394 Phil. 716

THIRD DIVISION

[G.R. No. 140269-70, September 14, 2000]

PHILIPPINE CARPET EMPLOYEES ASSOCIATION AND JONATHAN BARQUIN, PETITIONERS, VS. PHILIPPINE CARPET MANUFACTURING CORPORATION, RAUL RODRIGO AND MANUEL TROVELA, RESPONDENTS.

DECISION

GONZAGA-REYES, J.:

This Petition for Review on Certiorari seeks the reversal of the Resolution of the Court of Appeals[1] in CA G.R. SP No. 41985[2] dated January 29, 1999 which reversed and set aside its Decision dated January 30, 1998 ordering the reinstatement of Jonathan Barquin.

The following facts are undisputed:

> "The Philippine Carpet Employees Association (Union for brevity) is the certified sole and exclusive collective bargaining agent of all rank and file employees in Philippine Carpet Manufacturing Corporation, a local company engaged in the business of carpet and rug making. Jonathan Barquin is a union member who was hired by the company as casual worker (janitor) on July 15, 1995. Seven months later, on January 27, 1996, he was extended a probationary employment, as a helper in the Company's weaving department.
>
> On January 16, 1996, the Regional Tripartite Productivity Board (NCR) promulgated Wage Order No. 4 and 4-A granting a two-tier increase in the minimum wage as follows: (a) P16.00 effective February 2, 1996; and (b) P4.00 effective May 1, 1996.
>
> On February 29, 1996, the Union wrote the company and its officers, asking for an across-the-board implementation of Wage Order No. 4 and 4-A. In the said letter, the Union invoked the Company's 'decades old practice of implementing wage orders across-the-board to all rank and file employees.
>
> In a letter dated March 14, 1996, the company refused to grant the Union's request on the ground that the company is suffering from poor business situation; that all the present workers/employees are earning above P145.00/day, hence, not covered by Wage Order No. 4 and 4-A.
>
> On March 18, 1996, the Union reiterated its demand for an across-the-board implementation, threatening legal action against the company in the event that the said demand is denied.

> In a memorandum dated March 29, 1996, the Company reiterated its position that the employees are not covered by Wage order No. 4 and 4-A for the reason that nobody in the company is receiving a salary of P145.00 a day.
>
> In the meantime, Jonathan Barquin received a notice dated March 14, 1996 from the company, advising him that his services were to be terminated effective at the close of working hours on April 13, 1996. In lieu of the 30-day notice requirement for his termination, he was placed on forced leave status effective March 15, 1996 but was paid in full for the duration of the said leave. The company justified Baquin's separation from the service as a valid act of retrenchment. While the Union averred that the separation is tantamount to illegal dismissal resorted to by the company to avoid compliance with the provisions of Wage Order 4 and 4-A."[3]

Failing to resolve the issues in the mediation level, the parties agreed to submit the case for voluntary arbitration. On August 3, 1996, the voluntary arbitrator, Angelita Alberto-Gacutan ruled that Jonathan Barquin (BARQUIN) was hastily dismissed to avoid compliance with Wage Order Nos. 4 and 4-A, but held that he is not entitled to reinstatement because he received his separation pay and voluntarily signed the Deed of Release and Quitclaim and acquiesced to his separation. The dispositive portion of the Resolution[4] of the voluntary arbitrator reads:

> "WHEREFORE, PREMISES CONSIDERED, herein Voluntary Arbitrator renders judgment ordering Respondents:
>
> 1. To pay the minimum wage to those receiving P145.00 a day or below the minimum wage of P161.00 as of February 2, 1996.
>
> 2. To pay Jonathan Barquin a salary differential based on the wage increase as of February 2, 1996 up to his separation from the service on April 13, 1996.
>
> 3. To apply the formula prescribed under section 11, Wage Order No. 4 and 4-A, thereby avoiding the possible distortion in the wage structure of the employees.
>
> SO ORDERED."[5]

Motion for reconsideration[6] was denied prompting both the petitioners and the respondents to appeal to the Court of Appeals assailing the decision of the voluntary arbitrator. On January 30, 1998, the Court of Appeals ruled that the respondent company failed to prove actual poor financial condition as just cause for retrenchment nor prove that BARQUIN voluntarily signed the quitclaim; thus the court affirmed with modification the decision of the voluntary arbitrator and ordered BARQUIN's reinstatement as follows:

> "WHEREFORE, the appealed Resolution is hereby AFFIRMED with modification that Jonathan Barquin shall be reinstated with payment of

full backwages and other benefits and privileges from the time he was dismissed up to actual reinstatement."[7]

A motion for reconsideration filed by private respondent was partly granted; the Court of Appeals reconsidered its earlier decision and set aside the order of reinstatement of BARQUIN, on the ground that BARQUIN had the burden to prove that his execution of the Deed of Release and Quitclaim was involuntary.[8] The Resolution of the Court of Appeals states:

> "Accordingly, the motion for reconsideration is partly granted. Our Decision is hereby partly reconsidered by setting aside the reinstatement of Jonathan Barquin."[9]

Motion for reconsideration of this last Resolution filed by the herein petitioners was denied[10] for lack of merit; hence this present appeal wherein the petitioners state the issue as: "whether there being a finding of illegal dismissal by the voluntary arbitrator and the Court of Appeals, the relief of reinstatement follows as a matter of law as provided by Article 279 of the Labor Code and jurisprudence."[11] The following arguments are raised in support of the petition.

A

THE DECISION OF THE HON. COURT REVERSING ITS EARLIER RULING OF ORDERING FOR (sic) THE REINSTATEMENT OF JONATHAN BARQUIN IS CONTRARY TO THE LABOR CODE (ARTICLE 279) AND JURISPRUDENTIAL LAW.

WHERE THERE IS A FINDING OF ILLEGAL DISMISSAL THE LAWFUL CONSEQUENCE OF SUCH FINDING IS REINSTATEMENT IN ACCORDANCE WITH ARTICLE 279 OF THE LABOR CODE AND JURISPRUDENTIAL LAW.

B

THE HON. COURT'S RULING IS CONTRARY TO THE DOCTRINE LAID DOWN IN TREND LINE CASE, G.R. NO. 112923, BARQUIN WAS MISLED BY RESPONDENTS INTO SIGNING THE QUITCLAIM BY PRETENDING THERE WAS A VALID RETRENCHMENT.

C

THE HON. COURT, IT IS RESPECTFULLY SUBMITTED COMMITTED GRAVE ABUSE OF DISCRETION IN RULING THAT THERE IS A PRESUMPTION OF VOLUNTARINESS OF EXECUTION OF QUITCLAIMS IN LABOR CASE (sic) CONTRARY TO THE DOCTRINE LAID DOWN IN THE CASE OF SALONGA VERSUS NLRC, G.R. NO. 118120.

D

SIGNING QUITCLAIMS DOES NOT BAR THE PURSUIT OF ILLEGAL DISMISSAL CASE.

THE SIGNING OF QUITCLAIM DOES NOT BAR THE PURSUIT OF ILLEGAL DISMISSAL CASE IN ACCORDANCE WITH JURISPRUDENCE - EMILIANO A. RIZALDE VERSUS NATIONAL LABOR RELATIONS COMMISSION, G.R. NO. 96982, SEPT. 21, 1999 (THIRD DIVISION).[12]

The only issue posed now concerns the reinstatement of BARQUIN. In essence, the petitioners maintain that since both the voluntary arbitrator and the Court of Appeals found that petitioner, BARQUIN, was illegally dismissed, he is entitled to reinstatement as a matter of right pursuant to Article 279 of the Labor Code[13] The petitioners also contend that contrary to the finding of both the Court of Appeals and the voluntary arbitrator, BARQUIN did not voluntarily sign the Deed of Release and Quitclaim.[14] It was the fact that the respondent company misled him into signing said deed by leading him to believe in bad faith that there was a valid retrenchment, which made him sign the quitclaim. Petitioners further argue that at any rate, quitclaims are not favored in this jurisdiction and it is incumbent upon the employer to prove voluntariness; that by signing the quitclaim and by accepting separation pay to tide him over while pursuing the case, BARQUIN did not renounce any right nor will the signing of the quitclaim prevent him from pursuing his case.

Respondents, on the other hand, maintain that the finding of both the voluntary arbitrator and the Court of Appeals that BARQUIN freely and voluntarily signed and executed the Deed of Release and Quitclaim is a factual finding which is conclusive and should be given great weight and respect by this Court. Moreover, the respondents claim that the consideration therein was a fair and full settlement of the amount legally due to BARQUIN who never alleged that he was physically threatened or intimidated into signing the quitclaim.

In essence, the petitioners' position is that as a consequence of a finding that BARQUIN's dismissal was illegal as he was misled by the company into believing that there was a valid retrenchment, which representation made him sign the quitclaim, he is entitled to reinstatement and backwages[15] The respondent company, on the other hand, points out that the crux of the controversy boils down to the resolution of the issue of the validity of the Deed of Release and Quitclaim signed by BARQUIN, and both the voluntary arbitrator and the Court of Appeals ruled that it was freely and intelligently signed by him.

The petition is meritorious.

It is not disputed that the respondent company was guilty of illegal dismissal in terminating BARQUIN's employment. As a rule, an illegally dismissed employee is entitled to 1) either reinstatement or separation pay if reinstatement is no longer viable, and 2) backwages.[16]

In holding that although BARQUIN was illegally dismissed he was not entitled to reinstatement, both the Court of Appeals and the voluntary arbitrator upheld the validity of the Deed of Release and Quitclaim that BARQUIN signed after concluding that he voluntarily signed the same for the reason that the respondent company did not coerce or intimidate him into signing and receiving his separation pay, and consequently ruled that he waived his right to reinstatement. The Court of Appeals