

SECOND DIVISION

[G.R. No. 226002, June 25, 2018]

LINO A. FERNANDEZ, JR., PETITIONER, VS. MANILA ELECTRIC COMPANY (MERALCO), RESPONDENT.

DECISION

PERALTA, J.:

This resolves the petition for review on *certiorari* assailing the December 11, 2015 Decision^[1] and July 25, 2016 Resolution^[2] of the Court of Appeals (CA) in CA-G.R. SP No. 138212, which affirmed the Resolutions dated August 29, 2014^[3] and October 20, 2014^[4] of the National Labor Relations Commission (NLRC) denying the Verified Petition filed by petitioner Lino A. Fernandez, Jr. (*Fernandez*) under Rule XII (Extraordinary Remedies) of the 2011 NLRC Rules of Procedure, as amended (*NLRC Rules*).

Petitioner Fernandez was an employee of respondent Manila Electric Company (*MERALCO*) from October 3, 1978 until his termination on September 14, 2000 for allegedly participating in an illegal strike.^[5] As a result, he filed a case for illegal dismissal. Contrary to the conclusion reached by the Labor Arbiter (*LA*) and the NLRC, the CA, in CA-G.R. SP No. 95923, declared that Fernandez was illegally dismissed. The dispositive portion of its January 30, 2007 Decision^[6] reads:

WHEREFORE, premises considered, the assailed Decision and Resolution of the National Labor Relations Commission are, hereby, **REVERSED and SET ASIDE for having been issued with grave abuse of discretion amounting to lack or excess of jurisdiction and a new one entered finding petitioner Lino A. Fernandez to have been illegally dismissed.**

Petitioner Lino Fernandez is found to have been illegally dismissed. Private respondent Meralco is, hereby, ordered to **REINSTATE** Lino Fernandez to his former position, without loss of seniority rights and other privileges appurtenant thereto, with full backwages from the time of his dismissal until he is actually reinstated, or to pay him separation pay if reinstatement is no longer feasible pursuant to existing jurisprudence on the matter. **No costs.**

SO ORDERED.^[7]

The CA ruling was sustained in Our Resolution^[8] dated January 16, 2008. With the denial of the motion for reconsideration, the judgment became final and executory on May 26, 2008.^[9]

During the execution proceedings, both parties filed several motions regarding the inclusions to, and computation of, the monetary awards due to Fernandez. On the bases of which, LA Marie Josephine C. Suarez summarized the issues for resolution as follows:

1. Whether [Fernandez] is entitled to additional backwages despite receipt of P3,307,362.05 monetary award covering the period from September 14, 2000 up to June 26, 2008;
2. Whether [Fernandez] is entitled to [P1,950,525.53] additional backwages consisting, among others, of CBA salary increases, covering the period from September 14, 2000 to June 26, 2008, and whether said computation by Felix Dalisay of the Computation Unit and adopted by LA Borbolla is correct;
3. Whether [Fernandez] is entitled to additional backwages starting January 31, 2009 when [MERALCO] [in its Motion to Declare Full Satisfaction of Fernandez's Monetary Awards Granted by the Court of Appeals and Supreme Court dated January 13, 2009] manifested that it was exercising its option to pay [Fernandez's] separation pay instead of reinstatement; and
4. Whether [Fernandez] should be reinstated.^[10]

In the Order^[11] dated June 27, 2014, LA Suarez disposed the motions. Thus:

[MERALCO's] Motion to Declare Full Satisfaction of [Fernandez's] Monetary Awards Granted in the. Decision. of the Court of Appeals and the Supreme Court dated January 13, 2009 is DENIED for lack of merit.

[Fernandez's]: [1] Urgent Motion to Require [MERALCO] to Reinstate [Fernandez] dated December 16, 2008, [2] Motion for Recomputation of Backwages from September 14, 2000 to June 26, 2008 and Computation of 14th & 15th Month Pay and Attorney's Fees dated October 17, 2012, and [3] Manifestation and Urgent Motion dated October 17, 2012 praying that he be allowed to collect only P490,104;10 out of the P2,123,277.80 garnished money per January 25, 2011 Alias Writ of Execution are DENIED for lack of merit.

As to [Fernandez's] Urgent Motion to Release the Money to [Fernandez] dated April 4, 2011 in the sum of P2,125,277.00 representing P1,614,626.40 separation pay from October 3, 1978 to January 31, 2009, P490,104.10 accrued salaries and benefits from June 27, 2008 to January 31, 2009 and P20,547.30 execution fee, BANCO DE ORO is ordered to release the garnished P2,125,277.00 to the NLRC Cashier, thru Sheriff Manolito Manuel.

[Fernandez] is declared legally separated from employment effective January 31, 2009.

[MERALCO] is further ordered to pay [Fernandez] the sum of PESOS: ONE MILLION NINE HUNDRED FIFTY THOUSAND FIVE HUNDRED

TWENTY-FIVE & 53/100 [P1,950,525.53] representing additional backwages and benefits pursuant to the CBA covering the period from September 14, 2000 to June 26, 2008, as computed by the Computation Unit.

All other claims of the parties are DENIED for lack of merit.

SO ORDERED.^[12]

On July 4, 2014, Fernandez received a copy of the June 27, 2014 Order.^[13] Prior to the expiration of the 10-day reglementary period, he filed a *Notice of Appeal and Memorandum on Appeal*^[14] on July 11, 2014. The appeal was limited to the following:

2.3.a. Findings of the Labor Arbiter that [Fernandez] was deemed separated from employment effective [January 31, 2009] when [MERALCO] manifested in its "Motion to Declare Full Satisfaction of [Fernandez's] Monetary Awards Granted in the Decision of the Court of Appeals and Supreme Court" dated January 13, 2009 that they were exercising their option to pay [Fernandez] separation pay in lieu of reinstatement.

2.3.b. Findings of the Labor Arbiter that [Fernandez] was not entitled to any retirement pay/benefits.

2.3.c. Findings of the Labor Arbiter that [Fernandez] was not entitled to 14th month pay, 15th month pay, rice and clothing allowance pursuant to the CBA and attorney's fee.^[15]

Realizing the procedural defect, Fernandez filed, on July 23, 2014, a *Motion to Treat Remedy Previously Filed As Verified Petition With Motion To Admit Original Copy Of The Assailed Order As Part Thereof*,^[16] alleging among others:

3. However, he entitled and treated the same as an Appeal (*i.e.*, Notice of Appeal and Memorandum of Appeal) instead of a Verified Petition.

4. Notably, his remedy was properly verified and certified (against non-forum shopping) and the only technical issue/discrepancy therein is that it was entitled/treated as "*Notice of Appeal and Memorandum of Appeal*" instead of a "*Verified Petition*."^[17]

Despite his submissions, the appeal and motion were merely "NOTED WITHOUT ACTION" in the July 30, 2014 Order of LA Suarez, who opined that these are prohibited pleadings under Section 5 (i) and (j), Rule V of the NLRC Rules.^[18] After Fernandez received a copy of the Order on August 14, 2014, he filed a Verified Petition^[19] on August 26, 2014.

On August 29, 2014, the NLRC Fifth Division resolved to deny Fernandez's Verified Petition.^[20] His motion for reconsideration was denied on October 20, 2014.^[21]

Meantime, MERALCO also filed a Verified Petition^[22] to assail the June 27, 2014

Order. On July 31, 2014, it was dismissed by the NLRC Fifth Division for insufficiency in form and substance.^[23] A motion for reconsideration was filed.^[24] On October 31, 2014, the Verified Petition was reinstated, but was denied for lack of merit.^[25]

Fernandez elevated the case to the CA via a petition for *certiorari*,^[26] which was denied for lack of merit. His motion for reconsideration^[27] suffered the same fate; hence, this petition.

We grant.

The sole issue in *Velasco v. Matsushita Electric Philippines Corp.*^[28] was whether the NLRC, in noting without action petitioner's Notice of Appeal from the Order issued by the LA during the execution proceedings, committed grave abuse of discretion amounting to lack or excess of jurisdiction. There, Velasco filed a Notice of Appeal before the NLRC after the LA denied her Manifestation and Motion claiming that Matsushita had not complied with the judgment in her favor. In ruling for Velasco, this Court held:

Petitioner is correct in asserting that she is not bereft of reliefs from adverse orders issued by the Labor Arbiter in connection with the execution of the judgment in her favor. However, she failed to avail of the correct remedy.

Rule 5, Section 5 of the 2011 Rules of Procedure of the National Labor Relations Commission explicitly provides that an appeal from an order issued by a Labor Arbiter in the course of execution proceedings is a prohibited pleading.

SECTION 5. PROHIBITED PLEADINGS AND MOTIONS. - The following pleadings and motions shall not be allowed and acted upon nor elevated to the Commission:

xxx xxx xxx

i) Appeal from orders issued by the Labor Arbiter in the course of execution proceedings.

This is affirmed by Rule XII, Section 15 of the same Rules:

SECTION 15. NO APPEAL FROM THE ORDER OR RESOLUTION OF THE LABOR ARBITER ARISING FROM EXECUTION PROCEEDINGS OR OTHER INCIDENTS. - Except by way of a petition filed in accordance with this Rule, no appeal from the order or resolution issued by the Labor Arbiter during the execution proceedings or in relation to incidents other than a decision or disposition of the case on the merits, shall be allowed or acted upon by the Commission.

Rule 12, Section 1 provides that, instead of an appeal, the proper remedy is a verified petition to annul or modify the assailed order or resolution:

SECTION 1. VERIFIED PETITION. - A party aggrieved by any order or resolution of the Labor Arbiter including those issued during execution proceedings may file a verified petition to annul or modify such order or resolution. The petition may be accompanied by an application for the issuance of a temporary restraining order and/or writ of preliminary or permanent injunction to enjoin the Labor Arbiter, or any person acting under his/her authority, to desist from enforcing said resolution or order.^[29]

Nevertheless, while it was an error for petitioner to seek relief from the National Labor Relations Commission through an appeal, it is in the better interest of justice that petitioner be afforded the opportunity to avail herself of the reliefs that this Court itself, in its November 23, 2009 ruling, found to be due to her.

It is a basic principle that the National Labor Relations Commission is "not bound by strict rules of evidence and of procedure." Between two modes of action - first, one that entails a liberal application of rules but affords full relief to an illegally dismissed employee; and second, one that entails the strict application of procedural rules but the possible loss of reliefs properly due to an illegally dismissed employee - the second must be preferred. Thus, it is more appropriate for the National Labor Relations Commission to have instead considered the appeal filed before it as a petition to modify or annul.

Similarly, in the present case, the NLRC Rules of Procedure must be liberally applied so as to prevent injustice and grave or irreparable damage or injury to an illegally dismissed employee. The matter should be remanded to the NLRC for determination of the inclusions to, and the computation of, the monetary awards due to Fernandez.

Without prejudice to the factual findings of the NLRC and the power of review of the CA, We take note of the following for guidance:

Under the law and prevailing jurisprudence, an illegally dismissed employee is entitled to reinstatement **as a matter of right**.^[30] The award of separation pay is a **mere exception** to the rule.^[31] It is made an alternative relief in lieu of reinstatement in certain circumstances, like: (a) when reinstatement can no longer be effected in view of the passage of a long period of time or because of the realities of the situation; (b) reinstatement is inimical to the employer's interest; (c) reinstatement is no longer feasible; (d) reinstatement does not serve the best interests of the parties involved; (e) the employer is prejudiced by the workers' continued employment; (f) facts that make execution unjust or inequitable have supervened; or (g) strained relations between the employer and employee.^[32]

Under the doctrine of strained relations, the payment of separation pay is considered an acceptable alternative to reinstatement when the latter option is no longer desirable or viable. On one hand, such payment liberates the employee from what could be a highly oppressive work environment. On the other hand, it releases the employer from the grossly unpalatable obligation of maintaining in its employ a worker it could no longer trust.^[33]