

SECOND DIVISION

[G.R. No. 172212, July 09, 2009]

**RAFAEL RONDINA, PETITIONER, VS. COURT OF APPEALS
FORMER SPECIAL 19TH DIVISION, UNICRAFT INDUSTRIES
INTERNATIONAL CORP., INC., ROBERT DINO, CRISTINA DINO,
MICHAEL LLOYD DINO, ALLAN DINO AND MYLENE JUNE DINO,
RESPONDENTS.**

D E C I S I O N

QUISUMBING, J.:

In this petition for certiorari, petitioner seeks the nullification of the Amended Decision^[1] dated January 16, 2006 of the Court of Appeals in CA-G.R. SP No. 81951.

The salient facts, as found by the Court of Appeals,^[2] are as follows:

Petitioner Rafael Rondina is among the thirty-two (32) employees of respondent Unicraft Industries International Corporation, Inc., who filed with the National Labor Relations Commission (NLRC) a complaint for illegal dismissal, underpayment/non-payment of wages, overtime pay, holiday pay, 13th month pay, and service incentive leave pay.

On December 19, 1996, pursuant to Policy Instruction No. 56 dated April 6, 1996 of the Secretary of Labor, and by virtue of the agreement of the parties, the case was submitted to Voluntary Arbitrator (VA) Florante V. Calipay, for voluntary arbitration. Later, private respondents filed a motion for re-selection of voluntary arbitrator. VA Calipay denied the motion and defined the issues to be resolved in the arbitration proceedings.

On March 15, 1997, for failure of private respondents and their counsel to appear and present evidence at the scheduled hearing, VA Calipay rendered a decision in favor of the employees. Private respondents filed a petition for certiorari with the Court of Appeals contending that they were denied the opportunity to be heard in the proceedings before VA Calipay. On April 22, 1997, the appellate court approved a Stipulation^[3] of the parties to remand the case to VA Calipay to allow private respondents to prove their case.

Instead of conducting further proceedings, however, VA Calipay filed a comment praying, *inter alia*, that he be declared to have lost jurisdiction over the case upon rendition of the judgment. On June 18, 1998, upon motion of the employees, the appellate court re-examined the stipulation of the parties and thereafter rendered a resolution allowing, among others, the partial execution of the decision of VA Calipay with respect to the award of separation pay and attorney's fees.

Private respondents challenged the resolution before this Court. In a Decision^[4] dated March 26, 2001, we ruled that the appellate court committed grave abuse of discretion amounting to lack of jurisdiction when it ordered the immediate execution of VA Calipay's award of separation pay and attorney's fees. The award of separation pay carries with it the inevitable conclusion that the employees were illegally dismissed. However, that finding of VA Calipay was premature and null and void since private respondents were not given the chance to present evidence on their behalf. Thus, we remanded the case to VA Calipay and directed him to receive evidence for private respondents and conduct further proceedings therein.

Pursuant to this Court's directive, VA Calipay required the parties to submit supplemental pleadings and additional evidence. Private respondents filed a motion to inhibit due to VA Calipay's professional relationship with the counsel representing the employees. VA Calipay denied the motion and gave private respondents an extension of time to submit their supplemental pleadings and additional evidence.

On January 23, 2004, VA Calipay rendered a decision,^[5] the decretal portion of which, reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the complainants, to wit:

a. Illegal Dismissal & Violations of Minimum Wage and Standard Labor Benefits. The dismissal of the complainants [is] hereby declared *illegal*. The respondents: Spouses ROBERT DINO, CRISTINA DINO, children MICHAEL LLOYD DINO, ALLAN DINO & MYLENE JUNE DINO are hereby declared guilty of illegal dismissal and violation [of] minimum wage and labor standard benefits. They are therefore held jointly and solidarily liable for and thus, ordered to pay the complainants' separation pay, wage differentials, moneys, backwages, attorney's fees, costs of litigation.

b. Joint and Solidary Liability of Respondents. The respondents are further ordered, in view of imputations of bad faith and the strained relations of the parties, to pay the complainants separation pay at one (1) month pay for every year of service from the first day of service until the date of finality of this judgment, less the amounts the complainants acknowledged to have received before officials at the Department of Labor and Employment Region VII, Cebu City. The total *separation pay* is **ONE MILLION NINE HUNDRED SIXTY-TWO THOUSAND EIGHT HUNDRED FORTY PESOS (P1,962,840.00)**.

c. Wage Differentials, Standard Labor Benefits plus Backwages up to 31 December 2003. Aside from being guilty of illegal dismissal, the respondents are also guilty for violating minimum wages and labor standard law and are hereby ordered to pay the complainants differentials in wage and labor standard benefits, plus backwages from date of illegal dismissal in 1995, which as of date of judgment on 31 December 2003, had amounted to **SEVENTEEN MILLION EIGHT [HUNDRED] TWENTY-FIVE THOUSAND SIX HUNDRED FOURTEEN PESOS (P17,825,614.00)**.

d. Thus, the total monetary obligation, which the respondents are jointly and solidarily held liable and mandated to pay (embracing separation pay, wage and labor standards differentials or award plus backwages) had amounted to ***NINETEEN MILLION SEVEN HUNDRED EIGHTY-EIGHT THOUSAND FOUR HUNDRED FIFTY-FOUR PESOS & FORTY CENTAVOS (P19,788,454.40).***

e. The claims for moral damages are DISMISSED for lack of convincing evidence.

f. Attorney's Fees and Litigation Costs. The respondents are ordered to pay *Attorney's Fees* in the amount equivalent to ten (10) percent of the total award. *Litigation costs* of TEN THOUSAND PESOS (P10,000.00) is likewise awarded to the complainants.

g. Legal Interest. The respondents shall be liable for legal interest of one (1) percent per month or twelve (12) percent per annum over the total judgment award from the date of finality of judgment until it is fully settled.

In Summation

Judgment is rendered in favor of the complainants and against the respondents: Spouses ROBERT DINO, CRISTINA DINO, children MICHAEL LLOYD DINO, ALLAN DINO & MYLENE JUNE DINO, holding them jointly and solidarily liable and ordering them to pay the former ***TWENTY-ONE MILLION SEVEN HUNDRED SEVENTY-SEVEN THOUSAND TWO HUNDRED NINETY-NINE PESOS & EIGHTY-FOUR CENTAVOS (P21,777,299.84)*** divided as follows:

a.) total Separation Pay & Monetary Award	P19,788,454.40
b.) Attorney's Fees of 10%	P 1,978,845.44
c.) Litigation Costs	<u>P 10,000.00</u>
	<u>TOTAL P21,777,299.84</u>

The respondents are ordered to pay legal interest at 12% per annum or one (1) percent per month of the judgment award from the date of judgment up to the date of its full payment.

The respondents are therefore mandated and enjoined to comply with this judgment.

SO ORDERED.^[6]

Dissatisfied, private respondents filed a petition for certiorari with the Court of Appeals. In its Decision^[7] dated September 23, 2005, the appellate court ruled that: *First*, the jurisdiction of VA Calipay to hear and decide the case had been affirmed by this Court which specifically remanded the case to him for reception of evidence and further proceedings. The parties had also agreed in a stipulation,

which was approved by the appellate court on April 22, 1997, to remand the case to VA Calipay to allow private respondents to prove their case. Such stipulation embodied the issues to be resolved in the arbitration proceedings. *Second*, VA Calipay never showed manifest partiality in favor of the employees. He gave private respondents the opportunity to submit their supplemental pleadings and additional evidence to support their case but they ignored it. The fact that VA Calipay has a professional relationship with the counsel representing the employees does not prove in any way that he acted with partiality in deciding the case in favor of the employees. *Third*, the stipulation of the parties which was approved by the appellate court on April 22, 1997, showed that there were 32 employees. These employees were also indicated as parties in the case in the Decision dated March 26, 2001 of this Court. *Fourth*, private respondents should not be adjudged solidarily liable with the corporation. VA Calipay failed to point out the circumstances that would prove bad faith or malice on their part in terminating the employees. *Fifth*, the quitclaims^[8] executed by some of the employees carried with it the presumption of validity since these were verified by an officer of the Department of Labor and Employment. Such presumption is strengthened by the fact that the employees failed to disclaim their signatures therein or assert that they were forced to sign the same. Thus, the quitclaims effectively barred those who executed the same from making further claims from the corporation.

Thus, the appellate court remanded the case to VA Calipay for a detailed computation of the monetary benefits by showing the basis or factors of the computation and to exclude therefrom the employees who have executed the valid quitclaims. The dispositive portion states:

WHEREFORE, premises considered, the petition is **PARTIALLY GRANTED**. Consequently, the assailed judgment is hereby **AFFIRMED** with **MODIFICATION** by holding that **ONLY** Unicraft Industries International Corporation is held liable to private respondents, except those who executed the valid quitclaims. Individual petitioners are not personally liable to private respondents.

The monetary awards for private respondents who executed the valid quitclaims are **DELETED** for reasons stated above.

Let the case be remanded to VA Calipay for him to make a detailed computation of the monetary judgment for each of the private respondents by showing therein the basis and factors of the computation, excluding those who executed the valid quitclaims.

SO ORDERED.^[9]

Both parties filed separate motions for reconsideration. In its Amended Decision dated January 16, 2006, the appellate court noted that private respondents filed criminal and administrative complaints against VA Calipay and that his counsel is the counsel representing the employees. With these developments, the appellate court ruled that while the decision of VA Calipay was free from partiality, it would be for the best interest of justice not to remand the case to him for the recomputation of the monetary benefits. As a result, the appellate court ordered the parties to choose