

## FIRST DIVISION

[ G.R. No. 134903, March 26, 2001 ]

**UNICRAFT INDUSTRIES INTERNATIONAL CORPORATION,  
ROBERT DINO, CRISTINA DINO AND MICHAEL LLOYD DINO,  
PETITIONERS, VS. THE HON. COURT OF APPEALS, VOLUNTARY  
ARBITRATOR FLORANTE V. CALIPAY, DANILO ABARAO, ROGIETO  
ABARAO, BENJAMIN AVENTURADO, BENIGNO BELARMINO,  
FELIX BRAZIL, RENATO BRIONES, RECCIL ELCANA, ROLAND  
GERON, RICKY GIMENA, ROMEO INOC, NILIA MANDAWA,  
ANTONIO MANGABON, AMELITO MONTELIN, MATIAS ONGOS,  
ARTURO ORTEGA, ADRIANO PALO, JR., BERNARDO RAMOS,  
WILMA RANILE, EDGAR RIVERA, RAFAEL RONDINA, ANILO  
ROSALES, DIVINA ROSALES, ALONA SORTOÑES, VINCH TRUZ,  
WILSON VILLARTA, EMETERIO YBAS, ROMEO ABARAO,  
WILFREDO ABARAO, EUGENIO ABING, JAIME AGUSTIN, RUBEN  
RONDINA, LORENA SORTOÑES, RESPONDENTS.**

### DECISION

**YNARES-SANTIAGO, J.:**

Assailed in this petition for certiorari with prayer for the issuance of a writ of preliminary injunction and/or temporary restraining order are the Resolutions of the Court of Appeals<sup>[1]</sup> in CA-G.R. SP No. 43763, dated June 18, 1998 and July 31, 1998.

The undisputed facts are as follows:

Petitioner Unicraft Industries International Corporation is a domestic corporation with principal office at Apao, Mandaue City. Private respondents were employees of petitioner corporation for at least over a year, performing work necessary and desirable to the business operation of petitioner corporation. When it expanded its business operations, petitioner corporation opened a branch in Lapulapu City and transferred private respondents from the Mandaue office to the Lapulapu City branch. It appears that petitioner corporation failed to comply with some legal requirements for its business operations in Lapulapu City. Thus, on July 3, 1995, the city government of Lapulapu ordered the closure of petitioner's business due to lack of business and building permit. Consequently, petitioner corporation effected the mass dismissal of private respondents eight (8) days after their transfer to the Lapulapu City branch. Hence, the thirty-two private respondents herein filed with the National Labor Relations Commission, Regional Arbitration Branch No. VII, Cebu City, their individual and separate complaints (consolidated as NLRC Case No. RAB-VII 07-0705-95) for illegal dismissal, underpayment/non-payment of wages, overtime pay, holiday pay, 13th month pay, and service incentive leave. Named respondents were petitioner corporation, Robert Dino, Michael Lloyd Dino, and Cristina Dino, as "owners/president/managers" of the corporation.

Private respondents, complainants in the labor case, contended that petitioners dismissed them because of their union activities. Petitioners, on the other hand, countered that private respondents were not illegally dismissed and argued that the closure of the branch office was effected by virtue of a lawful order of the city government of Lapulapu. Moreover, petitioners alleged that they offered to pay separation pay to the private respondents who, in fact, have already executed quitclaims in favor of petitioner corporation. After a summary trial, the case was submitted for decision on February 14, 1996.

On December 19, 1996, pursuant to Policy Instruction No. 56 of the Secretary of Labor, dated April 6, 1996, and by virtue of the agreement of the parties, the case was submitted for voluntary arbitration to Florante V. Calipay, the voluntary arbitrator chosen by the petitioners and private respondents.<sup>[2]</sup>

On January 9, 1997, petitioners filed a motion for re-selection of voluntary arbitrator. In its order dated January 21, 1997, the voluntary arbitrator denied petitioners' motion and defined the issues to be resolved in the arbitration proceedings, thus:

WHEREFORE, by virtue of the powers and duties vested upon me as the selected voluntary arbitrator, I hereby order both parties to submit their respective position papers and evidence, within fifteen (15) days from today, treating the following issues:

a) whether or not the voluntary arbitrator had been validly selected by the parties and/or whether the same arbitrator had validly assumed jurisdiction over the case.

b) whether or not the complaining workers were legally dismissed. If not, what are their rights and remedies under the law?

Failure of any party to submit their position paper and/or evidence within the set period would be tantamount to waiver of such party to present the same. The case shall then be considered submitted for immediate resolution based on what would thus far be submitted.<sup>[3]</sup>

On March 15, 1997, for failure of petitioners and their counsel to appear and present evidence at the hearing on March 3, 1997, the voluntary arbitrator rendered a decision in favor of private respondents on the basis of the position papers submitted in the voluntary arbitration proceedings as well as the documents and pleadings submitted in NLRC Case No. RAB-VII 07-0705-95 before the NLRC RAB VII, Cebu City. The decretal portion of said decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the complainants, to wit:

a) The dismissal of the complainants are (sic) hereby declared *illegal*. The respondents are ordered to pay the complainants back wages from the date of termination until the date (sic) promulgation of this judgment (15 March 1997).

b) The respondents are further ordered, in view of imputations of bad faith and the strained relations of the parties, to pay the complainants separation pay at one (1) month pay for every year of service from the first day of service until the date of promulgation of this judgment on 15 March 1997, less the amounts the complainants acknowledged to have received before officials at the Department of Labor and Employment Region VII, Cebu City. The total separation pay is SIX HUNDRED ELEVEN THOUSAND SEVEN HUNDRED SIXTY NINE PESOS AND FIFTY CENTAVOS (P611,769.50).

c) The respondents are also declared guilty for violating labor standard law and are hereby ordered to pay the complainants *money claims* for differentials in wage and other benefits in the amount of FOUR MILLION EIGHT HUNDRED FIFTY SEVEN THOUSAND EIGHT HUNDRED SIXTY NINE PESOS AND FORTY CENTAVOS (P4,857,869.40).

d) The claims for moral damages are DISMISSED for lack of convincing evidence.

e) The respondents are ordered to pay Attorney's Fees in the amount equivalent to ten (10) percent of the total award or the amount of FIVE HUNDRED FORTY SIX THOUSAND NINE HUNDRED SIXTY THREE PESOS AND EIGHTY NINE CENTAVOS (P546,963.89). *Litigation costs* of TEN THOUSAND PESOS (P10,000.00) is likewise awarded to the complainants.

#### In Summation

Judgment is rendered in favor of the complainants awarding them SIX MILLION TWENTY SIX THOUSAND SIX HUNDRED TWO PESOS AND SEVENTY-NINE CENTAVOS (P6,026,602.79) divided as follows:

a)	Total Separation Pay	P 611,796.50
b)	Total Money claims	P 4,857, 869.40
	Sub-total	P 5,469, 638.90
c)	Attorney's Fees (10% of sub-total)	P 546,963.89
d)	Litigation Costs	P 10,000.00
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	TOTAL	P 6,026, 602.79

The respondents are therefore mandated to comply with this judgment.

SO ORDERED. <sup>[4]</sup>

Petitioners filed a petition for certiorari with the Court of Appeals contending that they were denied opportunity to be heard in the proceedings before the voluntary arbitrator.

On April 22, 1997, the Court of Appeals approved a stipulation of the parties to

remand the case to the voluntary arbitrator "so that the petitioners will be granted their day in court to prove their case." The stipulation recites:

#### STIPULATION

PARTIES, through their respective counsel, unto this Honorable Court, most respectfully stipulate:

1. Both parties desire to put an end to the litigation before this Honorable Court, and instead refer the above-entitled case back to Voluntary Arbitrator Florante V. Calipay for further hearing under the following terms and conditions:

a) The petitioners will put up a bond in the amount of P6.5 Million to be issued by the Visayan Surety & Insurance Company or any other accredited bonding company acceptable to private respondents to secure payment of the decision dated March 15, 1997 (Annex A of the Petition) rendered by Voluntary Arbitrator Calipay.

b) The case will be referred back to Voluntary Arbitrator Calipay so that the petitioners will be granted their day in court to prove their case, the hearing thereat to treat the following issues:

1. Whether or not the complainants mentioned in Exhibit J of the Decision really filed their complaints before the NLRC;
2. Whether or not complainants were dismissed; if so, whether or not their dismissals were valid;
3. Whether or not complainants are entitled to separation pay, money claims, attorney's fees and litigation costs specified in the decision, Annex A of the petition; and
4. Whether or not Robert Dino, Cristina Dino and Michael Dino can be held liable for the claims of complainants.

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Court to approve the foregoing Stipulation and to render a resolution in accordance therewith.<sup>[5]</sup>

Instead of conducting further proceedings, however, the voluntary arbitrator filed a comment praying, *inter alia*, that he be declared to have lost jurisdiction over the case upon rendition of the judgment.<sup>[6]</sup>

On June 18, 1998, upon motion of private respondents, the Court of Appeals re-examined the stipulation of the parties and thereafter rendered the assailed resolution allowing, among others, the partial execution of the decision of the voluntary arbitrator with respect to the award of separation pay and attorney's fees. The dispositive portion thereof states:

WHEREFORE, pending decision on all other issues and solely to alleviate the needs of complainants who complain that they are starving: