EN BANC

[G.R. No. 189871, August 13, 2013]

DARIO NACAR, PETITIONER, VS. GALLERY FRAMES AND/OR FELIPE BORDEY, JR., RESPONDENTS.

D E C I S I O N

PERALTA, J.:

This is a petition for review on *certiorari* assailing the Decision[1] dated September 23, 2008 of the Court of Appeals (CA) in CA-G.R. SP No. 98591, and the Resolution[2] dated October 9, 2009 denying petitioner's motion for reconsideration.

The factual antecedents are undisputed.

Petitioner Dario Nacar filed a complaint for constructive dismissal before the Arbitration Branch of the National Labor Relations Commission (NLRC) against respondents Gallery Frames (GF) and/or Felipe Bordey, Jr., docketed as NLRC NCR Case No. 01-00519-97.

On October 15, 1998, the Labor Arbiter rendered a Decision[3] in favor of petitioner and found that he was dismissed from employment without a valid or just cause. Thus, petitioner was awarded backwages and separation pay in lieu of reinstatement in the amount of P158,919.92. The dispositive portion of the decision, reads:

> With the foregoing, we find and so rule that respondents failed to discharge the burden of showing that complainant was dismissed from employment for a just or valid cause. All the more, it is clear from the records that complainant was never afforded due process before he was terminated. As such, we are perforce constrained to grant complainant's prayer for the payments of separation pay in lieu of reinstatement to his former position, considering the strained relationship between the parties, and his apparent reluctance to be reinstated, computed **only up to promulgation of this decision** as follows:

> SEPARATION PAY

Date Hired	= August 1990
Rate	= P198/day
Date of Decision	= Aug. 18, 1998
Length of Service	= 8 yrs. & 1 month

P198.00 x 26 days x 8 months	= P41,184.00

BACKWAGES

Date Dismissed	= January 24, 1997
Rate per day	= P196.00
Date of Decisions	= Aug. 18, 1998

a) 1/24/97 to 2/5/98 = 12.36 mos. P196.00/day x 12.36 mos.	= P62,986.56
b) 2/6/98 to 8/18/98 = 6.4 months Prevailing Rate per day	= P62,986.00
P198.00 x 26 days x 6.4 mos.	= P32,947.20
T O T A L	= P95.933.76

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WHEREFORE, premises considered, judgment is hereby rendered finding respondents guilty of constructive dismissal and are therefore, ordered:

1. To pay jointly and severally the complainant the amount of sixty-two thousand nine hundred eighty-six pesos and 56/100 (P62,986.56) Pesos representing his separation pay;

2. To pay jointly and severally the complainant the amount of nine (sic) five thousand nine hundred thirty-three and 36/100 (P95,933.36) representing his backwages; and

3. All other claims are hereby dismissed for lack of merit.

SO ORDERED.[4]

Respondents appealed to the NLRC, but it was dismissed for lack of merit in the Resolution[5] dated February 29, 2000. Accordingly, the NLRC sustained the decision of the Labor Arbiter. Respondents filed a motion for reconsideration, but it was denied.[6]

Dissatisfied, respondents filed a Petition for Review on *Certiorari* before the CA. On August 24, 2000, the CA issued a Resolution dismissing the petition. Respondents filed a Motion for Reconsideration, but it was likewise denied in a Resolution dated May 8, 2001.[7]

Respondents then sought relief before the Supreme Court, docketed as G.R. No. 151332. Finding no reversible error on the part of the CA, this Court denied the petition in the Resolution dated April 17, 2002.[8]

An Entry of Judgment was later issued certifying that the resolution became final and executory on May 27, 2002.[9] The case was, thereafter, referred back to the Labor Arbiter. A pre-execution conference was consequently scheduled, but respondents failed to appear.[10]

On November 5, 2002, petitioner filed a Motion for Correct Computation, praying that his backwages be computed from the date of his dismissal on January 24, 1997 up to the finality of the Resolution of the Supreme Court on May 27, 2002.[11] Upon recomputation, the Computation and Examination Unit of the NLRC arrived at an updated amount in the sum of P471,320.31.[12]

On December 2, 2002, a Writ of Execution[13] was issued by the Labor Arbiter ordering the Sheriff to collect from respondents the total amount of P471,320.31. Respondents filed a Motion to Quash Writ of Execution, arguing, among other things, that since the Labor Arbiter awarded separation pay of P62,986.56 and limited backwages of P95,933.36, no more recomputation is required to be made of the said awards. They claimed that after the decision becomes final and executory, the same cannot be altered or amended anymore.[14] On January 13, 2003, the Labor Arbiter issued an Order[15] denying the motion. Thus, an Alias Writ of Execution[16] was issued on January 14, 2003.

Respondents again appealed before the NLRC, which on June 30, 2003 issued a Resolution[17] granting the appeal in favor of the respondents and ordered the recomputation of the judgment award.

On August 20, 2003, an Entry of Judgment was issued declaring the Resolution of the NLRC to be final and executory. Consequently, another pre-execution conference was held, but respondents failed to appear on time. Meanwhile, petitioner moved that an Alias Writ of Execution be issued to enforce the earlier recomputed judgment award in the sum of P471,320.31.[18]

The records of the case were again forwarded to the Computation and Examination Unit for recomputation, where the judgment award of petitioner was reassessed to be in the total amount of only P147,560.19.

Petitioner then moved that a writ of execution be issued ordering respondents to pay him the original amount as determined by the Labor Arbiter in his Decision dated October 15, 1998, pending the final computation of his backwages and separation pay.

On January 14, 2003, the Labor Arbiter issued an Alias Writ of Execution to satisfy the judgment award that was due to petitioner in the amount of P147,560.19, which petitioner eventually received.

Petitioner then filed a Manifestation and Motion praying for the re-computation of the monetary award to include the appropriate interests.[19]

On May 10, 2005, the Labor Arbiter issued an Order[20] granting the motion, but only up to the amount of P11,459.73. The Labor Arbiter reasoned that it is the

October 15, 1998 Decision that should be enforced considering that it was the one that became final and executory. However, the Labor Arbiter reasoned that since the decision states that the separation pay and backwages are computed only up to the promulgation of the said decision, it is the amount of P158,919.92 that should be executed. Thus, since petitioner already received P147,560.19, he is only entitled to the balance of P11,459.73.

Petitioner then appealed before the NLRC,[21] which appeal was denied by the NLRC in its Resolution[22] dated September 27, 2006. Petitioner filed a Motion for Reconsideration, but it was likewise denied in the Resolution[23] dated January 31, 2007.

Aggrieved, petitioner then sought recourse before the CA, docketed as CA-G.R. SP No. 98591.

On September 23, 2008, the CA rendered a Decision[24] denying the petition. The CA opined that since petitioner no longer appealed the October 15, 1998 Decision of the Labor Arbiter, which already became final and executory, a belated correction thereof is no longer allowed. The CA stated that there is nothing left to be done except to enforce the said judgment. Consequently, it can no longer be modified in any respect, except to correct clerical errors or mistakes.

Petitioner filed a Motion for Reconsideration, but it was denied in the Resolution[25] dated October 9, 2009.

Hence, the petition assigning the lone error:

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> WITH DUE RESPECT, THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED, COMMITTED GRAVE ABUSE OF DISCRETION AND DECIDED CONTRARY TO LAW IN UPHOLDING THE QUESTIONED RESOLUTIONS OF THE NLRC WHICH, IN TURN, SUSTAINED THE MAY 10, 2005 ORDER OF LABOR ARBITER MAGAT MAKING THE DISPOSITIVE PORTION OF THE OCTOBER 15, 1998 DECISION OF LABOR ARBITER LUSTRIA SUBSERVIENT TO AN OPINION EXPRESSED IN THE BODY OF THE SAME DECISION.[26]

Petitioner argues that notwithstanding the fact that there was a computation of backwages in the Labor Arbiter's decision, the same is not final until reinstatement is made or until finality of the decision, in case of an award of separation pay. Petitioner maintains that considering that the October 15, 1998 decision of the Labor Arbiter did not become final and executory until the April 17, 2002 Resolution of the Supreme Court in G.R. No. 151332 was entered in the Book of Entries on May 27, 2002, the reckoning point for the computation of the backwages and separation pay should be on May 27, 2002 and not when the decision of the Labor Arbiter was rendered on October 15, 1998. Further, petitioner posits that he is also entitled to the payment of interest from the finality of the decision until full payment by the respondents.

On their part, respondents assert that since only separation pay and limited

backwages were awarded to petitioner by the October 15, 1998 decision of the Labor Arbiter, no more recomputation is required to be made of said awards. Respondents insist that since the decision clearly stated that the separation pay and backwages are "computed only up to [the] promulgation of this decision," and considering that petitioner no longer appealed the decision, petitioner is only entitled to the award as computed by the Labor Arbiter in the total amount of P158,919.92. Respondents added that it was only during the execution proceedings that the petitioner questioned the award, long after the decision had become final and executory. Respondents contend that to allow the further recomputation of the backwages to be awarded to petitioner at this point of the proceedings would substantially vary the decision of the Labor Arbiter as it violates the rule on immutability of judgments.

The petition is meritorious.

The instant case is similar to the case of *Session Delights Ice Cream and Fast Foods v. Court of Appeals (Sixth Division)*,[27] wherein the issue submitted to the Court for resolution was the propriety of the computation of the awards made, and whether this violated the principle of immutability of judgment. Like in the present case, it was a distinct feature of the judgment of the Labor Arbiter in the above-cited case that the decision already provided for the computation of the payable separation pay and backwages due and did not further order the computation of the monetary awards up to the time of the finality of the judgment. Also in *Session Delights*, the dismissed employee failed to appeal the decision of the labor arbiter. The Court clarified, thus:

> In concrete terms, the question is whether a re-computation in the course of execution of the labor arbiter's original computation of the awards made, pegged as of the time the decision was rendered and confirmed with modification by a final CA decision, is legally proper. The question is posed, given that the petitioner did not immediately pay the awards stated in the original labor arbiter's decision; it delayed payment because it continued with the litigation until final judgment at the CA level.
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> A source of misunderstanding in implementing the final decision in this case proceeds from the way the original labor arbiter framed his decision. The decision consists essentially of two parts.
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> The *first* is that part of the decision that cannot now be disputed because it has been confirmed with finality. This is the finding of the illegality of the dismissal and the awards of separation pay in lieu of reinstatement, backwages, attorney's fees, and legal interests.
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> The *second* part is the computation of the awards made. On its face, the computation the labor arbiter made shows that it was time-bound as can be seen from the figures used in the computation. This part, being merely a computation of what the first part of the decision established and declared, can, by its nature, be re-computed. This is the part, too, that the petitioner now posits should no longer be re-computed because the computation is already in the labor arbiter's decision that the CA had affirmed. The public and private respondents, on the other hand, posit