SUPREME COURT
SECOND DIVISION

NATHANIEL OLACAO, ALBERTO AGUILON, AMADO AGUILON, LIBERATO AGUILON, VENANCIO AGUILON, CENON AGUILON, CESAR ALCANTARA, FRANCISCO ALERIA, FRUCTUOUSO ALERIA, PEDRO ALERIA, IGNACIO ALMAQUIO, FRANCISCO AMONGAN, MARCELINO AREGLON, HONORIO ARANDIA, TEODORO ASOQUE, SERGIO BAGUIO, TIRSO BAGUIO, SENANDO BAJA, VELLAJUADO BALENIA, SIMPLICIO BANOC, FELIPE BAROLA, PEDRO BAROLA, EDILBERTO BARON, PATROCINIO BARON, CONRADO BASTIDA, MACASAWANG BAUTE, CRESENCIO BONGCAHIG, LEONORA BUSTAMANTE, PABLO BUSTAMANTE, CELEDONIO BUTULAN, LEOPOLDO CAGUTOM, IGMIDIO CAINGLET, GAUDENCIO CAMELLOTES, LEONARDO CAMELLOTES, FORTUNATO CAPILITAN, FRANCISCO CAPILITAN, RAFAEL CARAMAT, FRANCISCO CARTEGENA, NAPOLEON CASTRO, FERMIN CASTILLO, ROBERTO CATIPAY, BERNARDO CEBUCO, ANTONIO CELOSIA, CIRILO CERO, MACARIO CERO, FERNANDO COBALES, GABRIEL COBALES, SERGIO CONCHA, ROGELIO CONGRESO, FLORENTINO CONSIGNA,

EXU-PERIO CUBERO, ROGELIO CUBERO, TIMOTEO DAPLIN, ANTONIO DOMINGO, EBODIO DONGIS, DELFIN ECO, RICARDO ENDRIGA, BIENVENIDO ESPINOSA, PAULINO ESTALANE, BENITO ESTREMOS, JUAN ESTREMERA, SAMUEL FALAR, HILARIO FEJI, JR., HENRY FONTILLAS, DOMINGO GIDA, RODOLFO GUERRA, CESAR IBANEZ, JULIAN IBANEZ, JOVENCIO INOCEDA, HONORATO IROY, DOROTEO JOVITA, ESTELITO JUANILLO, ALMA LABANDLA, CIPRIANO LABRADOR, FELIX LAGANG, RODRIGO LARODA, LEOPOLDO LAURENTE, SEGUNDINO LIMBAGA, CRISPIN LIPARANON, NONITO LIPARANON, ROGELIO LOPEZ, WILLIAM LUZARAN, CIPRIANO MACLAY, GUILLERMO MADJOS, CRISPIN MADULARA, CIPRIANO MAGLANA, LEOPOLDO MAGLANA, MARCOS MAGLANA, FLORENCIO MAGNO, HONESTO MAGNO, HERMINIO MAGNO, SEVERINO MAGONCIA, TRANQUILINO MAKILING, TRANQUILINO MALAZA, ROGELIO MALINAO, AGUSTIN MANDAWE, ARNULFO MANLIMOS, FLAVIANO MAPANO, EUNILO MANTE, PEDRO MAPANO JR., VICTORIANO MARSADA, PEDRO MARAGANAS, GERONIMO MARILLA, LEONARDO MARQUEDA, NICOMEDES MARQUEDA, JOSE MICABALO, TEODORICO MORATA, FLORENTINO MORENO, PABLO MULAY, FEDERICO MULLET, DIOSDADO MURILLO, MEQUIAS MUSA, FELICIDARIO

MUYALDE, SERGIO NAYRE, EDUARDO OBANE, NAPOLEON OLACAO, CONSTANCIO PALCONE, PATERNO PALCONE, ALEJANDRO PAYOR, ROGELIO PELICANE, CASIMIRO PEREGRINO, FLORO POL, EUTIQUIO POMALOY, WILLIAM POMALOY, ZOSIMO PORLAS, CONSTANTINO RAMISES, CARLITO REAMBONANCA, ARCADIO REDUCTO, LORENZO REYES, HERMOGENES RULI, NESTOR RULIDA, BENITO SALOVERES, FLORENTINO SANICO, GREGORIO DELOS SANTOS, CATALINO SELIM, TEOGENIES SARVIDA, FRANCISCO SENDO, CATALINO SERNA, CELSO SOLANTE, ROBERTO SOLOMON, MARLA SUEMITH, MEMORITO TAER, SIMEON TAGBILARAN, GREGORIO TELEN, PASCUAL TELEN, JAIME TIBALLA, CARLITO TIO, DOMINADOR TIO, JAMBO TIO, SAMSON TIO, MARTIN TIO, CANDIDO TORREJOS, JOSE TORREON, CORCOPIO TORRES, EMERITO TUMALA, PETRONILO TUMALA, VECIO AGUILON, LEOPOLDO CEBUCO, CRISANTO LABRADOR, DIONISIO GULFAN, TEODORO LORETO, VICENTE TIO, BERNARDO MALUBAY, REMO CUIZON, PETRONILO LOR, EDGARDO DOMINGO, TOMAS LINGO, ARMANDO ALTRES, AND DANILA SABINO,

***Petitioners*,**

-versus-

G.R. No. 81390
August 29, 1989

HON. NATIONAL LABOR RELATIONS COMMISSION, EASTCOAST DEVELOPMENT ENTERPRISES, SPOUSES CONSTANCIO and LEODEGARIA MAGLANA, ANTONIO FLORENDO, MIRIAM MAGLANA SANTAMARIA, MAGLANA AND SONS MANAGEMENT CORPORATION, EASTCOAST DEVELOPMENT ENTERPRISES, INCORPORATED, AND GEORGE Q. CHOY,

Respondents.

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D E C I S I O N

MELENCIO-HERRERA, *J.*:

Alleging grave abuse of discretion, amounting to lack of jurisdiction, petitioners numbering 170 in all, assail the Decision of the National Labor Relations Commission (NLRC) in NLRC Case No. 402-LR-XI-81 (LRD Case No. STF-314-78) entitled "Nathaniel Olacao, et al., vs. Eastcoast Development Enterprises, et al.," promulgated on 18 September 1987, setting aside the Decision of Labor Arbiter Jose O. Libron awarding separation pay to petitioners, and sustaining, instead, private respondents' appeal on the ground of res judicata or, bar by prior judgment (Annex "A", Petition).

The following background facts, arranged chronologically, will put the controversy in proper perspective:

1. Petitioners were the former workers of private respondent Eastcoast Development Enterprises, then a single proprietorship, owned, operated and managed by respondents Spouses Constancio and Leodegaria Maglana, Antonio Florendo and Miriam Maglana Santamaria

("Eastcoast," for brevity). It operated a logging concession at Kinablangan, Baganga, Davao Oriental (p. 233, Rollo).

a) On 28 November 1977, petitioners filed with the then Ministry of Labor, Region XI, a complaint for non-payment of wages and emergency living allowance (LRD Case No. ROXI-MC-857-77) entitled "Olacao and 189 others vs. Eastcoast Development Enterprises, Inc." The Complaint was later certified to the Labor Arbitration Branch of the NLRC and docketed as NLRC Case No. 897-MC-XI-78 (hereinafter, the "Unpaid Wages Case").

b) In December, 1977, "Eastcoast" decided to totally and permanently close its business. Thus, on 5 December 1977, Antonio Florendo, the Executive Vice-president and general Manager, filed an application with the Regional Director of the then Ministry of Labor to formally close its business on account of business reverses (Annex "C-2," Petition, p. 167, Rollo). This application was favorably acted upon on 15 December 1977 by the Regional Director of the Ministry of Labor, Regional Office No. XI, Davao City, on condition that "Eastcoast" should pay all unpaid wages and separation pay of all its employees (Annex "C-3," ibid. p. 168, Rollo).

c) On 5 January 1978 the owners of "Eastcoast" sold all their share holdings to private respondent, George Q. Choy, and the company was thereafter known as Eastcoast Development Enterprises, Inc. ("Eastcoast, Inc.," for short).

d) On 21 January 1978, "Eastcoast, Inc.," under a new management, paid its 381 employees including petitioners herein, all their unpaid wages living allowances, overtime pay and all other benefits due them and termination pay, computed up to 30 November 1977. Upon receiving said payments,

petitioners signed sworn individual documents entitled "Receipt and Release" whereby they:

"absolutely and forever release and discharge the Eastcoast Development Enterprises, its successors and assigns, of any and all claims and liabilities whatsoever insofar as my past salaries/wages, termination pay, overtime pay and other privileges accorded me by law and/or any other claims are concerned" (Annex "C-4", Petition, p. 169, Rollo).

e) On 30 May 1980, Labor Arbiter Porfirio T. Reyes dismissed the "Unpaid Wages Case" (NLRC Case No. 897-MC-XI-78) for lack of merit and for being moot and academic in view of the "Receipt and Release" documents executed by the complainant-workers.

f) On 30 September 1982, the appeal interposed by petitioners to the NLRC was dismissed by its First Division, stating in part:

"After a careful review of the entire record, we and no justification for disturbing the Labor Arbiter's findings and conclusions. In our own view, the payment of the amounts stated in the deeds above referred to has rendered to (sic) this case academic because the receipt by the complainants of the said amounts is an established fact and there is no showing that their execution of the said documents was tainted by anything that vitiates free consent. Indeed, it is difficult to believe that more than 300 people could at the same time be forced to execute the same against their will." (p. 2, Decision, p. 240, Rollo)

2. In the meantime, on 27 November 1978, petitioners filed another Complaint against "Eastcoast, Inc." this time for Illegal Dismissal (LRD Case No. STF-314-78) with the Regional Office No. XI, Davao City, of the then Ministry of Labor. They prayed for "reinstatement with full backwages from the date of the illegal dismissal." The Complaint was

later on certified to the Arbitration Branch and docketed as NLRC Case No. 402-LR-XI-81 (the "Illegal Dismissal" Case).

a) In its Answer (Annex "C", Petition), "Eastcoast, Inc.," denied that it had dismissed petitioners illegally inasmuch as the total closure of its establishment was with prior clearance of the Regional Director of Labor, Region XI, Davao City, and that pursuant to the latter's Order of 15 December 1977, its employees including complainants, were fully compensated "all unpaid wages earned and separation pay equivalent to 15 days for every year of service." As proof thereof, attached to the Answer was the "Receipt and Release" sworn to by petitioner Nathaniel Olacao (Annex "C-4").

b) On 21 April 1980 "Eastcoast, Inc." filed a Manifestation in the "Illegal Dismissal Case" to the effect that the "Unpaid Wages Case" was still pending, and that "Eastcoast Development Enterprises" and Eastcoast Development Enterprises, Inc., are two different entities (p. 3, Manifestation, p. 196 Rollo).

c) At that point in time, it appears that the "Unpaid Wages Case" was still on appeal with the NLRC.

d) On 30 July 1981, petitioners filed an Amended Complaint in the "Illegal Dismissal Case," impleading as additional respondents spouses Constancio and Leodegaria Maglana, Antonio Florendo, Miriam Maglana Santamaria, Maglana and Sons Management Corporation, Eastcoast Development Enterprises, Inc., and George Q. Choy (Annex "L", p. 203, Rollo). The Amended Complaint alleged that the impleaded respondents connived with one another in entering into a fictitious contract of transferring the ownership of "Eastcoast" to George Q. Choy to effect the illegal dismissal of petitioners. Thus, all of them should be considered jointly and severally liable for the acts complained of.

e) The newly impleaded private respondents all denied liability. In its own Answer, filed on 19 August 1981, "Eastcoast, Inc." denied any connivance with them in the dismissal of complainants (Annex "O", p. 215, Rollo).

f) In the interim, the timber license of Eastcoast, Inc., was cancelled and since then up to the present it has completely ceased operations (Memorandum for Private Respondent, pp. 4 and 8).

g) On 20 May 1986, the NLRC Regional Arbitration Branch, Branch XI, through Labor Arbiter Jose Q. Libron, rendered a Decision in the "Illegal Dismissal Case," dismissing the charge of illegal dismissal for lack of merit and awarding separation pay. Thus:

> "CONFORMABLY WITH THE FOREGOING, judgment is hereby rendered:
>
> > "(1) Dismissing the charge of illegal dismissal for lack of merit, thus denying the prayer for reinstatement and backwages;
> >
> > "(2) Ordering respondents Eastcoast Development Enterprises, spouses Constancio Maglana and Leodegaria Maglana, Antonio Florendo, Miriam Maglana Santamaria, Maglana and Sons Management Corporation, Eastcoast Development Enterprises, Inc., and George Q. Choy to pay jointly and severally the 170 complainants their separation pay equivalent to one month pay per year of service.
>
> "SO ORDERED." (Annex "Q", pp. 228-229, Rollo) (Emphasis ours)

h) On 2 July 1986, private respondents received copy of Labor Arbiter Libron's Decision.

i) On 14 July 1986, private respondents filed their Notice of Appeal and Appeal Memorandum in the "Illegal Dismissal Case" attaching thereto, admittedly for the first time: (1) Labor Arbiter Reyes' Decision in the "Unpaid Wages Case" (LRD Case No. MC-857-77), dated 30 May 1980, dismissing the case because payments of wages had already been made; and (2) the NLRC Decision on appeal (NLRC Case No. 897-MC-XI-78), promulgated on 30 September 1982, affirming Labor Arbiter Reyes' Decision.

j) On 18 September 1987, respondent NLRC reversed Labor Arbiter Libron's Decision in the "Illegal Dismissal Case," with the following findings:

> "That sometime in November 1977, the present complainants filed a money claim against respondents before the Labor Arbitration Branch of Regional Office No. XI, Davao City, which was docketed as NLRC Case No. 897-MC-XI-78 (LRD Case No. MC-85777); that one of the issues involved in said case was whether the documents signed by complainants and denominated as 'Receipts and Release' were legally valid and binding; that the said documents show that herein complainants received the specified amounts from respondents representing full and final payment of their salaries, wages, allowances, overtime pay and other compensation legally due them; together with termination pay and they forever release and discharge the respondents, its successors and assigns of any claims and liabilities whatsoever; that on May 30,1980, the Labor Arbiter rendered a decision dismissing the case for lack of merit and being moot and academic; . . . that complainants in the above-entitled case appealed the said decision of the Labor Arbiter to the National Labor Relations

Commission which affirmed the decision of the Labor Arbiter.

"Ordinarily, this Commission (NLRC) does not consider evidence and other pertinent documents not submitted during the proceedings before the Arbitration level and submitted for the first time on appeal.

"However, we are constrained to consider the evidence, ANNEXES 'A' and 'B' of the appeal which are the decision of the Labor Arbiter dated May 30, 1980 and the decision of the First Division of this Commission promulgated on September 30, 1982 affirming the appealed decision of the Arbiter below.

"It appears from the aforesaid decision of Labor Arbiter Porfirio Reyes dated May 30,1980 which was affirmed by the First Division of the Commission that complainants in the case at bar were already paid their several money claims including termination pay.

"We find therefore that this issue of termination pay in the case under consideration was already resolved and passed upon in the said Decisions. This is a clear case of 'res judicata' or barred (sic) by prior judgment." (Annex "A", Petition, pp. 151-152, Rollo) (Emphasis supplied).

k) Petitioners' Motion for Reconsideration having been denied, they availed of the present Petition for Certiorari, filed on 23 January 1988.

On 23 January 1989, we resolved to give due course and required the submittal of memoranda, the last of which was filed on 5 June 1989.

The pivotal issue for resolution is whether or not the NLRC gravely abused its discretion amounting to lack of jurisdiction in reversing

Labor Arbiter Libron's Decision on the principal ground of res judicata.

Petitioners, joined by the Solicitor General, fault the NLRC with grave abuse of discretion. The NLRC and private respondents, on the other hand, negate the charge.

We uphold the NLRC.

In actual fact, the pendency of the "Unpaid Wages Case" (NLRC Case No. 897-MC-XI-78) was not raised for the first time when the "Illegal Dismissal Case" was appealed to the NLRC. For, on 21 April 1980, before the Decision was rendered in the "Unpaid Wages Case," "Eastcoast" had filed a Manifestation in the "Illegal Dismissal Case, 7 calling attention to the pendency of the "Unpaid Wages Case" "filed sometime in the last quarter of 1977" and verified by one of the petitioners herein Nathaniel Olacao "Annex "J", Petition) Counsel for the complainants therein was the same counsel in the present case (ibid.). Too, in "Eastcoast's" Answer (Annex "D", ibid.) in the "Illegal Dismissal Case," it made specific reference to the "Receipt and Release" individually executed by petitioners. It should have been no surprise to complainants, therefore, when that matter was invoked on appeal before the NLRC. Besides, the NLRC is empowered to take judicial notice of its own pronouncements.

Moreover, at the time said Manifestation was made on 21 April 1980, the Decision in the "Unpaid Wages Case" had not yet been rendered, having been promulgated only on 30 May 1980, which Decision was affirmed by the NLRC, First Division, only on 30 September 1982. When "Eastcoast, Inc." appealed the "Illegal Dismissal Case" on 14 July 1986 therefore, it was only then that it could rightfully invoke the Decision in the "Unpaid Wages Case" and the affirmance thereof by the First Division of the NLRC in 1982. It was in no position to raise the same in its Answer, which it filed only on 19 December 1978 nor in its Answer, dated 19 August 1981, to the Amended Complaint. But even then, it had alleged in its original Answer that "in January 1977, the complainants were fully paid of their salaries/wages, living allowances and other benefits granted by the New Labor Code of the Philippines and other applicable Presidential Decrees."

Thus, no grave abuse of discretion can be attributed to the NLRC for concluding that from the said Decisions, the issue of termination pay had already been passed upon and resolved; in other words, a clear case of 'res judicata' or bar by former judgment. The NLRC found that complainants had already been paid their several money claims including their termination pay (p. 4, NLRC Resolution, September 19, 1987). Parties ought not to be permitted to litigate an issue more than once (Eternal Gardens Memorial Parks Corp. vs. Court of Appeals, G.R. No. 73794, 19 September 1988). The Decisions in the "Unpaid Wages Case" legally and finally settled the question of separation pay of petitioners.

But petitioners claim that the causes of action in the two cases were different — in the "Unpaid Wages Case," money claims were involved; in the "Illegal Dismissal Case," petitioners challenged their termination from employment. The difference, however, appears only on the surface. In essence, because petitioners claimed that they had been illegally dismissed, they prayed for "full backwages from the date of illegal dismissal." In fact, it was separation pay that was awarded to them in Labor Arbiter Libron's Decision in the "Illegal Dismissal Case," who found that "complainants' termination was effected on a valid ground authorized by law, but considering that termination and closure was effected without prior clearance . . . complainants should be granted separation pay" (p. 7, Decision). The charge of illegal dismissal was dismissed for lack of merit and complainant's prayer for reinstatement and backwages was denied (p. 12, ibid.).

Petitioners further contend that their acceptance of separation pay does not operate as a waiver of their claims in the "Illegal Dismissal Case." Indeed, jurisprudence exists to the effect that a deed of release or quitclaim cannot bar an employee from demanding benefits to which he is legally entitled (Fuentes vs. NLRC, G.R. No. 76835, November 24,1988); that quitclaims and or complete releases executed by the employees do not estop them from pursuing their claim arising from the unfair labor practice of the employer (Garcia vs. NLRC, G.R. No. 67825, September 4, 1987, 153 SCRA 639); and that employees who received their separation pay are not barred from contesting the legality of their dismissal and that the acceptance of those benefits would not amount to estoppel (Mercury Drug Co., Inc.

vs. Court of Industrial Relations, G.R. No. 23357, April 30, 1974, 56 SCRA 694); De Leon vs. NLRC, G.R. No. 52056, October 30, 1980, 100 SCRA 691).

A telling difference from the cited cases, however, is the fact that the issue of the validity of the releases, executed by petitioners under oath, was squarely raised and resolved in Labor Arbiter Reyes' Decision in the "Unpaid Wages Case," which found categorically that:

> "The document relieved absolutely and forever released and discharged the Eastcoast Development Enterprises, Inc., its successors and assigns, of any and all claims and liabilities whatsoever insofar as their past salaries, termination pay, overtime pay and other privileges accorded them by law." (Emphasis ours)

That Decision was rendered on 30 May 1980 and was affirmed by the NLRC, First Division, on 30 September 1982, which found no justification for disturbing those findings, with this additional observation:

> "More than the above, the record shows that the complainants received, by virtue of the release documents, amounts which exceeded by leaps and bounds their original claims for unpaid wages and allowances."

The aforesaid Decisions in the "Unpaid Wages Case" had become final and executory.

It may be that private respondents' appeal was filed on the 12th day contrary to Article 223 of the Labor Code prescribing ten (10) calendar days as the reglementary period of appeal. Private respondents claim that the tenth day fell on a Saturday when the offices of the NLRC were allegedly closed so that their last day to appeal was Monday, July 14th. That is not correct. Saturday is still considered a business day and if the last day to appeal falls on a Saturday, the act is still due on that day (SM Agri and Gen. Machineries vs. NLRC, et al., G.R. No. 74806, January 9, 1989).

Nonetheless, as the NLRC had pointed out in its Comment:

> "True, the appeal to it was filed on the 12th day but public respondent wanted to avoid ruling on the same issue of separation pay for that matter had been judicially settled in the other case. It merely exercised its prerogative in relaxing its rule regarding the ten (10) calendar day period for filing appeals (Sec. 1, Rule VIII of the Revised Rules of the NLRC) from decisions of its Labor Arbiters, as it had done so in similar cases." (p. 6, Comment, p. 333, Rollo)

Indeed, the perfection of an appeal within the reglementary period is considered jurisdictional. However, there was legal justification for the NLRC to have given due course to the appeal, namely, to obviate a miscarriage of justice. In this proceeding, the issue of separation pay had been judicially settled, with finality, in another case, also by the NLRC. The NLRC, therefore, had no alternative except to forestall the grant of separation pay twice. The principle against unjust enrichment must be held applicable to labor cases as well.

WHEREFORE, the challenged Decision of the National Labor Relations Commission in NLRC Case No. 402-LR-XI-81 is hereby **AFFIRMED** in toto.

SO ORDERED.

Paras, Padilla, Sarmiento and Regalado, *JJ.*, concur.