of May 12, 1986.

Respondents maintain that the labor arbiter’s decision of May 13, 1985 could no longer be annulled since the petitioners failed to perfect their appeal within the 10-day reglementary period provided in the Labor Code.

Article 223 of the Labor Code provides that decisions, awards or orders of the Labor Arbiter or compulsory arbitrators are final and executory unless appealed to the NLRC by any or both of the parties within ten (10) days from receipt of such awards, orders, or decisions.

Admittedly, the petitioners’ counsel received a copy of the labor arbiter’s decision dated May 13, 1985 on May 17, 1985. Reckoned from said date of receipt, petitioners had a period of ten (10) calendar days within which to file their appeal to the NLRC. The appeal should have been filed on May 27, 1985. Unfortunately, due to alleged illness of counsel, petitioners’ appeal was filed on May 29, 1985 or two (2) days late.

The decision of the labor arbiter sought to be annulled has become final and executory upon the lapse of the 10-day reglementary period within which to appeal. This is so as perfection of an appeal in the manner and within the period prescribed by law is not only mandatory but jurisdictional, and failure to perfect an appeal as required by the Rules has the effect of rendering the judgment final and executory (Narag vs. National Labor Relations Commission, 155 SCRA 200 [1987]).

Grave abuse of discretion implies such capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction. The abuse of discretion must be grave as where the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility and must be so patent and gross as to amount to an evasion

of positive duty or to a virtual refusal to perform the duty enjoined or to act at all in contemplation of law (Producers Bank of the Philippines vs. NLRC, 165 SCRA 281 [1988]).

The National Labor Relations Commission did not commit grave abuse of discretion in dismissing petitioners' appeal which was filed way beyond the period of appeal.

A judgment which has become final and executory can no longer be amended or corrected by the court except for clerical errors or mistakes. Likewise, an executory and final decision cannot be lawfully altered or modified even by the court which rendered the same, especially where the alteration or modification is material or substantial. In such a situation, the trial court loses jurisdiction over the case except for execution of the final judgment. Any amendment or alteration made which substantially affects the final and executory judgment is null and void for lack of jurisdiction, including the entire proceedings held for that purpose (Marcopper Mining Corp. vs. Liwanag Paras Briones, et al., 165 SCRA 464 [1988]).

The doctrine of finality of judgment is grounded on fundamental considerations of public policy and sound practice that at the risk of occasional errors, the judgments of courts must become final on some definite date fixed by law. Once a judgment becomes final, the prevailing party is entitled as a matter of right to a writ of execution, the issuance of which is the trial court's ministerial duty (Torno vs. Intermediate Appellate Court, 166 SCRA 742 [1988]). Ostensibly, liberal construction of the Rules is not provided in the Revised Rules of the NLRC but in the Rules of Court (Rizal Empire Insurance Group vs. NLRC, 150 SCRA 565 [1987]). As the decision of the labor arbiter had become final and executory, it can no longer be appealed to the NLRC.

Petitioners could not invoke the same judgment had in G.R. No. 72238 since the group of employees who were private complainants therein differ from the twelve (12) individual complainants in the case at bar. It is a well-settled rule that there is no *res judicata* if there is no identity of parties (David vs. Bandin, 149 SCRA 140 [1987]).

WHEREFORE, the petition is **DISMISSED** for lack of merit and the judgment appealed from **AFFIRMED**.

SO ORDERED.

Fernan, C.J., Gutierrez, Jr., Feliciano and Davide, Jr., JJ., concur.

Philippine Copyright © 2005
ChanRobles Publishing Company
www.chanrobles.com