SUPREME COURT
FIRST DIVISION

NATIONAL STEEL CORPORATION,
***Petitioner*,**

-versus-

G.R. No. 134468
August 29, 2002

COURT OF APPEALS, FORMER FIFTH DIVISION, RENE OFRENEO, in his capacity as Voluntary Arbitrator, and NSC-HDCTC MONTHLY-DAILY EMPLOYEES ORGANIZATION-FFW,
***Respondents*.**
x----------x

D E C I S I O N

AUSTRIA-MARTINEZ, *J.*:

Before us is a Petition for Review on Certiorari under Rule 45 of the Rules of Court seeking the reversal of the Resolution of the Court of Appeals dated November 25, 1997[1] which dismissed National Steel Corporation's petition for review on the ground that the verification and certification of non-forum shopping were signed not by the petitioner but by its counsel of record, as well as the subsequent Resolution dated July 2, 1998[2] which denied petitioner's motion for reconsideration.

The antecedent facts of the case are as follows:

In December of 1993, a dispute arose between petitioner National Steel Corporation (NSC) and respondent NSC-HDCTC Monthly/Daily Employees Organization-FFW (union) regarding the grant of Productivity and Quality Bonus and the Fiscal Year-End Incentive Award in the company. Both parties agreed to submit the case for voluntary arbitration.

On April 3, 1995, representatives of NSC and the union appeared before Voluntary Arbitrator Rene Ofreneo and defined the issues of their dispute thus:

"Whether or not there was a diminution of the 1993 Fiscal Year-End Productivity and Quality Profit-Sharing Incentive Benefit annually granted by the Company, per CBA, and if there was, whether or not there was just cause for the diminution of this benefit by management, and if without just cause, what should be the remedy."[3]

The union was of the position that the company violated Article XII, Section 3 of their CBA when it stopped, since 1993, giving Productivity and Quality Bonus and Fiscal Year-End Incentive Award. Said CBA provision provides:

"ARTICLE XII

ECONOMIC ADJUSTMENTS

x x x

> "SECTION 3. Productivity and Quality Bonus. — The COMPANY shall grant productivity and quality bonus whenever, in the exclusive determination of the COMPANY, the production and quality targets for the immediately preceding period justify the granting of such bonus. The amount of the bonus shall be left to the sole discretion of the COMPANY.
>
> "The productivity and quality bonus provided herein shall be separate from and in addition to the 13th month pay provided

by law and the fiscal year-end incentive award traditionally granted by the COMPANY."[4]

The union claimed that these benefits were demandable because the granting of such benefits was not only provided for by the CBA but had also become the practice in the firm from 1989 to 1993. Also, the incentive pay was not dependent on the profit situation of the company since the company gave the incentive pay in 1989 and 1990 despite the latter's admission of difficult financial operations.[5]

The company on the other hand contended that the matter of granting productivity and quality bonus was discretionary on its part consistent with its exercise of management prerogatives and assessment of production targets, while the distribution of the Fiscal Year-End Incentive Award was dependent on corporate performance.[6]

On July 19, 1996 public respondent Voluntary Arbitrator Ofreneo issued a decision ruling as follows:

> "1. There is no merit in the demand of the Union for a productivity and quality bonus in 1993.
>
> "2. The demand of the Union for the distribution of the year-end incentive award is in order.
>
> "3. The said incentive award shall be computed based on the Company's past practice in the determination of such award.
>
> "SO ORDERED."[7]

On August 2, 1996, the NSC filed a Partial Motion for Reconsideration[8] with respect to the award of the year-end incentive which was denied by Arbitrator Ofreneo.[9] On October 31, 1996, the NSC filed a petition for review with the Court of Appeals.[10]

On November 25, 1997, the Court of Appeals issued a Resolution dismissing the company's petition for review on the ground that it failed to comply with the requirements of Revised Circular No. 28-91

and Administrative Circular No. 04-94 on forum shopping. The pertinent portions of the decision read:

> "We hold that Atty. Roberto C. Padilla, one of the counsels of record, then, of the petitioner is not a real party in interest or the party who stands to be benefited or injured by the judgment in the suit or the party entitled to the avails of the suit but a retained counsel with mere incidental interest and therefore, not the 'petitioner' or 'plaintiff, petitioner, applicant or principal party seeking relief' required by law to certify under oath to the facts and/or undertakings stated in Revised Circular No. 28-91 and Administrative Circular No. 04-94."
>
> "Consequently, the Court hereby RESOLVES to GRANT the 'Motion to Dismiss Appellant's Petition for Review.'
>
> "SO ORDERED."[11]

On December 17, 1997, NSC filed a Motion for Reconsideration[12] of the resolution. But this was denied in a Resolution[13] dated July 2, 1998 where the appellate court found that:

> "absent any authority from the petitioner corporation's board of directors to sue in its behalf, the counsel of record is without personality to sue.
>
> "x x x
>
> "ACCORDINGLY, the Motion for Reconsideration filed by the petitioner NATIONAL STEEL CORPORATION is DENIED.
> "
> SO ORDERED."[14]

Hence this petition raising the following grounds:

> "A. NSC'S COUNSEL OF RECORD WAS DULY AUTHORIZED TO REPRESENT NSC IN THE PREPARATION OF THE PETITION FOR REVIEW FILED BEFORE THE COURT OF APPEALS.

"B. THE VERIFICATION CUM CERTIFICATION OF PETITIONER'S COUNSEL OF RECORD WAS TRUTHFUL IN ALL RESPECTS.

"C. THE DISMISSAL OF THE PETITION FOR REVIEW BEFORE THE COURT OF APPEALS ON A PURELY TECHNICAL GROUND VIOLATES PETITIONER'S RIGHT TO DUE PROCESS AND OPPRESSIVELY DEPRIVED THE LATTER OF SUBSTANTIVE JUSTICE."[15]

Simply stated, the pertinent issues of this case are as follows: (1) May the signature of petitioner's counsel be deemed sufficient for the purposes of Revised Circular No. 28-91 and Administrative Circular No. 04-94; and (2) granting that the petition a quo should have been allowed, did the voluntary arbitrator commit any error in granting the demand of the union for the distribution of the year-end incentive award?

We will first resolve the issue on the certification against forum shopping.

Circular No. 28-91 was put in place to deter the practice of some party-litigants of simultaneously pursuing remedies in different forums for such practice works havoc upon orderly judicial procedure.[16]

In the case at bar, the certification was signed by petitioner's counsel. Petitioner argues that contrary to the findings of the Court of Appeals, NSC's counsel of record was duly authorized to represent them not only before the Voluntary Arbitrator but also to prepare the petition for review filed before the Court of Appeals. To support this claim, petitioner attached to its petition before this Court a Secretary's Certificate dated December 16, 1997 which states that:

> "Based on the records of the Corporation, Atty. Roberto C. Padilla, with office address at the 2nd floor, Chere Bldg., Del Pilar St., Iligan City is the legal counsel of the Corporation on a general retainer and is duly authorized to represent the latter and to act on its behalf in several cases, including "National Steel Corporation vs. Rene E. Ofreneo and NSC-HDCTC

> Monthly-Daily Employees Organization-FFW", docketed as CA-G.R. SP No. 42431 before the Fifth Division of the Court of Appeals."[17]

Counsel of petitioner, Atty. Padilla also submitted a Verification cum Certification where he stated that he prepared the petition upon the explicit instructions of the VP-Marketing & Resident Manager of petitioner corporation.[18]

Petitioner explains that powers of corporations organized under the Corporation Code shall be exercised by the board of directors; that the exercise of such powers may be done indirectly through delegation; that pursuant to the exercise of its powers, the corporation through its Board of Directors, may employ such persons as it may need to carry on the operations of the corporate business; that hence, with the express authorization by NSC's board of directors, Atty. Padilla was conferred with enough authority to sign the Verification cum Certification in the petition for review filed before the Court of Appeals;[19] that assuming arguendo there is no express authorization from NSC, still Atty. Padilla is impliedly authorized to file the petition for review before the Court of Appeals in line with its obligation to take all steps or do all acts necessary or incidental to the regular and orderly prosecution or management of the suit; that respondent union never questioned the authority of Atty. Padilla to represent NSC in the proceedings before the Voluntary Arbitrator; that the union is therefore absolutely estopped from questioning Atty. Padilla's authority to file the petition for review before the Court of Appeals;[20] that the dismissal of the petition for review on a purely technical ground violated petitioner's right to due process and oppressively deprived it of substantive justice as enunciated in Section 6, Rule 1, as well as previous rulings of this Court which upheld the primacy of substantial justice over technical rules of procedure.[21]

For its part, respondent union claims that petitioner violated Rule 13, Section 11 of the Rules of Court anent the priorities in modes of service and filing; 22 that the Court of Appeals did not err in dismissing NSC's petition for review because it was not duly verified by the petitioner as required by the rules; that the petition filed before the appellate court did not have a Secretary's Certificate stating the

authority of Atty. Padilla to represent petitioner corporation; and that it was only after the Court of Appeals dismissed their petition in a Resolution dated November 25, 1997 that petitioner attached said Certificate dated December 16, 1997.[23]

We rule in favor of petitioner and hold that the Court of Appeals erred in dismissing the petition.

In the case of BA Savings Bank vs. Sia,[24] this Court has ruled that the certificate of non-forum shopping required by Supreme Court Circular No. 28-91 may be signed, for and on behalf of a corporation, by a specifically authorized lawyer who has personal knowledge of the facts required to be disclosed in such document.

The reason is that:

> "Unlike natural persons, corporations may perform physical actions only through properly delegated individuals; namely, its officers and/or agents.
>
> " x x x
>
> "The corporation, such as the petitioner, has no powers except those expressly conferred on it by the Corporation Code and those that are implied by or are incidental to its existence. In turn, a corporation exercises said powers through its board of directors and/or its duly authorized officers and agents. Physical acts, like the signing of documents, can be performed only by natural persons duly authorized for the purpose by corporate by-laws or by specific act of the board of directors. 'All acts within the powers of a corporation may be performed by agents of its selection; and, except so far as limitations or restrictions which may be imposed by special "charter, by-law, or statutory provisions, the same general principles of law which govern the relation of agency for a natural person govern the officer or agent of a corporation, of whatever status or rank, in respect to his power to act for the corporation; and agents once appointed, or members acting in their stead, are subject to the same rules, liabilities and incapacities as are agents of individuals and private persons.'

"x x x

"For who else knows of the circumstances required in the Certificate but its own retained counsel. Its regular officers, like its board chairman and president, may not even know the details required therein."[25]

While it is admitted that the authorization of petitioner's counsel was submitted to the appellate court only after the issuance of its Resolution dismissing the petition based on non-compliance with the aforesaid Circular, we hold that in view of the peculiar circumstances of the present case and in the interest of substantial justice, the procedural defect may be set aside, pro hac vice. As held by the Court: "Technical rules of procedure should be used to promote, not frustrate, justice. While the swift unclogging of court dockets is a laudable objective, the granting of substantial justice is an even more urgent ideal."[26] By recognizing the signature of the authorized counsel in the certification, no circumvention of the rationale, that is to prevent the ills of forum shopping, is committed.[27] As we have held in many cases:

"Circular No. 28-91 was designed to serve as an instrument to promote and facilitate the orderly administration of justice and should not be so interpreted with such absolute literalness as to subvert its own ultimate and legitimate objective or the goal of all rules of procedure — which is to achieve substantial justice as expeditiously as possible.

"The fact that the Circular requires that it be strictly complied with merely underscores its mandatory nature in that it cannot be dispensed with or its requirements altogether disregarded, but it does not thereby interdict substantial compliance with its provisions under justifiable circumstances."[28]

We will now delve into the merits of the case.

Petitioner NSC assails the following portions of the award of the Voluntary Arbitrator:

"In view of the foregoing, therefore, the Voluntary Arbitrator rules as follows:

"x x x

"2. The demand of the Union for the distribution of the year-end incentive award is in order.

"3. The said incentive award shall be computed based on the Company's past practice in the determination of such award.

"SO ORDERED."[29]

Petitioner claims that the Voluntary Arbitrator erred when he ordered petitioner to pay private respondent the 1993 fiscal year-end incentive award despite his own findings that the mid-year incentive pay already paid by the petitioner is an advance payment of the fiscal year-end incentive award;[30] that the "Mid-year Incentive Pay" granted to private respondent is itself a bonus not demandable upon NSC as it is not provided for in the CBA; that this notwithstanding, it has granted the Mid-year Incentive Pay to members of respondent union every year in the years 1989, 1990, 1991, 1992, and 1993; that in every instance of the grant, petitioner expressly stated that the Mid-year Incentive Pay is an advance against the Fiscal Year-end Incentive Pay; that petitioner's express reservation that the payment of the Mid-year Incentive Pay is an advance payment of the fiscal year-end incentive award has been repeatedly brought to the attention of the Voluntary Arbitrator;[31] that the Voluntary Arbitrator committed serious misapprehension of facts when he ruled that the grant of the fiscal year-end incentive award has become traditional and has therefore ripened into a demandable right of private respondent;[32] and that for a period of four (4) years i.e., from 1990 through 1993, the fiscal year-end incentive award has been granted only twice — in 1991 and in 1992.[33]

In his Award, the Voluntary Arbitrator established as a fact that:

"The Company gave the following benefits to the workers:

"1. Mid-Year Incentive Pay, which was usually given as an "advance" for the Year-End Incentive Bonus. The Company announced the Mid-Year Incentive Pay through memos issued on the following dates:

August 25, 1989,
August 1, 1990,
August 2, 1991,
August 24, 1992, and
August 31, 1993."[34]

Yet, petitioner complains that despite the above findings that the Mid-year Incentive Awards were given as advances to the Year-End Incentive Awards, the Voluntary Arbitrator still ruled that the NSC was liable to pay respondent Union the Year-End Incentive Pay, explaining that:

"x x x

"In the case of the fiscal year-end incentive award, the CBA provision has a general proviso which reads: 'The productivity and quality bonus provided herein shall be separate from and in addition to the 13th month pay provided by law and the fiscal year-end incentive award traditionally granted by the COMPANY.' Thus, unlike in the productivity and quality bonus, the CBA simply recognizes the fiscal year-end incentive award as one of the benefits accorded to the workers, just like the 13th month pay. It even added the phrase 'traditionally granted by the COMPANY.' There were no qualifications or conditions specified for the granting of this benefit similar to those governing the granting of the productivity and quality bonus. The Company argued that like the productivity and quality bonus, the granting of year-end incentive award is a management prerogative and is guided by the same conditions, e.g., actual performance versus production targets, that it uses when it decides on the granting of productivity and quality bonus. As "pointed out, the CBA is silent on this. And if there are doubts on the interpretation of the manner by which benefits like year-end incentive award shall be given, the Labor

> Code has long ago decided that all such doubts shall be interpreted in favor of Labor.
>
> "Moreover, the capacity of the Company to grant this incentive pay is also not at issue. A closer scrutiny of the Company loss for 1993 shows that the net loss of P36 million registered for that year was due to the deduction of 'expenses paid in retained earnings' amounting to P358 "million from the original P322 million net income. The audited data gathered by the Union from the Commission on Audit also show that while earnings and incomes declined from 1992 to 1993, the Company still registered a healthy level of profitability."[35]

We rule in favor of petitioner.

This Court has stressed that voluntary arbitrators, by the nature of their functions, act in quasi-judicial capacity. Hence, as a rule, findings of facts by quasi-judicial bodies which have acquired expertise because their jurisdiction is confined to specific matters, are accorded not only respect but even finality if they are supported by substantial evidence, even if not overwhelming or preponderant.[36] However, in spite of statutory provisions making "final" the decisions of certain administrative agencies, we have taken cognizance of petitions questioning such decisions where want of jurisdiction, grave abuse of discretion, violation of due process, denial of substantial justice, or erroneous interpretation of the law were brought to our attention.[37]

In the present petition for review on certiorari, we find the award of the 1993 year-end incentive to be patently erroneous which amounts not only to grave abuse of discretion but also to denial of substantial justice. The Voluntary Arbitrator himself found that the mid-year incentive pay for 1993 was given by petitioner as an advance payment of the fiscal year-end incentive award for the same year. Indubitably, to require petitioner to pay again the same incentive pay at the year-end of 1993 is obviously a great injustice that would be committed against petitioner.

WHEREFORE, we **SET ASIDE** the Resolutions dated November 25, 1997 and July 2, 1998 of the Court of Appeals.

The Award of Voluntary Arbitrator Ofreneo dated July 19, 1996 is modified to the effect that the grant of the claim for the distribution of the 1993 year-end incentive award is **DELETED**.

SO ORDERED.

Davide, Jr., *C.J.*, Vitug and Ynares-Santiago, *JJ.*, concur.

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[1] Rollo, pp. 36-37.
[2] Id. at pp. 39-45.
[3] Rollo, p. 78.
[4] Id. at p. 127.
[5] Rollo, p. 70.
[6] Id. at pp. 71-72.
[7] Id. at p. 77.
[8] Id. at pp. 212-222.
[9] Id. at pp. 230-231.
[10] Id. at pp. 46-66.
[11] Rollo, p. 37.
[12] Id. at pp. 252-262.
[13] Id. at pp. 39-45.
[14] Id. at pp. 45.
[15] Rollo, p. 19.
[16] Gabionza vs. Court of Appeals, 234 SCRA 192, 196 (1994).
[17] Rollo, p. 286.
[18] Id. at p. 64.
[19] Rollo, p. 21.
[20] Id. at p. 22.
[21] Id. at pp. 26-27.
[22] Id at pp. 292-293.
[23] Id. at pp. 294-297.
[24] 336 SCRA 484 (2000).
[25] BA Savings Bank vs. Sia, 336 SCRA 484, 485, 488-489 (2000).
[26] Ibid.
[27] Id. at p. 490.
[28] Ortiz vs. CA, 299 SCRA 708 (1998); Gabionza vs. Court of Appeals, 234 SCRA 192 (1994); Loyola vs. Court of Appeals, 245 SCRA 477; and Kavinta vs. Castillo, Jr., 249 SCRA 604 (1995).
[29] Rollo, p. 77.
[30] Id. at p. 47.
[31] Rollo, pp. 54-56.
[32] Id, at pp. 47-48.

[33] Id. at p. 57.
[34] Id. at p. 69.
[35] Rollo, pp. 75-76.
[36] National Steel Corporation vs. Regional Trial Court of Lanao del Norte, Br. 2, Iligan City, 304 SCRA 595, 601 (1999).
[37] Mantrade/FMMC Division Employees and Workers Union vs. Arbitrator Froilan M. Bacungan, 144 SCRA 510, 513 (1986).
