

THIRD DIVISION

[G.R. No. 168697, December 14, 2009]

**GINA M. TIANGCO AND SALVACION JENNY MANEGO,
PETITIONERS, VS. UNIWIDE SALES WAREHOUSE CLUB, INC.
AND JIMMY GOW, RESPONDENTS.**

RESOLUTION

CORONA, J.:

This is a petition for review on certiorari^[1] of the February 9, 2005 decision^[2] and June 28, 2005 resolution^[3] of the Court of Appeals (CA) in CA-G.R. SP No. 85474.

Petitioners Gina M. Tiangco and Salvacion Jenny Manego^[4] were employees of respondent Uniwide Sales Warehouse Club, Inc. (USWCI), a domestic corporation. Respondent Jimmy N. Gow was the president of the corporation.^[5]

Petitioner Tiangco was employed by respondent USWCI on June 10, 1997 as concession manager. In 1998, she was designated as group merchandising manager for the fashion and personal care department with a monthly salary of P45,000. On the other hand, petitioner Manego was initially employed as buyer on January 16, 1984 but was promoted as senior category head with a monthly salary of P25,000.^[6]

On July 5, 2001 and July 13, 2001, petitioners Tiangco and Manego respectively filed separate complaints for illegal dismissal, payment of separation pay as well as award of moral and exemplary damages in the National Labor Relations Commission (NLRC). The complaints, docketed as NLRC NCR Case Nos. 00-09-03512-2001 and 00-09-04757-2001, were consolidated.^[7]

In his order dated January 11, 2002, the labor arbiter^[8] considered the consolidated cases as submitted for decision.^[9]

On February 13, 2002, the respondents filed a manifestation and motion praying that the proceedings on the consolidated cases be suspended on the ground that respondent USWCI had been placed in a state of suspension of payments by the Securities and Exchange Commission (SEC) as early as April 11, 2000 and a receivership committee had in fact been appointed.^[10]

On February 26, 2002, the labor arbiter suspended the proceedings until further orders from the SEC.^[11]

On March 23, 2004, petitioners filed a motion to reopen case on the ground that the SEC, in its order dated December 23, 2002, had already approved the second

amendment to the rehabilitation plan (SARP) of respondent USWCI.^[12]

In their opposition to the motion, respondents argued that the proceedings in the consolidated cases must remain suspended inasmuch as the mere approval of the SARP did not constitute a valid ground for their reopening.^[13]

On June 16, 2004, the labor arbiter issued an order directing the parties to file their memoranda. He further stated that even without the memoranda, the cases would be ordered submitted for decision after the lapse of the period for filing.^[14]

This prompted respondents to file a petition for certiorari^[15] with prayer for a temporary restraining order (TRO) in the CA, imputing grave abuse of discretion on the part of the labor arbiter.

On September 17, 2004, the CA granted the application for a TRO.^[16] In its February 9, 2005 decision, it granted the petition and reversed the June 16, 2004 order of the labor arbiter. It ruled that proceedings on the cases should remain suspended until further orders from the SEC citing *Rubberworld (Phils.), Inc. v. NLRC*^[17] and Sections 6(b), 11 and 27, Rule 4 of the 2000 Interim Rules of Procedure on Corporate Rehabilitation.^[18] It denied reconsideration on June 28, 2005.

Hence, this petition.

The issue determinative of this case is whether the consolidated illegal dismissal cases can be reopened at this point of the SEC proceedings for respondent USWCI's rehabilitation.

This issue is far from novel. We resolved the same question as early as 1999 in *Rubberworld (Phils.), Inc. v. NLRC*^[19] and since then, we have reiterated the ruling in several other cases.^[20]

The relevant law dealing with the suspension of payments for money claims against corporations under rehabilitation is Presidential Decree No. (PD) 902-A,^[21] as amended. Section 6 (c) thereof provides:

Sec. 6. In order to effectively exercise such jurisdiction, the [SEC]^[22] shall possess the following powers:

xxx xxx xxx

c) To appoint one or more receivers of the property, real and personal, which is the subject of the action pending before the [SEC] in accordance with the pertinent provisions of the Rules of Court in such other cases whenever necessary in order to preserve the rights of the parties-litigants and/or protect the interest of the investing public and creditors: xxx Provided, finally, that **upon appointment of a management committee, rehabilitation receiver, board, or body, pursuant to this Decree, all actions for claims against corporations,**

partnerships or associations **under management or receivership pending before any court, tribunal, board or body shall be suspended accordingly.** (Emphasis supplied)

The term "claim," as contemplated in Section 6 (c), refers to debts or demands of a pecuniary nature.^[23] It is the assertion of rights for the payment of money.^[24] Here, petitioners have pecuniary claims—the payment of separation pay and moral and exemplary damages.

In *Rubberworld*, we held that a labor claim is a "claim" within the contemplation of PD 902-A, as amended. This is consistent with the Interim Rules of Procedure on Corporate Rehabilitation which came out in 2000.^[25] Section 1, Rule 2 of the Interim Rules defines "claims" as follows:

Sec. 1. *Definition of Terms* - For purposes of these Rules:

xxx xxx xxx

"Claim" shall include all claims or demands of whatever nature or character against a debtor or its property, whether for money or otherwise.

Thus, labor claims are included among the actions suspended upon the placing under rehabilitation of employer-corporations. We stated in *Rubberworld*:

It is plain from the foregoing provisions of law that "upon the appointment [by the SEC] of a management committee or a rehabilitation receiver," all actions for claims against the corporation pending before any court, tribunal or board shall *ipso jure* be suspended. The justification for the automatic stay of all pending actions for claims "is to enable the management committee or the rehabilitation receiver to effectively exercise its/his powers free from any judicial or extra-judicial interference that might unduly hinder or prevent the 'rescue' of the debtor company. To allow such other actions to continue would only add to the burden of the management committee or rehabilitation receiver, whose time, effort and resources would be wasted in defending claims against the corporation instead of being directed toward its restructuring and rehabilitation."

xxx xxx xxx

The law is clear: upon the creation of a management committee or the appointment of a rehabilitation receiver, all claims for actions "shall be suspended accordingly." **No exception in favor of labor claims is mentioned in the law.** Since the law makes no distinction or exemptions, neither should this Court. *Ubi lex non distinguit nec nos distinguere debemos*. Allowing labor cases to proceed clearly defeats the purpose of the automatic stay and severely encumbers the management committee's time and resources. The said committee would need to

defend against these suits, to the detriment of its primary and urgent duty to work towards rehabilitating the corporation and making it viable again. To rule otherwise would open the floodgates to other similarly situated claimants and forestall if not defeat the rescue efforts. Besides, even if the NLRC awards the claims of private respondents, as it did, its ruling could not be enforced as long as the petitioner is under the management committee.

xxx xxx xxx

Article 217 of the Labor Code^[26] should be construed not in isolation but in harmony with PD 902-A, according to the basic rule in statutory construction that implied repeals are not favored. Indeed, it is axiomatic that each and every statute must be construed in a way that would avoid conflict with existing laws. True, the NLRC has the power to hear and decide labor disputes, but such authority is deemed suspended when PD 902-A is put into effect by the [SEC].

xxx xxx xxx

This Court notes that PD 902-A itself does not provide for the duration of the automatic stay. Neither does the Order of the SEC. Hence, the suspensive effect has no time limit and remains in force as long as reasonably necessary to accomplish the purpose of the Order.^[27] (Emphasis supplied)

In *Philippine Airlines, Inc. v. Zamora*,^[28] we emphasized that "this Court's adherence to the abovestated rule has been resolute and steadfast as evidenced by its oft-repeated application in a plethora of cases."^[29]

Petitioners seek to have the suspension of proceedings lifted on the ground that the SEC already approved respondent USWCI's SARP. However, there is no legal ground to do so because the suspensive effect of the stay order is not time-bound. As we held in *Rubberworld*, it continues to be in effect as long as reasonably necessary to accomplish its purpose.^[30] This is clarified in the Interim Rules:

Rule 4

xxx xxx xxx

Sec. 6. *Stay Order.* - If the court finds the petition to be sufficient in form and substance, it shall, not later than five (5) days from the filing of the petition, issue an Order (a) appointing a Rehabilitation Receiver and fixing his bond; (b) **staying enforcement of all claims, whether for money or otherwise and whether such enforcement is by court action or otherwise**, against the debtor, its guarantors and sureties not solidarily liable with the debtor; xxx

xxx xxx xxx