SUPREME COURT
FIRST DIVISION

GAUDENCIO A. ALDOVINO, ANACLETO G. PIMENTEL and AG & P UNITED RANK AND FILE ASSOCIATION,
Petitioners,

-versus-

G.R. No. 121189
November 16, 1998

NATIONAL LABOR RELATIONS COMMISSION and ATLANTIC GULF AND PACIFIC COMPANY OF MANILA, INC.,
Respondents.
x----------x

D E C I S I O N

BELLOSILLO, *J.*:

This Petition for *Certiorari* mainly concerns the application of the principle of *res judicata* in the resolution of the instant labor dispute.

Petitioner Anacleto G. Pimentel started work as a lay-out man on 25 April 1985 assigned at AG & P San Roque, Bauan, Batangas, while petitioner Gaudencio A. Aldovino was hired in June 1989 as an electrician at the AG & P Batangas Marine and Fabrication Yard

(BMFY) in Bauan, Batangas.[1] Pimentel and Aldovino acquired the status of regular employees on 1 December 1990 and 1 February 1991, respectively, and became members in good standing of the employees' union, herein petitioner United Rank and File Association (URFA), then the recognized and exclusive collective bargaining agent for all regular rank-and-file employees of AG & P.[2]

On 25 July 1991, Luis I. Villanueva, president of AG & P, issued Presidential Directive No. 0191 enumerating emergency measures to be implemented by the company "to stave off the devastating impact" of its severe losses. Among these plans was the temporary layoff of forty percent (40%) of the existing complement in all its corporate and divisional support units.[3] By the following month, respondent company began to lay off seven hundred five (705) rank-and-file employees and eighty-four (84) staff and managerial personnel. This forced URFA to file a notice of strike with the National Conciliation and Mediation Board (NCMB) of the Department of Labor and Employment (DOLE).[4]

On 13 August 1991, at a conciliatory conference held before the NCMB, AG & P and URFA agreed to submit for voluntary arbitration the issue of the temporary layoffs.[5]

Meanwhile, the AG & P Supervisors' Union, an unrecognized union seeking recognition as the bargaining agent for supervisory personnel, waged a strike in all operating divisions of respondent company in Metro Manila to protest the layoffs. This union was later on joined by the Lakas ng Manggagawa sa AG & P — National Federation of Labor Chapter (LAKAS-NFL), another unrecognized union for workers, particularly the company's project employees.[6]

On 7 September 1991, an agreement ending the strike was reached by AG & P and the three unions of AG & P, namely, petitioner URFA, the Supervisors' Union and LAKAS-NFL. The covenant outlined the financial assistance to be extended by AG & P to all laid-off employees during the 6-month layoff period. The employees were given the option to request payment of separation pay and/or other cash benefits in case they would not be recalled, or to extend their temporary layoff status until the company could hire them.[7] Ten (10) days later, or on 17 September 1991, petitioners Aldovino and

Pimentel were served separate notices of temporary layoff. Both received temporary financial assistance equivalent to two (2) months basic pay in accordance with the 7 September 1991 agreement.[8]

On 7 January 1992, Voluntary Arbitrator Romeo B. Batino upheld the right of respondent company to temporarily lay off its employees upon his finding that AG & P's claim of severe financial losses due to adverse business conditions was duly substantiated.[9]

On 9 February 1993, after applying anew for work at the AG & P, Pimentel was rehired at a reduced salary as a project or contractual employee assigned at the company's Flour Daniel-Enron Project.[10]

In 1994 Aldovino and Pimentel instituted separate but similar complaints against AG & P for unfair labor practice, illegal layoff, illegal dismissal and non-payment of CBA increases and benefits. They prayed for reinstatement with back wages, interests, CBA wage increases, benefits and attorney's fees. The two (2) cases were thereafter consolidated.[11]

On 12 August 1994, finding that the complainants were illegally dismissed, Labor Arbiter Ernesto S. Dinopol rendered a Decision[12] in the two (2) cases ordering AG & P to reinstate Aldovino and Pimentel as regular employees and to pay back wages and attorney's fees. He explained that the financial situation of AG & P was not bleak as was pictured in its position paper, which was why the extended temporary layoff status of Aldovino and Pimentel was unjustified and "akin to illegal dismissal." The Labor Arbiter however rejected the charge of unfair labor practice and the claims for damages and other monetary benefits for lack of evidence.

AG & P appealed to the NLRC protesting that the issue of the validity of the temporary layoff had already been decided in its favor by a voluntary arbitrator, hence, was res judicata.[13] Aldovino and Pimentel also appealed, although partially, questioning the Labor Arbiter's computation of their back wages and the denial of their claim for CBA increases and benefits.[14]

Resolving the appeal on 18 February 1995,[15] the NLRC set aside the 12 August 1994 decision of the Labor Arbiter and agreed with AG & P

that the principle of res judicata was applicable in petitioners' case, citing the decision of Voluntary Arbitrator Batino which upheld the validity of the 17 September 1991 temporary layoffs. It also alluded to its decision in Revidad vs. AG & P of Manila promulgated on 14 July 1993[16] which already established the law of the case. In its resolution of 30 March 1995, the NLRC denied reconsideration. Hence this recourse.

Petitioners argue that: (a) since the requisite of identity of parties, subject matter and causes of action is lacking in the instant case, the doctrine of res judicata cannot attach; (b) the NLRC misapplied Art. 286 of the Labor Code because at the time AG & P asked petitioners if they were willing to extend their layoff status, there was yet no resumption of operations in the particular work unit or area to which they were previously assigned; (c) an extension of the six-month temporary layoff period operates as a constructive dismissal; and, (d) the NLRC should have affirmed the Labor Arbiter's finding of illegal dismissal and rectified the award of back wages by computing them as of the time petitioners were illegally laid off and not from the lapse of the 6-month layoff period as ruled by the Labor Arbiter.

The petition lacks merit. For res judicata to apply (a) the former judgment must be final; (b) the court which rendered it had jurisdiction over the subject matter and the parties; (c) it must be a judgment on the merits; and, (d) there must be as between the first and second actions identity of parties, subject matter and causes of action.[17] Petitioners insist that the last requisite of identity of parties, subject matter and causes of action in the case before the voluntary arbitrator and the petition now before us is absent. They argue that they cannot be bound by the 7 January 1992 decision of Voluntary Arbitrator Batino inasmuch as that case involved only their union URFA on one hand, and AG & P on the other.

The above argument is specious. It cannot be denied that both petitioners were bona fide members of URFA when the case was under voluntary arbitration. In Davao Free Workers Front vs. Court of Industrial Relations, this Court ruled —[18]

> The detail that the number and names of the striking members of petitioner union were not specified in the decision nor in the

> complaint is of no consequence. It is the function precisely of a labor union such as petitioner to carry the representation of its members particularly against the employers unfair labor practices against it and its members and to file an action for their benefit and behalf without joining them and to avoid the cumbersome procedure of joining each and every member as a separate party.

The right of URFA as a legitimate labor union to represent its members is expressly guaranteed under Art. 242 of the Labor Code.[19] This right, however, does not deprive its individual members of their concomitant right to file a case in their own names, nor of their right to withdraw from any case filed by the union in their behalf. More importantly, the individual member may seasonably exercise his option to withdraw from a case filed by his union if he does not want to be bound thereby. In Philippine Land-Air-Sea Labor Union (PLASLU), Inc. vs. CIR,[20] this Court ruled that only those members of the petitioning union who did not signify their intention to withdraw from the case before its trial and judgment on the merits are bound by the outcome of the case. Since it has not been shown that Aldovino and Pimentel withdrew from the case undergoing voluntary arbitration, it stands to reason that both are bound by the decision rendered thereon. This obtaining, there is no doubting the identity of parties between the arbitrated case and that brought by petitioners before the Labor Arbiter. Hence we reiterate —

> With respect to the aspect of identity of parties, it has been repeatedly stressed that this requirement is satisfied if the two actions are substantially between the same parties which means that the parties in both cases need not be physically identical provided that there is privity between the parties.[21]

As regards identity of subject matter and causes of action, our ruling in Revidad vs. NLRC[22] stands. That case was for illegal dismissal relative to the 17 September 1991 layoff by AG & P of its employee Revidad and his co-employees Aldovino and Pimentel, contending that the arbitration proceeding under Voluntary Arbitrator Batino involved only the 13 August 1991 layoff and did not cover those subsequently effected. There we pronounced —

> We are not, however, in accord with the findings of public respondent that the subject of voluntary arbitration proceedings was the September 17, 1991 lay-off of herein petitioners, which allegedly was the one and only lay-off effected by AG & P. Private respondent AG & P does not deny nor controvert the allegation in the position paper submitted by the AG & P-URFA with the voluntary arbitrator that the AG & P management started the actual implementation of the company's Presidential Directive No. 0191 on August 3, 1991 by effecting the temporary lay-off of more than 705 employees. Thus, the layoff of herein petitioners on September 17, 1991 cannot be validly asserted as the only lay-off subject of the aforementioned voluntary arbitration proceedings.
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> On the contrary, it is more logical to conclude from the evidence on record that there could have possibly been not just one or two separate and unrelated terminations because what was actually involved here was a continuing process or correlated series of temporary layoffs implemented by private respondent on the basis of its president's directive for retrenchment by reason of the financial reverses being suffered by the company.[23]

It must be noted that in the instant case no appeal was taken from the 7 January 1992 decision of Voluntary Arbitrator Batino who on the validity of the temporary layoffs found for management. It is a matter of fact that even prior to this arbitral decision an agreement had already been signed on 7 September 1991 between AG & P and its three (3) unions, which included URFA to which petitioners belonged, under which financial assistance for each laid-off employee was provided. Both Aldovino and Pimentel availed themselves of this assistance after their respective layoffs. This certainly shows that the decision of Voluntary Arbitrator Batino was not confined only to the initial layoff effected in August 1991 but to all the layoffs subsequently made. Thus, when his decision attained finality, as there was no appeal, it became the "law of the case." Subsequently, in Zebra Security Agency and Allied Services vs. NLRC,[24] we explained —

> More specifically, [law of the case] means that whatever is once irrevocably established as the controlling legal rule of decision

> between the same parties in the same case continues to be the law of the case, whether correct on general principles or not, so long as the facts on which such decision was predicated continue to be the facts of the case before the court.

Petitioners are now barred by prior judgment from raising in this case the same issue of the legality of their layoffs. The test to determine whether there is identity of causes of action is to ascertain whether the same evidence necessary to sustain the second action would have been sufficient to authorize a recovery in the first, even if the forms or nature of the two actions be different.[25] For NLRC to allow Aldovino and Pimentel to prove that they were illegally dismissed as a result of the extended layoff period would be to relitigate the validity and reasonableness of the retrenchment program of AG & P, a matter already resolved by Voluntary Arbitrator Batino and likewise settled in Revidad. It is to the interest of the public that there should be an end to litigation by the same parties and their privies over a subject once fully and fairly adjudicated.[26] Interest republicae ut sit finis litium.

There being no grave abuse of discretion on the part of public respondent NLRC in its application of the principle of res judicata, all the other arguments of petitioners have become academic, hence, need no longer be resolved.

Both petitioners having received their separation pay by way of financial assistance under the agreement of 7 September 1991 and Pimentel rehired thereafter, nothing more remains to be resolved.

WHEREFORE, this petition is **DISMISSED**. The questioned Resolutions of the National Labor Relations Commission dated 18 February 1995 and 30 March 1995 are **AFFIRMED**.

SO ORDERED.

Davide, Jr., Vitug, Panganiban and Quisumbing, *JJ.*, concur.

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[1] Records, pp. 324-325.

[2] Rollo, pp. 6-7.
[3] Id., pp. 85-86.
[4] Id., pp. 27-28.
[5] Id., p. 154.
[6] Records, p. 326.
[7] Id., pp. 111-114.
[8] Id., pp. 98-99.
[9] Id., pp. 87-97. In re: Voluntary Arbitration Case Between AG & P United Rank and File Association vs. AG & P Company Of Manila, Inc.
[10] Id., p. 327.
[11] Id., p. 11.
[12] Id, pp. 324-330.
[13] Id., pp. 417-426.
[14] Id., pp. 349-355.
[15] NLRC Decision (Third Division) of 18 February 1995 penned by Presiding Commissioner Lourdes C. Javier, with Commissioners Ireneo B. Bernardo and Joaquin A. Tanodra concurring; Rollo, pp. 47-58.
[16] NLRC Decision (First Division) in NLRC NCR Case No. 00-02-99996-92; Rollo, p. 56.
[17] Nacuray vs. NLRC, G.R. Nos. 114924-27, 18 March 1997, 270 SCRA 9, 17.
[18] No. L-29356, 31 October 1974, 60 SCRA 408, 426-427.
[19] Article 242. Rights of legitimate labor organizations. — A legitimate labor organization shall have all the right: (a) To act as the representative of its members for the purpose of collective bargaining; (e) To sue and be sued in its registered name;
[20] 93 Phil. 747 [1953].
[21] Sunflower Umbrella Mfg. Co., Inc. vs. De Leon, G.R. No. 107349, 26 September 1994, 237 SCRA 153, 165.
[22] G.R. No. 111105, 27 June 1995, 245 SCRA 356.
[23] Id., p. 364.
[24] G.R. No. 115951, 26 March 1997, 270 SCRA 476, 485.
[25] See Nabus vs. Court of Appeals, G.R. No. 91670, 7 February 1991, 193 SCRA 732, 742-743.
[26] See Ibabao vs. Intermediate Appellate Court, G.R. No. 74848, 20 May 1987, 150 SCRA 76.