

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**PAMPANGA SUGAR DEVELOPMENT
CO., INC.,**

Petitioner,

-versus-

**G.R. No. L-39387.
June 29, 1982**

**COURT OF INDUSTRIAL RELATIONS
AND SUGAR WORKERS
ASSOCIATION,**

Respondents.

X-----X

DECISION

MAKASIAR, J.:

Petitioner Pampanga Sugar Development Company, Inc. seeks the reversal of the order dated June 6, 1974 of respondent Court of Industrial Relations awarding to respondent Sugar Workers Association's (Union) counsel attorney's fees equivalent to 20% of the judgment in CIR Case No. 4264-ULP and ordering the lower court's Examining Division to compute the wage and fringe benefits differentials due the 28 individual workers who did not execute quitclaims as well as attorney's fees corresponding to 20% of the benefits due to 53 workers who entered into agreements waiving their rights and benefits under the decision dated December 4, 1972 in the

aforecited case; also, the setting aside of the CIR resolution of September 3, 1974 denying petitioner's motion for reconsideration of the questioned order (pp. 15 & 57, rec.).

For a better appreciation of this case, certain prefatory facts must be recalled. Sometime in February, 1956, the workers-affiliates of respondent Union staged a strike against petitioner company. This labor dispute was certified by the President to the Court of Industrial Relations which was docketed as Case No. 13-IPA. After six years, the said Court issued an order on November 8, 1962 directing petitioner company to reinstate the members of respondent union. On March 12, 1963 some 88 union members were thus reinstated by petitioner. However, petitioner discriminated against the reemployed workers with respect to wage rates, off-season pay, cost of living allowance, milling bonus and Christmas bonus by depriving them of aforesaid benefits or by granting to some members benefits lesser than those given to members of the Pasudeco Workers Union, another labor group in the service of petitioner. By reason of such denial and/or grant of lower benefits to respondent's members because of their union affiliation and union activities, respondent filed with the CIR a complaint dated September 10, 1964 for unfair labor practice against petitioner which case was docketed as Case No. 4264-ULP.

On December 4, 1972, the CIR handed down a decision adjudging herein petitioner guilty of unfair labor practice acts as charged and finding the same to have been committed, and thereby directing petitioner to cease and desist from further committing the said unfair labor practice acts and directing petitioner to pay wage differentials to certain workers and fringe benefits as would be found due and payable to them and to readmitted seasonal and casual members of respondent union totalling 88 with the exception of 7 workers.

In a resolution dated May 28, 1973, the CIR denied petitioner's motion for reconsideration of aforesaid decision filed on December 14, 1972. Petitioner appealed the above decision and resolution to this Court on June 15, 1973 praying in its petition for the nullification of said decision and motion for being contrary to law, and for the rendition of a new judgment dismissing CIR Case No. 4264-ULP.

This Court, in its resolution of July 31, 1973, denied the said petition for review (docketed as G.R. No. L-36994) for lack of merit. Petitioner then moved for reconsideration of aforesaid denial which was denied on October 4, 1973 for lack of merit. Said resolution denying the motion for reconsideration thus became final and executory on October 12, 1973.

With the finality of the December 4, 1972 decision having been settled, respondent Union filed with the CIR a motion for computation of final judgment and a petition for attorney's lien both dated October 17, 1973 (pp. 47 & 50, rec.).

Petitioner company filed its answer to motion for computation of final judgment and the petition for attorney's lien under date of November 20, 1973 (p. 52, rec.).

The CIR, acting on the aforesaid motions of respondent Union, issued its order of June 6, 1974 approving and granting to respondent's counsel, Atty. Ignacio Lacsina, attorney's fees equivalent to 20% of the total amount of final judgment or whatever recovery or settlement is made and directing its Examining Division to compute the wage and fringe benefits differentials due the 28 individual workers who did not waive or quitclaim their rights established by the decision of December 4, 1972 as well as the attorney's fees equivalent to 20% of the total wage and fringe-benefits differentials due the fifty-three (53) individual workers who executed agreements with the company waiving and quitclaiming their rights, benefits and privileges under the aforesaid decision (pp. 15 & 57, rec.).

Petitioner moved for reconsideration of aforesaid order on June 26, 1974 and on July 5, 1974, the arguments supporting said motion for reconsideration followed (pp. 63 & 65, rec.).

Respondent Union then filed its motion to strike out the motion for reconsideration dated July 23, 1974 (p. 72, rec.). In a resolution of September 3, 1974, respondent lower court denied petitioner's motion for reconsideration.

Thus, this appeal from the subject order and resolution of the CIR.

Petitioner alleges the following assignment of errors:

1. The Court of Industrial Relations erred in awarding attorney's fees to the union's counsel equivalent to 20% of the total amount of final judgment or whatever recovery or settlement is made thereunder; because, aside from being inequitable, exorbitant, excessive and unconscionable, the same is without legal basis.
2. The Court of Industrial Relations erred in ordering the Chief of its examining division or his duly authorized representative to examine the payrolls, vouchers, books of account and other pertinent documents of petitioner, and to compute the wage and fringe-benefits differentials allegedly due the members of respondent Union because such examination and computation have become academic.
3. The Court of Industrial Relations erred in not denying or dismissing the two motions filed by respondent union on October 18, 1973 praying therein that the union's counsel be awarded attorney's fees and that an order be issued directing the examining division of the court to compute the wage and fringe benefits differentials allegedly due the members of the union under the decision of December 4, 1972.

Respondents, however, contend that —

1. The issue of quitclaims is now res judicata;
2. The CIR finding that 81 members of respondent union are entitled to adjudged benefits is no longer alterable after decision has become final;
3. The CIR power to adjust unfair labor practices is unaffected by individual settlements;
4. The rights of labor are unwaivable; quitclaims null and void; and

5. The question regarding alleged unreasonableness of award of attorney's fees, not raised before Court a quo, is barred on appeal.

After a careful evaluation of the petitioners' and respondents' pleadings, this Court finds the allegations of petitioner to be without merit.

On the first assignment of error, paragraph (a), the petitioner failed to raise the issue before the trial court. This Court notes that petitioner's answer to the motion for computation of final judgment and to petition for attorney's lien filed by the respondent in the trial court did not raise the foregoing issue. It is a well-settled doctrine in this jurisdiction that issues not raised in the trial court may not be raised on appeal. Otherwise, there will be no end to litigations thus defeating the ends of justice.

Nevertheless, this Court finds the allegations to be devoid of merit. Petitioner's contention that there is no basis for respondent's petition for attorney's lien filed with the trial court containing allegations relative to attorney's fees as agreed upon between him and his client, the complainant Sugar Workers' Association, is untenable. The written conformity of the President of said Sugar Workers Association on behalf thereof confirms the existence of such an agreement on attorney's fees and constitutes an irrefutable evidence of such agreement. The trial court, therefore, had sufficient evidence upon which it based its decision. The petitioner did not contest the allegations contained in the respondent's petition for attorney's lien before the trial court. This constitutes an implied admission thereof. Moreover, it is evident from the tenor of the trial court's order issued on June 6, 1974 that the said court carefully evaluated the respondent's petition for attorney's lien and even reduced the percentage from 25% to 20%.

On the first assignment of error, paragraph (b), this Court likewise finds the same to be without merit. This issue has already been resolved by this Court when the petitioner filed its first petition for certiorari (G.R. No. L-36994) seeking nullification of the trial court's judgment on the same issue. Petitioner's allegations were rejected by

this Court in said case. It may not now be repeated and raised on appeal before this Court, the same being res judicata.

Be that as it may, the allegations of petitioner to the effect that by reason of the quitclaims there is nothing upon which the attorney's lien attaches, is not valid. This Court finds the quitclaims not valid. Firstly, said quitclaims were secured on December 27, 1972 by petitioner after it lost its case in the lower court when the latter promulgated its decision on the case on December 4, 1972. Obviously in its desire to deny what is due the sugar workers concerned and frustrate the decision of the lower court awarding benefits to them, it used its moral ascendancy as employer over said workers to secure said quitclaims. Predicated on said quitclaims, petitioner filed a petition for certiorari before this Court but the same was denied by the Court on July 31, 1973 and October 4, 1973. Petitioner now has the audacity to return before this Court still invoking said quitclaims, which We again reject.

Secondly, while rights may be waived, the same must not be contrary to law, public order, public policy, morals or good customs or prejudicial to a third person with a right recognized by law (Art. 6, New Civil Code). The quitclaim agreements contain the following provisions in paragraph II, No. 3, thereof:

“3. Nothing herein stipulated shall be construed as an admission and/or recognition by the Party of The Second Part of its failure refusal and/or omission as employer, to faithfully comply with the pertinent laws, rules and regulations and/or agreements, nor its liability therefor and thereunder.”

Needless to state, the foregoing provisions are contrary to law. It exempts the petitioner from any legal liability. The above-quoted provision renders the quitclaim agreements void ab initio in their entirety since they obligated the workers concerned to forego their benefits, while at the same time, exempted the petitioner from any liability that it may choose to reject. This runs counter to Article 22 of the New Civil Code which provides that no one shall be unjustly enriched at the expense of another.

Thirdly, the alleged quitclaim agreements are contrary to public policy. Once a civil action is filed in court, the cause of action may not be the subject of compromise unless the same is by leave of the court concerned. Otherwise, this will render the entire judicial system irrelevant to the prejudice of the national interest. Parties to litigations cannot be allowed to trifle with the judicial system by coming to court and later on agreeing to a compromise without the knowledge and approval of the court. This converts the judiciary into a mere tool of party-litigants who act according to their whims and caprices. This is more so when the court has already rendered its decision on the issues submitted.

In the case at bar, the lower court has already rendered a decision on the issues presented before the alleged quitclaims agreements were made. The quitclaim agreements were secured by petitioner while it filed a petition for certiorari before this Court for a review of the lower court's decision. The quitclaim agreements taken together with the petitioner's petition for certiorari of the trial court's decision clearly and unmistakably shows the bad faith of the petitioner and its outright refusal to comply with its legal obligations. And now it has the temerity to attempt to use this Court as its instrument for the purpose.

This Court rejects the contention of petitioner to the effect that the lien of an attorney on the judgment or decree for the payment of money and the preference thereof which he has secured in favor of his client takes legal effect only from and after, but not before notice of said lien has been entered in the record and served on the adverse party, citing the cases of *Menzi and Co. vs. Bastida* (63 Phil. 16) and *Macondray & Co. vs. Jose* (66 Phil. 590) in support thereof.

This Court finds the petitioner's contentions and citations applicable only when the case has already been decided with finality. In the case at bar, the original case was decided with finality only after this Court denied the petitioner's motion for reconsideration of this Court's denial of its petition for certiorari on the lower court's decision.

This Court is appalled by the attempt of petitioner to mislead it by alleging that the lower court recognized the validity and effectivity of the 53 individual agreements when it declared allegedly that "rights

may be waived.” The records show that the lower court qualified its statement to the effect that the waiver must not be contrary to law, public order, public policy, morals or good customs, or prejudicial to a third person with a right recognized by law citing Article 6 of the New Civil Code. This attempt by petitioner casts a serious doubt on the integrity and good faith not only of the petitioner but also of its counsel.

This Court rejects the allegation of petitioner to the effect that the 53 agreements gave substance to the policy of the Industrial Peace Act of encouraging the parties to make all reasonable efforts to settle their differences by mutual agreement, citing the case of Filomena Dionela, et al. vs. CIR, et al. (L-18334, August 31, 1963).

Petitioner’s contention and the case cited in support thereof apply only where there is good faith on the part of the party-litigants. In the case at bar, petitioner acted with evident bad faith and malice. Petitioner secured the 53 quitclaim agreements individually with the 53 sugar workers without the intervention of respondent’s lawyer who was representing them before the lower court. This subterfuge is tantamount to a sabotage of the interest of respondent association. Needless to say, the means employed by petitioner in dealing with the workers individually, instead of collectively through respondent and its counsel, violates good morals as they undermine the unity of respondent union and fuels industrial disputes, contrary to the declared policy in the Industrial Peace Act.

This Court likewise rejects petitioner’s allegation that the 53 quitclaim agreements were in the nature of a compromise citing the case of Republic vs. Estenzo, et al., (L-24656, September 25, 1968, 25 SCRA 122) and Articles 2028 and 2040 of the New Civil Code.

Petitioner’s allegations and citations apply only to compromises between the party-litigants done in good faith. In the case at bar, there was no compromise between the petitioner and the respondent Sugar Workers Association. In respect of the 53 quitclaims, these are not compromise agreements between the petitioner and respondent union. They are separate documents of renunciation of individual rights. Compromise involves the mutual renunciation of rights by both parties on a parity basis. The quitclaims, however, bind the

workers to renounce their rights while the petitioner not only does not renounce anything but also acquires exemption from any legal liability in connection therewith.

On the First Assignment of Error, Paragraph (c), the petitioner anchors his allegations on the technical procedural requirements of Section 37, Rule 138 of the New Rules of Court. This Court, however, finds petitioner's allegation without merit. Said provision of the Rules of Court is meant to protect the interest of an attorney's client and the adverse party by seeing to it that they are given the opportunity to contest the creation of the attorney's lien. It will be noted from the records that the client Sugar Workers Union was not only notified but also affixed its conformity to the respondents' motion for attorney's lien. With respect to the adverse party, the petitioner in this case, said adverse party's interest was amply protected by the lower court when the latter admitted petitioner's answer to respondent's motion for computation of final judgment and to respondent's counsel's petition for attorney's lien. Petitioner did not raise the aforesaid technicality in its answer before the lower court. It cannot now raise it for the first time on appeal.

On the First Assignment of Error, Paragraph (d), this Court finds petitioner's allegations to the effect that the attorney's fees awarded are inequitable, exorbitant, excessive and unconscionable, citing in the process the case of Meralco Workers' Union vs. Gaerlan (32 SCRA 419), completely without basis nor merit.

Again, petitioner did not raise this issue in the lower court. It cannot now raise said issue for the first time on appeal before this Court. Nevertheless, petitioner has failed to prove any of its allegations. Hence, this Court finds the same worthless. The Meralco case does not apply in this case for the reason that the facts and circumstances are entirely different.

On the Second Assignment of Error, this Court finds petitioner's allegation to the effect that the lower court erred in ordering the computation of judgment on the ground that by reason of the quitclaim agreements the computation of judgment has become academic, to be without merit and grossly inane.

The allegations of petitioner are premised on its previous allegations regarding the quitclaims. This Court has earlier stated that the quitclaim agreements are void ab initio. The lower court was correct in directing the computation of judgment, there being a basis therefor.

On the Third Assignment of Error, this Court likewise finds petitioner's allegations which are based on its allegations in support of the first and second assignments of errors, without merit, as heretofore discussed.

WHEREFORE, the Petition is hereby DISMISSED and Respondent CIR (NOW THE NLRC) IS HEREBY DIRECTED TO IMPLEMENT ITS ORDER DATED JUNE 6, 1974.

COSTS AGAINST PETITIONER.

SO ORDERED.

**Plana, Vasquez, Relova and Gutierrez, Jr., JJ., concur.
Teehankee, J., (Chairman), concurs in the result.
Melencio-Herrera, J., is on leave.**