

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
SECOND DIVISION**

**APOLINARIO R. DACANAY,
BENJAMIN F. TAMAYO JOSE C.
DADIZON, EDIZER J. CORNISTA,
PABLITO E. URI, ALBERTO
DETABLAN, NARCISO ARZAIS, and
ROGELIO SANTOS, in their personal
capacity and in representation of 495
members of WAKE ISLAND FILIPINO
EMPLOYEES ASSOCIATION (WIFEA),
*Petitioners,***

-versus-

**G.R. No. 107277
August 9, 1996**

**NATIONAL LABOR RELATIONS
COMMISSION, RUBEN RESUS,
NARCISO TERRADO, AND ATTY.
ARTURO L. TIU,
*Respondents.***

X-----X

DECISION

MENDOZA, J.:

This is a Petition for Certiorari to annul the Resolution, dated September 25, 1992, of the National Labor Relations Commission in

NLRC NCR CA No. 5-600-73 modifying its original decision dated March 10, 1992, holding private respondents jointly and severally liable with Facilities Management Corp. and Automation Industries, Inc. for the payment of the money claims of petitioners by absolving them from such liability on the ground that the NLRC has no jurisdiction over the claims against them being based on contract, jurisdiction over which belongs to the regular courts.

The facts of this case are as follows:

In 1973, the Filipino Employees Association, represented by herein private respondents Ruben Resus and Narciso Terrado, brought an action in the Labor Arbiter's office for illegal dismissal and for payment of unpaid benefits against the Facilities Management Corp. and the Automation Industries, Inc.

On February 3, 1975, judgment was rendered granting the claim of the workers for unpaid wages. The decision of the Labor Arbiter was subsequently affirmed first by the NLRC and later by the Secretary of Labor.

Petitioners appealed to the Office of the President which on June 6, 1980, awarded to the workers not only their claim for unpaid wages but also additional claims, all in the total amount of US\$2,483,945.53, in accordance with the report of the socio-economic analyst, showing the amount due to each of 460 workers.

On July 10, 1987, private respondents Ruben Resus and Narciso Terrado, through counsel, private respondent Arturo Tiu, filed in behalf of petitioners, a motion for a declaration that the decision of the Office of the President had been fully satisfied. In an order on August 12, 1987, Labor Arbiter Alex A. Lopez granted the motion and declared the claims of petitioners to have been fully satisfied.

On June 23, 1988, petitioners sought the reopening of the case on the ground that some of them did not receive the full amount of their claims. Their motion was granted and the "Satisfaction

of Judgment” filed by Resus and Terrado was set aside in an order, dated October 5, 1988, of the Labor Arbiter. The order was made over the objection of private respondents Ruben Resus and Narciso Terrado, who opposed the reopening of the case on the ground that the case had already been settled and petitioners had already received the amount of their claims. Resus and Terrado also contended that a separate civil case involving the same issue had been filed against them by petitioners before the RTC of Makati. It appears that the civil case was dismissed without prejudice on August 31, 1992.

On December 20, 1989, Labor Arbiter Arthur L. Amansec rendered a decision, finding private respondents Ruben Resus and Narciso Terrado jointly and severally liable with the employers, the Facilities Management Corp. and Automation Industries, Inc., for petitioners’ claims in accordance with the report of the socio-economic analyst dated April 6, 1982. The decision was based on the Labor Arbiter’s finding that:

From the facts and evidence, indeed there was no consent obtained from the individual complainants on the settlement arrived at by complainants’ representative Ruben Resus and Narciso Terrado with the respondent Facilities Management Corporation. Ruben Resus and Narciso Terrado as well as respondent Facilities Management Corporation and its subsidiary the Automation Industries, Inc. failed either to inform individual complainants about the terms and conditions of the settlement, much less come up with any plausible explanation how much complainants should individually receive and how the award was distributed. It is no wonder why individual complainants have to complain considering the total award as earlier computed amounted to \$2,483,945.83 (Report of Examiner dated April 6, 1982). The award covers about 506 workers.

Resus and Terrado appealed to the NLRC, insisting that the case had already been closed and terminated and that the claims of petitioners had already been satisfied.

On March 10, 1992, the NLRC rendered a decision which, among other things, nullified the Labor Arbiter's order of August 12, 1987 and held private respondents Ruben Resus, Narciso Terrado and their counsel Arturo Tiu jointly and severally liable with Facilities Management Corp. and Automation Industries, Inc. for the payment of petitioner's claims. The dispositive portion of the decision, in pertinent part, reads:

WHEREFORE, premises considered, judgment is hereby rendered:

X X X

(3) Declaring the Order of August 12, 1987 of Labor Arbiter Alex Lopez as null and void.

Appellants, their counsel Attorney L. Tiu, or the Amante, Tiu, Nalus and Associates Law Office, and respondent corporation are hereby ordered to pay jointly and severally the individual complainants whose names are set forth in the Report of Examiner Nida A. Roldan dated April 6, 1982 (supra), the differences in their claims based on the computations arrived at in the above-stated Report.

SO ORDERED.

On private respondents' motion, however, the NLRC modified its decision and absolved them from liability for the claims of petitioners. The dispositive portion of the NLRC's resolution, dated September 25, 1992, reads:

WHEREFORE, the decision of March 10, 1992 is hereby reconsidered but only insofar as the finding of movants' liability is concerned. Accordingly, the decision is modified in that movants (herein private respondents) are absolved from any liability to pay the complainants the differences on their claims based on the computations arrived at as set forth in the Report of Examiner Nida A. Roldan dated April 6, 1982. In all other respects, the assailed decision is hereby AFFIRMED.

SO ORDERED.

Hence this petition for certiorari, alleging that the NLRC gravely abused its discretion in:

- (a) absolving Atty. Arturo L. Tiu and the law office of Amante, Tiu, Nalus and Associates from liability to petitioners; and
- (b) holding that it has no jurisdiction over the money claims of petitioners against private respondents.

Meanwhile, it appears that on motion of petitioners, the Labor Arbiter issued on January 11, 1993, a writ of execution against Facilities Management Corp. and Automation Industries, Inc. Petitioners moved for the inclusion of Automation Industries, Inc., Robert Powell, Lowel Burkholder, John S. Burke and Vic Gabriel in the writ of execution but their motion was denied on the ground that Automation Industries, Inc. was already included in the writ of execution while with regard to the individual officers of the two corporations, there was no legal basis for including them. Petitioners' motion for the issuance of a writ of execution against Atty. Arturo L. Tiu or the law office of Amante, Tiu, Nalus and Associates was also denied for lack of basis.

The sole issue in this case is whether the NLRC has jurisdiction to hold private respondents jointly and severally liable with Facilities Management Corp. and Automation Industries, Inc. for the claims of petitioners.

We hold that it does not have jurisdiction and that the NLRC correctly absolved private respondents from such liability. They may be held liable in damages for breach of trust, but the action to enforce such liability must be brought in the regular courts. The NLRC has no jurisdiction over such case.

Petitioners quote from the original decision dated March 10, 1992 of the NLRC to support their allegation that private respondents are liable. But the NLRC did not really hold private respondents liable to petitioners on their claim against the employers. What it did hold was that because private respondents and the employers "were one in

violating” the prohibition against compromise of labor claims without the “specific individual consent of each laborer concerned,” as a result of which petitioners “sustain[ed] damages,” private respondents should be held jointly and severally liable with the employers. The NLRC stated:

The rule is that money claims due to laborers cannot be the object of settlement or compromise effected by the union, union officers or counsel without the specific individual consent of each laborer concerned. Their representative can only assist but not decide for them. (Marquez vs. Secretary of Labor, 171 SCRA 337) Appellants, their counsel and respondent company are one in violating these mandates. The infraction of appellants concurring with their counsel and that of respondent company which failed to ascertain the extent of authority of counsel to compromise the award, rendered appellees-complainants in the original forum to sustain damages. Although it is true that in cases of collective obligations, the law presumes joint liability, it cannot hold true in this case as the circumstances speak of a situation where the nature of the obligation requires solidarity. (pp. 26-27, NLRC Decision)

In reconsidering this part of its decision, the NLRC, still referring to private respondents’ liability for damages as a result of private respondents’ breach of trust (not to compromise labor claims without specific authority), said:

The imposition of solidary liability was premised on the finding that there was, on the part of movants and respondent Facilities Management Corporation, a disregard of the rule that money claims due to laborers cannot be the object of settlement or compromise effected by their representatives or counsel without the specific individual consent of each laborer concerned.

While We are convinced that the findings of this Body are sufficiently supported by evidence on record, We cannot however disregard the merit of this Motion which calls Us to consider anew the finding of a solidary liability among respondent Facilities Management Corporation, complainants Terrado and Resus, and the Law Office of

Amante, Tiu and Naluz. It is noted that while the subject award was not fully satisfied, a judgment for the payment of the balance thereof cannot however be enforced against movants Terrado, Resus and counsel, the nature of complainants' claim as against the latter being in the nature of enforcement of a liability arising from a contract, express or implied, and/or a breach on account of negligence. This is clearly beyond the jurisdiction of the labor tribunal as set forth in Article 217 of the Labor Code of the Philippines, as amended. (pp. 5-6, NLRC Resolution)

Indeed, it is only now that petitioners say that private respondents are liable not only for damages for breach of trust but for the money claims to which they are entitled because "the difference of their money claims which they are entitled to under the law were not given to them by the respondents who breached the trust reposed in them by the petitioners-complainants." (p. 12, Petition) Petitioners' insinuation that the difference between the amount to which they are entitled and that actually paid to them under the compromise agreement was misappropriated by private respondents, including Atty. Arturo L. Tiu, is not borne out at least by the record of this case. Private respondents' liability, as found by the NLRC, is for damages for breach and of trust. Any action to enforce such liability, as well as to recover any amount allegedly misappropriated by private respondents, must be brought in the regular courts. Petitioners' claim may have arisen in connection with the labor case brought by them but it is not so related or incidental to it as to justify the NLRC in assuming jurisdiction over petitioners' claim. It is noteworthy that the employers did not point to private respondents as jointly and severally liable with them for the amounts which petitioners failed to receive on account of the compromise agreement.

WHEREFORE, the petition is **DISMISSED**.

SO ORDERED.

Regalado, Romero, Puno and Torres, Jr., JJ., concur.