

THIRD DIVISION

[G.R. No. 165476, August 15, 2011]

**AGRIPINO V. MOLINA, PETITIONER, VS. PACIFIC PLANS, INC.,
RESPONDENT.**

R E S O L U T I O N

PERALTA, J.:

For resolution is petitioner's Urgent Manifestation and Supplemental Motion to Implement the January 14, 2009 Resolution of this Court.^[1]

On March 10, 2006, this Court promulgated its Decision^[2] in the instant case finding the dismissal of herein petitioner to be illegal and ordering herein respondent to immediately reinstate petitioner to his former position as Assistant Vice-President without demotion in rank and salary, and to pay him his backwages from August 1, 2001 up to his actual reinstatement, as well as other accrued monetary benefits.

On March 5, 2007, the abovementioned Decision became final and executory.^[3]

Thereafter, upon motion of petitioner, Executive Labor Arbiter Fatima Jambaro-Franco of the National Labor Relations Commission (NLRC)-National Capital Region Arbitration Branch issued an Order^[4] dated August 3, 2007 directing the Computation and Examination Unit (CEU) of the NLRC to compute petitioner's monetary award, inclusive of his other accrued monetary benefits.

On September 3, 2007, the Executive Labor Arbiter issued a Writ of Execution commanding the sheriff of the NLRC-NCR to collect from respondent the amount of P5,494,358.75 representing petitioner's monetary award, consisting, among others, of backwages, separation pay and overriding commissions, as computed by the CEU.

Meanwhile, respondent filed a Partial Appeal assailing the August 3, 2007 Order of the Executive Labor Arbiter.

On February 26, 2008, the NLRC promulgated a Decision^[5] granting respondent's partial appeal and holding that the other monetary benefits granted to petitioner should not include salary increases based on the Collective Bargaining Agreement (CBA) because he is not covered by it, considering that he is an Assistant Vice-President. The NLRC also directed the remand of the records of the case to the Labor Arbiter of origin for the purpose of conducting a pre-execution conference and for the re-computation of the awards due to petitioner.

In compliance with the Decision of the NLRC, the CEU submitted its Re-Computation indicating a total award of P4,366,954.80 to petitioner.^[6] Both parties were

furnished copies of the said Re-Computation.

Subsequently, pre-execution conferences were held. During the proceedings, petitioner manifested that he had no objection to the monetary award as re-computed. However, he claimed that he is entitled to a legal interest of 12% on the amount due him reckoned from the finality of the March 5, 2007 Decision of this Court until full payment thereof. Respondent, on the other hand, objected to the grant of overriding commissions amounting to P2,259,410.40.

On November 25, 2008, the Labor Arbiter issued an Order^[7] approving the re-computed sum of P4,366,954.80.

On December 8, 2008, respondent filed a partial appeal reiterating its stand that petitioner is not entitled to overriding commissions as well as 12% legal interest on the amount due him.

Meanwhile, on December 3, 2008, petitioner filed with this Court a Very Urgent Manifestation and Motion to Order Execution of a Final and Executory Judgment. Petitioner prayed, among others, for the issuance of a writ of execution based on the approved recomputed amount awarded to petitioner plus legal interest of twelve (12%) per annum until full satisfaction thereof.

On January 14, 2009, this Court issued a Resolution^[8] granting petitioner's Motion.

On the other hand, in its Decision dated August 28, 2009, the NLRC found merit in respondent's Partial Appeal dated December 8, 2008. The dispositive portion of the NLRC Decision reads, thus:

WHEREFORE, premises considered, the partial appeal filed by respondents is GRANTED IN PART. The computation of [the] Computation and Examination Unit dated July 8, 2008 is MODIFIED, in that, the award of overriding commission is DELETED, and respondents are additionally ordered to pay 12% interest per annum beginning March 5, 2007 on the monetary award of P2,107,544.40 (excluding vacation and sick leaves), which as of September 5, 2009 amounts to P632,263.32 (P2,107,544.40 x 12% x 2 years and 6 months). Thus, complainant's total monetary award is provisionally computed in the amount of P2,739,807.72.

Let the records of this case be remanded immediately to the Regional Arbitration Branch of origin for execution proceedings.

SO ORDERED.^[9]

Both petitioner and respondent moved for the reconsideration of the abovequoted Decision.

On June 18, 2010, the NLRC promulgated a Resolution^[10] granting the motions for reconsideration of petitioner and respondent holding that it was an error on its part to delete the overriding commissions from petitioner's monetary award. On the other hand, the NLRC deleted the award for legal interest. The dispositive portion of

the Resolution reads as follows:

WHEREFORE, premises considered, the Motions for Reconsideration filed by both parties are partly GRANTED. The assailed Decision of the Commission dated August 28, 2009 is SET ASIDE.

A new one is entered REINSTATING the Computation of Monetary Awards submitted by the Computation and Examination Unit on July 8, 2008, as approved by Labor Arbiter Quitevis-Alconcel in her Order dated November 25, 2008.

In compliance with the resolution of the Supreme Court dated January 14, 2009, the entire records of this case is remanded to the Labor Arbiter *a quo* for the immediate issuance of a writ of execution of complainant's monetary award totaling P4,366,954.80

SO ORDERED.^[11]

On October 22, 2010, the Labor Arbiter issued an Alias Writ of Execution.

In the meantime, petitioner filed the present Motion praying that the June 18, 2010 Resolution of the NLRC be modified to conform to the January 14, 2009 Resolution of this Court by including in the award, aside from the principal amount of P4,366,954.80, interest at the rate of 12% per annum from March 5, 2007 until full payment of the principal amount. Petitioner further prays that, after modification, the subject NLRC Resolution be immediately executed.

On February 4, 2011, the NLRC, through its Commissioners, filed its Comment to the present Motion. Respondent also filed his Comment.

The issues left for resolution now are: (1) whether petitioner is entitled to a legal interest of 12% on the principal amount due him to be computed from the finality of the March 5, 2007 Decision until full payment thereof; and (2) whether the judgment in favor of petitioner may be executed in view of respondent's claim that it is still undergoing corporate rehabilitation.

The Court finds the Motion partly meritorious.

With respect to the matter of legal interest, it should be noted that this Court's Resolution of January 14, 2009 granted petitioner's Very Urgent Manifestation and Motion to Order Execution of a Final and Executory Judgment. Petitioner prayed in the said Manifestation and Motion that in addition to the amount of P4,366,954.80 granted to him as monetary award, he should also be awarded legal interest at the rate of 12% per annum. Hence, the matter of the award of 12% legal interest is already settled.

Nonetheless, it may not be amiss to reiterate the prevailing rule as enunciated in the landmark case of *Eastern Shipping Lines, Inc. v. Court of Appeals*^[12] thus:

I. When an obligation, regardless of its source, i.e., law, contracts, quasi-contracts, delicts or quasi-delicts is breached, the contravenor can be held liable for damages. The provisions under Title XVIII on "Damages" of the Civil Code govern in determining the measure of recoverable damages.

II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:

1. When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.

2. When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum. No interest, however, shall be adjudged on unliquidated claims or damages except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Article 1169, Civil Code) but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.

3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2 above, shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.^[13]

Hence, the payment of legal interest becomes a necessary consequence of the finality of the Court's Decision, because reckoned from that time the said Decision becomes a judgment for money which, under established jurisprudence, earns interest at the rate of 12% per annum.

With respect to the issue of execution, the Court notes respondent's contention that