

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
THIRD DIVISION**

**AVON DALE GARMENTS, INC.,
*Petitioner,***

-versus-

**G.R. No. 117932
July 20, 1995**

**NATIONAL LABOR RELATIONS
COMMISSION, LILIA DUMANTAY, ET.
AL.,**

Respondent.

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RESOLUTION

FRANCISCO, J.:

This Special Civil Action for *Certiorari* seeks to set aside the Decision of the National Labor Relations Commission, dated August 31, 1994, in NLRC CA 005068-93, for allegedly having been rendered with grave abuse of discretion.

Private respondents were employees of petitioner Avon Dale Garments, Inc. and its predecessor-in-interest, Avon Dale Shirt Factory. Following a dispute brought about by the rotation of workers, a compromise agreement was entered into between petitioner and private respondents wherein the latter were

terminated from service and given their corresponding separation pay.

However, upon refusal of the petitioner to include in the computation of private respondents' separation pay the period during which the latter were employed by the Avon Dale Shirt Factory, private respondents filed a complaint with the labor arbiter claiming a deficiency in their separation pay (docketed as NLRC-NCR-00-02-00810-93). According to private respondents, their previous employment with petitioner's predecessor-in-interest, Avon Dale Shirt Factory, should be credited in computing their separation pay considering that Avon Dale Shirt factory was not dissolved and they were not in turn hired as new employees by Avon Dale Garments, Inc.

In its decision dated May 14, 1993, the labor arbiter dismissed private respondents' complaint and held that Avon Dale Shirt Factory and Avon Dale Garments, Inc. are not one and the same entity as the former was in fact dissolved on December 27, 1978, when it filed its Articles of Dissolution with the Securities and exchange Commission.^[1]

Private respondents appealed to the NLRC and the latter reversed the decision of the labor arbiter after finding that upon dissolution of Avon Dale Shirt Factory, Inc., there was no showing that its terminated employees, as creditors insofar as their separation pay were concerned, were ever paid. Thus, petitioner Avon Dale Garments, Inc., as successor-in-interest, was held liable for private respondents' unpaid claim.^[2]

The instant petition is now brought before us by petitioner Avon Dale Garments, Inc., anchored on the sole ground that, as a separate and distinct entity, it should not be held liable for private respondents' separation pay from Avon Dale Shirt Factory.

Pending resolution of the instant petition, counsel for private respondents, instead of filling a comment to the petition, filed a Manifestation indicating that the parties have already reached an amicable settlement on December 27, 1994, wherein private respondents were paid their corresponding separation pay, after which, they executed a waiver and quitclaim.^[3] It appeared however,

upon verification by the Office of the Solicitor General, that the aforementioned compromise agreement was executed between the parties without the knowledge and participation of the NLRC.^[4]

The established rule is that compromise agreements involving labor standard cases, like the one entered into by the parties herein, must be reduced in writing and signed in the presence of the Regional Director on his duly authorized representative. Otherwise, they are not deemed to be duly executed.^[5] For this reason, the compromise agreement submitted by private respondents' counsel cannot be recognized by this court being improperly executed.

Nevertheless, we find the petition to be without merit as the assailed decision is in complete accord with the law and evidence on record.

Petitioner failed to establish that Avon Dale Garments, Inc., is a separate and distinct entity from Avon Dale Shirt Factory, absent any showing that there was indeed an actual closure and cessation of the operations of the latter. The mere filing of the Articles of Dissolution with the Securities and Exchange Commission, without more, is not enough to support the conclusion that actual dissolution of an entity in fact took place.

On the contrary, the prevailing circumstances in this case indicated that petitioner company is not distinct from its predecessor Avon Dale Shirt Factory, but in fact merely continued the operations of the latter under the same owners, the same business venture, at same address,^[6] and even continued to hire the same employees (herein private respondents).

Thus, conformably with established jurisprudence, the two entities cannot be deemed as separate and distinct where there is a showing that one is merely the continuation of the other.^[7] In fact, even a change in the corporate name does not make a new corporation, whether effected by a special act or under a general law, it has no effect on the identity of the corporation, or in its property, rights, or liabilities.^[8] Respondents NLRC therefore, did not commit any grave abuse of discretion in holding that petitioner should likewise include private respondents' employment with Avon Dale Shirt Factory in

computing private respondents' separation pay as petitioner failed to substantiate its claim that it is a distinct entity.

ACCORDINGLY, the instant petition is hereby **DISMISSED**.

SO ORDERED.

Feliciano, Romero, Melo and Vitug, JJ., concur.

[1] Rollo, p. 17.

[2] Ibid, p. 24.

[3] Ibid, p. 32.

[4] Ibid, p. 40.

[5] Atilano vs. De la Cruz, 182 SCRA 886, 895 [1990].

[6] Rollo, pp. 48-49.

[7] Cagayan Valley Enterprises, Inc. vs. Court of Appeals, 179 SCRA 218 [1989].

[8] Republic Planters Bank vs. Court of Appeals, 216 SCRA 738 [1992].