

## FIRST DIVISION

[ G.R. NO. 142358, January 31, 2006 ]

**GRAND PLACEMENT AND GENERAL SERVICES CORPORATION,  
PETITIONER, VS. COURT OF APPEALS, NATIONAL LABOR  
RELATIONS COMMISSION, AND MARY ANN PARAGAS,  
RESPONDENTS.**

### D E C I S I O N

#### **AUSTRIA-MARTINEZ, J.:**

Before us is a petition for review on certiorari under Rule 45 of the Rules of Court assailing the Decision<sup>[1]</sup> of the Court of Appeals (CA) dated September 14, 1999 in CA-G.R. SP No. 51965, which affirmed the Decision dated November 25, 1997 and Resolution dated February 19, 1998 of the National Labor Relations Commission (NLRC) in NLRC CA No. 012651-97; and the CA Resolution dated January 7, 2000, which denied petitioner's motion for reconsideration.

The factual background of the case is as follows:

On February 26, 1996, Mary Ann Paragas (respondent) filed a complaint for breach of contract, non-payment of monetary benefits and damages against Philips Electronics of Taiwan Ltd. (Philips) and its accredited agent, J.S. Contractor, Inc., (JSCI) before the NLRC, National Capital Region, Quezon City, docketed as NLRC NCR OCW Case No. 00-02-1363-96.<sup>[2]</sup> She alleged that: on December 14, 1994, she was deployed by JSCI to work as a factory operator for Philips for a period of one year with a monthly salary of NT\$13,350.00, exclusive of allowances; she worked at the Philips factory in Chupei City until February 13, 1995; from February 14, 1995 to December 13, 1995, she was assigned to the Philips factory in Chungli City; during the 10 months she worked in Chungli City, she did not receive an additional daily night shift allowance of NT\$215.00 and full attendance bonus of NT\$900.00 per month, benefits which she enjoyed while in Chupei City; she paid an excessive placement fee of P52,000.00; she returned to the Philippines on December 23, 1995. Respondent prayed that she be paid P207,300.00 for night shift differential, excess placement fee, annual bonus, and full attendance bonus; NT\$78,600.00 for salary differential; moral and exemplary damages.<sup>[3]</sup>

During the pendency of the case, the accreditation of JSCI was transferred to Grand Placement and General Services Corporation (petitioner). Consequently, petitioner was impleaded as additional party respondent in the NLRC case.

JSCI denied liability for herein respondent's monetary claims in view of the transfer of accreditation to petitioner.<sup>[4]</sup> To refute the charge of excessive placement fee, JSCI presented Official Receipt No. 5890 dated October 28, 1994 in the amount of P18,350.00.<sup>[5]</sup>

For its part, petitioner averred that it cannot be held liable as transferee agent because it had no privity of contract with respondent. Nonetheless, it argued that respondent is not entitled to her claim of salary differential, night shift differential and full attendance bonus as she was duly paid her salary and other emoluments under her employment contract. It further alleged that respondent's claims were laid to rest in the Decision dated December 9, 1996 in NLRC NCR OCW Case No. 00-02-1362-96, which is a similar case for unpaid monetary benefits filed by Lilibeth Lazaga, respondent's co-worker, wherein the claim of Lazaga is dismissed by the Labor Arbiter, affirmed by the NLRC and the petition for *certiorari* dismissed by this Court in G.R. No. 130953.<sup>[6]</sup>

On February 20, 1997, Labor Arbiter Potenciano S. Cañizares, Jr. rendered a decision in favor of respondent, the dispositive portion of which reads as follows:

WHEREFORE, the respondents are hereby ordered to pay the complainant the sum of P207,300.00 representing night shift differential, excess of placement fee, annual bonus, and full attendance bonus, plus her salary differential of NT\$78,600.00 as computed by her, and the respondents failed to refute by clear and convincing evidence.<sup>[7]</sup>

The Labor Arbiter held that: JSCI failed to refute respondent's monetary claims; there was no legal basis to JSCI's allegation that petitioner, as transferee agent, is answerable as the breach of contract happened when JSCI was Philips' agent; on the issue of transfer of accreditation, Section 6, Rule I, Book III of the Rules and Regulations governing overseas employment issued by the Secretary of Labor and Employment on May 3, 1991 states that "[t]he accreditation of a principal or a project may be transferred to another agency, provided, that transfer shall not involve any diminution of wages and benefits of workers"; respondent instituted her complaint precisely on her claims of diminution of wages and benefits and the breach of contractual obligations.<sup>[8]</sup>

JSCI appealed to the NLRC invoking anew that it is not liable in view of the transfer of its accreditation. It likewise repeated its argument that respondent paid only the amount of P18,350.00 as placement fee.

On November 25, 1997, the NLRC modified the decision of the Labor Arbiter by dismissing the case against JSCI and holding petitioner solely liable for respondent's claims.<sup>[9]</sup> It sustained JSCI's view that petitioner should shoulder the liability as transferee agent in accordance with the POEA Rules. The NLRC deleted the award of excess placement fee after considering that Official Receipt No. 5890 dated October 28, 1994 showed that respondent paid the amount of only P18,350.00.<sup>[10]</sup>

Petitioner filed a motion for reconsideration<sup>[11]</sup> but it was dismissed in the NLRC Resolution dated February 19, 1998.<sup>[12]</sup>

On May 4, 1998, petitioner filed a petition for *certiorari* before us, docketed as G.R. No. 133361.<sup>[13]</sup> On June 22, 1998, the Court granted the temporary restraining order prayed for in the petition and required the NLRC and respondent to comment thereon.<sup>[14]</sup>

On January 25 1999, after the parties submitted their respective responsive pleadings, the Court referred the petition to the CA,<sup>[15]</sup> in accordance with *St. Martin Funeral Homes v. National Labor Relations Commission*.<sup>[16]</sup>

On September 14, 1999, the CA issued the herein assailed Decision affirming the decision of the NLRC and lifting the TRO issued by this Court.<sup>[17]</sup> The CA held that petitioner is liable under Section 6, Rule I, Book III of the POEA Rules and Regulations, to wit:

Section 6. Transfer of Accreditation. The accreditation of a principal or a project may be transferred to another agency provided that transfer shall not involve diminution of wages and benefits of workers.

The transferee agency in these instances shall comply with the requirements for accreditation and shall assume full and complete responsibility for all contractual obligations of the principals to its workers originally recruited and processed by the former agency. Prior to the transfer of accreditation, the Administration shall notify the previous agency and principal of such application.

It sustained the NLRC's view that the time of the breach of contract in a case of a valid accreditation is of no moment since the rules did not provide for a qualification and petitioner's Affidavit of Assumption of Responsibility dated July 31, 1996 stated that it is willing to assume any responsibility that may arise or may have arisen with respect to workers recruited by JSCI. It added that while the Supreme Court ruled in *ABD Overseas Manpower Corporation v. National Labor Relations Commission*<sup>[18]</sup> that the rule on transfer of accreditation should not be given a strict interpretation when the same interpretation would result to grave injustice, said case is inapplicable here since the facts showed that petitioner actively participated in the hearing of the present case and as such, it was given the opportunity to deny its liability and present its defense.

Petitioner filed a motion for reconsideration<sup>[19]</sup> and a supplement thereto<sup>[20]</sup> but the CA denied the motion in a Resolution dated January 7, 2000.<sup>[21]</sup>

Hence, the present petition for review on *certiorari* on the sole ground, to wit:

THE COURT OF APPEALS HAS DECIDED A QUESTION IN A WAY NOT IN ACCORD WITH THE LAW AND APPLICABLE DECISIONS OF THE SUPREME COURT.<sup>[22]</sup>

Petitioner offers five arguments in support thereof:

*First*, it contends that the provisions of the POEA Rules and Regulations on transfer of accreditation is inapplicable because of the express provision of Section 10 of Republic Act No. 8042, the Migrant Workers and Overseas Filipinos Act of 1995, that the liability of the principal and the recruitment agency is joint and several and continues during the entire duration of the employment contract and shall not be affected by any substitution, amendment or modification made locally or in a foreign country of the said contract.

*Second*, it alleges that the CA misapplied *ABD Overseas Manpower Corporation v.*

*National Labor Relations Commission*<sup>[23]</sup> to the effect that Section 6, Rule I, Book III of the POEA Rules should not be used as a shield against liability by a recruitment agency.

*Third*, it argues that the conclusions of the Labor Arbiter and NLRC, as affirmed by the CA, were not supported by substantial evidence. It claims that the Solicitor General, in his Comment before the CA, even noted that the defenses presented by the petitioner were not touched in the decisions of the Labor Arbiter and the NLRC and suggested that there is a need to remand the case back to the Labor Arbiter for further proceedings on the factual issue of whether respondent is entitled to her monetary claims.

*Fourth*, it submits that the CA misapplied the rule on *caveat emptor*; that the rule is inapplicable to labor employment contracts which are imbued with public interest and subservient to the police power of the State.

*Fifth*, it maintains that the CA disregarded the doctrine of *stare decisis* in the light of the Court's ruling on January 14, 1998 in G.R. No. 130953 entitled *Lilibeth Lazaga v. National Labor Relations Commission*<sup>[24]</sup> where the Court sustained the NLRC's dismissal for lack of merit of an identical complaint for unpaid monetary claims of respondent's co-worker in Philips.

In her Comment,<sup>[25]</sup> respondent alleges that the instant petition merits outright dismissal for being filed out of time since petitioner admitted that its counsel on record, Atty. Ricardo C. Orias, Jr., received copy of the CA Resolution dated January 7, 2000 on January 25, 2000 and the petition was filed only on May 5, 2000 or 101 days late. Respondent submits that the argument that the filing of the petition was delayed because the notice of withdrawal of Atty. Orias, Jr. was not filed on time with the CA by the petitioner as it is not adept to legal intricacies is but a tactical ploy to delay the case and avoid payment of its monetary liability. At any rate, respondent insists that the arguments raised in the petition have already been raised and squarely resolved by the NLRC and the CA.

In its Reply,<sup>[26]</sup> petitioner points out that: it received a copy of the CA Resolution dated January 7, 2000 only on March 23, 2000; within fifteen days thereafter it filed before this Court a motion for a thirty-day extension of time or up to May 7, 2000 to file a petition for review on *certiorari* which was granted by the Court; the petition was filed on May 6, 2000,<sup>[27]</sup> within the extended period; the failure of Atty. Orias, Jr., who had already withdrawn from the case, to duly inform it that the motion for reconsideration was denied by the CA upon receipt of the CA Resolution dated January 7, 2000 was not its fault and should not be taken against it. It submits that it should be deemed to have notice of the denial of the motion for reconsideration only as of the date of its actual receipt, i.e., March 23, 2000. It insists that it should not be made to bear the adverse consequences of Atty. Orias, Jr.'s negligence.

The Court finds for the petitioner.

To begin with, the Court is fully aware that procedural rules are not to be belittled or simply disregarded for these prescribed procedures insure an orderly and speedy administration of justice. However, it is equally true that litigation is not merely a game of technicalities. The law and jurisprudence grant to courts the prerogative to

relax compliance with procedural rules of even the most mandatory character, mindful of the duty to reconcile both the need to put an end to litigation speedily and the parties' right to an opportunity to be heard.<sup>[28]</sup>

The Court has often stressed that rules of procedure are merely tools designed to facilitate the attainment of justice. They were conceived and promulgated to effectively aid the court in the dispensation of justice. Courts are not slaves to or robots of technical rules, shorn of judicial discretion. In rendering justice, courts have always been, as they ought to be, conscientiously guided by the norm that on the balance, technicalities take a backseat against substantive rights, and not the other way around. Thus, if the application of the Rules would tend to frustrate rather than promote justice, it is always within our power to suspend the rules or except a particular case from its operation.<sup>[29]</sup>

In numerous cases, the Court has allowed liberal construction of the Rules of Court with respect to the rules on the manner and periods for perfecting appeals, when to do so would serve the demands of substantial justice and in the exercise of equity jurisdiction of the Supreme Court.<sup>[30]</sup> Indeed, laws and rules should be interpreted and applied not in a vacuum or in isolated abstraction but in light of surrounding circumstances and attendant facts in order to afford justice to all.<sup>[31]</sup> Thus, where a decision may be made to rest on informed judgment rather than rigid rules, the equities of the case must be accorded their due weight because labor determinations should not only be *secundum rationem* but also *secundum caritatem*.<sup>[32]</sup>

In this particular case, the suspension of the Rules is warranted since the procedural infirmity was not entirely attributable to the fault or negligence of petitioner. Petitioner and its counsel, Atty. Orias, Jr., agreed to terminate the services of the latter on January 25, 2000.<sup>[33]</sup> Atty. Orias, Jr. received the CA Resolution on January 28, 2000.<sup>[34]</sup> The "Withdrawal of Appearance" which Atty. Orias, Jr. gave to petitioner was sent by the latter thru registered mail only on March 24, 2000 and received by the CA on March 27, 2000.<sup>[35]</sup>

Considering that only three days have elapsed since the termination of his services, Atty. Orias, Jr. should have promptly relayed to petitioner that he received the Resolution dated January 7, 2000 denying petitioner's motion for reconsideration. Had he done so, he would have known that his Withdrawal of Appearance has not been sent yet by petitioner. It is the duty of a lawyer to pay heed to the urgency and importance of registered letter sent by the court.<sup>[36]</sup> Before the date of receipt on March 27, 2000 by the CA of the Withdrawal of Appearance, Atty. Orias, Jr. remained as petitioner's counsel of record.

Ordinarily, until his dismissal or withdrawal is made of record in court, any judicial notice sent to a counsel of record is binding upon his client even though as between them the professional relationship may have been terminated.<sup>[37]</sup> However, under the peculiar circumstances of this case, Atty. Orias, Jr. was negligent in not adequately protecting petitioner's interest, which necessarily calls for a liberal construction of the Rules. Verily, the negligence of Atty. Orias, Jr. cannot be deemed as negligence of petitioner itself in the present case. A notice to a lawyer who appears to have been unconscionably irresponsible cannot be considered as notice