



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

PHILIPPINE CLEARING HOUSE CORPORATION, G.R. No. 247775

Petitioner, Present:

PERLAS-BERNABE, S.A.J.,
Chairperson,
HERNANDO,
INTING,
GAERLAN, and
DIMAAMPAO, JJ.

- versus -

ALICIA O. MAGTAAN,
Respondent.

Promulgated:

NOV 10 2021

X ----- X

DECISION

INTING, J.:

Before the Court is a Petition¹ for Review on *Certiorari* assailing the Decision² dated November 6, 2018 and the Resolution³ dated June 3, 2019 of the Court of Appeals (CA) in CA-G.R. SP No. 147435 which affirmed the Resolutions dated April 15, 2016⁴ and June 30, 2016⁵ of the National Labor Relations Commission (NLRC) in NLRC LAC No. 01-000475-16/NLRC NCR Case No. 05-05986-15. The NLRC reversed and

¹ *Rollo*, Vol. I, pp. 9-61.

² *Rollo*, Vol. II, pp. 646-657; penned by Associate Justice Victoria Isabel A. Paredes with Associate Justices Priscilla J. Baltazar-Padilla (a retired Member of the Court) and Ronaldo Roberto B. Martin, concurring.

³ *Id.* at 707-708.

⁴ *Rollo*, Vol. I, pp. 331-342; penned by Commissioner Alan A. Ventura with Commissioner Erlinda T. Agus, concurring.

⁵ *Id.* at 432-436; penned by Commissioner Alan A. Ventura with Presiding Commissioner Gregorio O. Bilog III and Commissioner Erlinda T. Agus, concurring.

set aside the Decision⁶ dated December 28, 2015 of the Labor Arbiter (LA) and held that Philippine Clearing House Corporation (petitioner) illegally dismissed respondent Alicia O. Magtaan (respondent) from employment.

The Antecedents

In November 1998, petitioner hired respondent as a secretary and assigned her to the following offices: Personnel and Administrative Department, Comptrollers Group, and the Office of the President.⁷

On January 16, 2014, petitioner assigned respondent to the office of Gil A. Lim, Vice President for Operations Group (VP Lim), as Executive Assistant.⁸

Due to the continuing rise in the manpower cost of petitioner, its Board of Directors (Board) approved on January 30, 2014 the recommendation of the Human Resources and Remunerations Committee to implement the Manpower Rationalization Study (MRS), a program designed to evaluate petitioner's actual manpower requirements in relation to recent job movements.⁹

Through the purported MRS, petitioner determined that the positions under the Operations Group, which included the respondent's position, were redundant. However, the Board deferred action on the MRS pending further review of the company's internal processes and table of organization.¹⁰

On January 1, 2015, VP Lim voluntarily resigned from the service.¹¹ Consequently, petitioner issued a Notice dated February 2, 2015 terminating respondent from employment due to redundancy effective March 31, 2015.¹²

⁶ *Id.* at 215-231; penned by Labor Arbiter Lila S. Savari.

⁷ *Rollo*, Vol. II, p. 647.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Rollo*, Vol. I, p. 221.

¹² *Rollo*, Vol. II, p. 648.

On February 11, 2015, petitioner filed an Establishment Termination Report¹³ with the Department of Labor and Employment and paid respondent the following amounts: ₱528,071.00 as redundancy pay; ₱16,837.27 as net terminal leave pay; and ₱368,331.56 as net severance benefit pay. In exchange, respondent signed a quitclaim in favor of petitioner.¹⁴

On May 22, 2015, respondent filed a complaint with the LA alleging that petitioner illegally dismissed her from employment in the guise of redundancy.¹⁵

Ruling of the LA

In the Decision¹⁶ dated December 28, 2015, the LA ruled in favor of petitioner. It found that petitioner had complied with all the requisites for a valid redundancy program. It upheld the Deed of Release, Waiver, and Quitclaim¹⁷ (Quitclaim) signed by the respondent; thus, releasing petitioner from any liability.

Aggrieved, respondent filed a Motion for Reconsideration¹⁸ with the NLRC.

Ruling of the NLRC

In the Resolution¹⁹ dated January 29, 2016, the NLRC considered the Motion for Reconsideration of respondent as a memorandum of appeal. However, the NLRC dismissed her appeal for nonperfection as her pleading lacked the required verification and certificate of non-forum shopping.

On February 1, 2016, respondent filed a Manifestation with Motion to Admit²⁰ attaching therewith the required Verification and

¹³ *Rollo*, Vol. I, p. 77-78.

¹⁴ *Rollo*, Vol. II, p. 648.

¹⁵ *Id.*

¹⁶ *Rollo*, Vol. I, pp. 215-231.

¹⁷ *Id.* at 87-88.

¹⁸ *Id.* at 232-235.

¹⁹ *Id.* at 245-249.

²⁰ *Id.* at 237-241.

Certificate of Non-forum Shopping.²¹ On February 22, 2016, respondent filed a Motion for Reconsideration with Supplemental Appeal²² for the NLRC to reconsider its Resolution dated January 29, 2016 and eventually reverse the LA's Decision dated December 28, 2015.

In the Resolution²³ dated April 15, 2016, the NLRC admitted the Verification and Certificate of Non-forum Shopping of respondent and reinstated her appeal. The NLRC determined that the failure of respondent to file the required Verification and Certificate of Non-forum Shopping was due to mere inadvertence warranting the relaxation of the technical rules of procedure.

The NLRC likewise granted the appeal of respondent and reversed the ruling of the LA on the following grounds: (1) the resignation of VP Lim could not have made the position of respondent redundant; (2) the unsigned and undated MRS²⁴ of petitioner is without probative value; (3) the Affidavit²⁵ of the HRD Manager, a mere replica of the pleadings of petitioner, is self-serving and a mere afterthought; and (4) the Quitclaim which respondent signed does not prevent her from filing a complaint for illegal dismissal. The dispositive portion of the NLRC ruling reads:

x x x The Decision dated December 28, 2015 of the Labor Arbiter is also REVERSED and SET-ASIDE by declaring the dismissal of Alicia O. Magtaan from employment as illegal. Philippine Clearing House Corporation is hereby ORDERED to immediately reinstate appellant to her former position or any substantially equivalent position, pay appellant's full backwages counted from the date of dismissal until the finality of judgment and without loss of seniority rights and privileges, as well as MORAL DAMAGES in the amount of Php30,000.00 and EXEMPLARY DAMAGES in the amount of Php30,0000, plus attorney's fees equivalent to 10% of the total monetary award. All the amounts received by appellant by reason of her termination from work shall be deducted from the total monetary awards as herein granted. In the event that there shall be an excess after deducting the amount that she had previously received from the amount that she is entitled in this case, complainant shall refund such excess to respondent.

²¹ *Id.* at 242-243.

²² *Id.* at 295-318.

²³ *Id.* at 331-342.

²⁴ *Id.* at 72-75.

²⁵ *Id.* at 91-96.

SO ORDERED.²⁶

Petitioner moved for a partial reconsideration of the NLRC ruling and submitted for the first time the signed MRS dated November 10, 2014 and the Board Resolution approving the MRS dated December 4, 2014 as proof of redundancy.²⁷

In the Resolution²⁸ dated June 30, 2016, the NLRC did not admit petitioner's belatedly submitted signed MRS and Board Resolution; and denied its Partial Motion for Reconsideration for lack of merit.

Aggrieved, petitioner filed a Petition²⁹ for *Certiorari* with the CA.

Ruling of the CA

In the Decision³⁰ dated November 6, 2018, the CA agreed with the NLRC that petitioner failed to comply with all the requisites for a valid redundancy program rendering respondent's dismissal illegal.

Aggrieved, petitioner filed a Motion for Reconsideration but the CA denied it in the Resolution³¹ dated June 3, 2019.

Hence, the instant petition.

Petitioner imputes error on the part of the CA in holding that the NLRC did not gravely abuse its discretion in reinstating the appeal of respondent. It argues that respondent cannot invoke her lack of legal knowledge in failing to attach a Verification and Certificate of Non-Forum Shopping to her appeal as she was represented by her counsel at the time of its filing. As such, the NLRC should not have relaxed the technical rules of procedure in favor of respondent as rules are only relaxed to benefit the deserving.³²

²⁶ *Id.* at 340-341.

²⁷ See Motion for Partial Reconsideration dated April 27, 2016, *id.* at 343-366.

²⁸ *Id.* at 432-436.

²⁹ *Id.* at 437-494.

³⁰ *Rollo*, Vol. II, pp. 646-657

³¹ *Id.* at 707-708.

³² *Rollo*, Vol. I, pp. 33-39

Petitioner likewise argues that contrary to the findings of the NLRC and the CA, the company fully complied with all the requisites in terminating respondent's employment on the ground of redundancy. It contends that the removal of the respondent's position was carried out in good faith, there being no need for secretarial work due to the collapse of the Operations Group.³³

Anent the Quitclaim signed by respondent, petitioner maintains that the deed should be upheld in the absence of any evidence that it forced or intimidated respondent to do it.³⁴

Issues

1. Whether the CA erred in upholding the reinstatement of the respondent's appeal.
2. Whether petitioner was in bad faith in declaring the position of respondent as redundant.
3. Whether the Quitclaim signed by respondent barred her from filing a complaint for illegal dismissal against petitioner.

Ruling of the Court

It is settled that the Court is not a trier of facts and only questions of law may be raised in a petition for review on *certiorari* under Rule 45 of the Rules of Court (Rules). In this regard, in *Manggagawa ng Komunikasyon sa Pilipinas v. PLDT, Inc.*,³⁵ the Court explained its approach on a decision of the CA in a labor case, to wit:

In a Rule 45 review, we consider the correctness of the assailed CA decision, in contrast with the review for jurisdictional error that we undertake under Rule 65. Furthermore, Rule 45 limits us to the review of questions of law raised against the assailed CA

³³ *Id.* at 39-52.

³⁴ *Id.* at 52-57.

³⁵ 809 Phil. 106 (2017).

decision. In ruling for legal correctness, we have to view the CA decision in the same context that the petition for certiorari it ruled upon was presented to it; we have to examine the CA decision from the prism of whether it correctly determined the presence or absence of grave abuse of discretion in the NLRC decision before it, not on the basis of whether the NLRC decision on the merits of the case was correct. In other words, we have to be keenly aware that the CA undertook a Rule 65 review, not a review on appeal, of the NLRC decision challenged before it.³⁶

The CA correctly ruled that the NLRC did not gravely abuse its discretion in reinstating respondent's appeal.

It is well settled that noncompliance or defect in the verification does not necessarily render a pleading fatally defective. A tribunal may order its submission or correction or act on the pleading if the attending circumstances are such that strict compliance with the Rules may be dispensed with in order that the ends of justice may be served.³⁷

As to the certification against forum shopping, noncompliance therewith or a defect therein, unlike in verification, is generally not curable by its subsequent submission or correction thereof, unless there is a need to relax the Rules on the ground of "substantial compliance" or presence of "special circumstances or compelling reasons."³⁸

In reinstating the appeal of respondent and admitting her belatedly submitted Verification and Certificate of Non-Forum Shopping, the NLRC primarily determined that her appeal was impressed with merit. The NLRC likewise found that respondent had substantially complied with the rules because she submitted the required Verification and Certificate of Non-Forum Shopping nine days before having been notified of the dismissal of her appeal. In so ruling, the NLRC cited the similar case of *Millenium Erectors Corporation v. Magallanes*,³⁹ ratiocinating as follows:

³⁶ *Id.* at 121, citing *Career Philippines Shipmanagement, Inc. v. Serna*, 700 Phil. 1, 9 (2012), further citing *Montoya v. Transmed Manila Corporation*, 613 Phil. 696, 707 (2009)

³⁷ *Id.*, citing *Fernando v. Villegas*, 741 Phil. 689, 697-698 (2014).

³⁸ *Id.*

³⁹ 649 Phil. 199 (2010).

x x x In *Millenium*, the Labor Arbiter denied the employee's claim of illegal dismissal. The employee wanted to appeal but had mistakenly filed a Motion for Reconsideration before the NLRC. Taking note of the merits of the employee's arguments, however, the NLRC treated the Motion for Reconsideration as an appeal and proceeded to rule the case in his favor despite the lack of verification, want of proof of service, and said motion being filed out of time. The employer appealed the case until he reached the Supreme Court which upheld the ruling of the NLRC. In this case, complainant filed said motion within the 10-day reglementary period, paid the appeal fees and forwarded a copy thereof to respondents. We, therefore, take a liberal approach of the rules and reinstate appellant's appeal.⁴⁰

Indeed, technicalities should never be used to defeat the substantive rights of the parties.⁴¹ Besides, the Court has consistently held that the requirement regarding verification of a pleading is formal, not jurisdictional.⁴² It is intended to secure the assurance that the matters alleged in a pleading are true and correct. Similarly, the rules on forum shopping are designed to promote and facilitate the orderly administration of justice; hence, it should not be interpreted with such absolute literalness as to subvert its own ultimate and legitimate objective,⁴³ especially when the party's case is impressed with merit.

Indubitably, the CA did not err in agreeing with the NLRC that respondent must be afforded the amplest opportunity for the proper and just determination of her appeal.

Petitioner failed to prove that the position of respondent as secretary/executive assistant was redundant.

In the case of *Coca-Cola Femsa Philippines v. Macapagal*,⁴⁴ the Court held that:

⁴⁰ *Rollo*, Vol. 1, p. 333.

⁴¹ *Mendoza v. Leonis Navigation Co., Inc.*, G.R. No. 248479 (Notice), November 20, 2019, citing 721 Phil. 867, 875 (2013)

⁴² *Id.*, citing *LDP Marketing, Inc. v. Momer*, 515 Phil. 768, 776 (2006).

⁴³ *Id.*, citing *Palao v. Florentino III International, Inc.*, 803 Phil 393, 402 (2017), citing *Shipside, Inc. v. CA*, 404 Phil. 981, 994 (2001)

⁴⁴ G.R. No. 232669, July 29, 2019.

Redundancy is an authorized cause for termination of employment under Article 298 (formerly, Article 283) of the Labor Code. It exists when “the services of an employee are in excess of what is reasonably demanded by the actual requirements of the enterprise.” It can be due to “a number of factors, such as the over-hiring of workers, a decrease in the volume of business, or the dropping of a particular line or service previously manufactured or undertaken by the enterprise. The determination of whether the employees’ services are no longer necessary or sustainable, and therefore, properly terminable for redundancy, is an exercise of business judgment. In making such decision, however, management must not violate the law nor declare redundancy without sufficient basis. To ensure that the dismissal is not implemented arbitrarily, jurisprudence requires the employer to prove, among others, its good faith in abolishing the redundant positions as well as the existence of fair and reasonable criteria in the selection of employees who will be dismissed from employment due to redundancy. Such fair and reasonable criteria may include, but are not limited to: (a) less preferred status, *i.e.*, temporary employee; (b) efficiency; and (c) seniority.⁴⁵ (Emphasis and italics omitted.)

In terminating employees due to redundancy, it is not enough for the employer to merely declare that a position had become redundant. It must produce adequate proof of such redundancy to justify the dismissal of the affected employees.⁴⁶

In the case, the sole evidence which petitioner submitted to prove redundancy was the undated and unsigned copy of the MRS. In holding that the MRS was of doubtful authenticity and lacked probative value, the NLRC aptly explained:

While the rules of evidence prevailing in the courts of law or equity are not controlling in proceedings before the NLRC, the evidence presented before it must at least have a modicum of admissibility for it to be given some probative value. Stated otherwise, We cannot rely on this document for lack of probative value.⁴⁷

The MRS being undated and unsigned by the HRD Manager, there

⁴⁵ *Id.* Citations omitted.

⁴⁶ *Yulo v. Concentrix Daksh Services Philippines, Inc.*, G.R. No. 235873, January 21, 2019.

⁴⁷ *Rollo*, Vol. I, p. 336.

is indeed nothing to support the allegation of petitioner that its HRD Manager conducted a prior study of the redundancy program to justify the termination of respondent for redundancy.

At any rate, even if the Court gives probative value to the unsigned and undated MRS, the NLRC keenly observed that it was still subject to the approval of the Board. Petitioner itself stated that the Board deferred acting on the MRS in order to conduct further review of the company's internal processes and table of organization. However, petitioner initially failed to present the Board's approval of the MRS. Petitioner failed to do so until it filed a Motion for Partial Reconsideration of the NLRC Resolution dated April 15, 2016 holding it liable for illegal dismissal.

The CA aptly held that the NLRC committed no grave abuse of discretion in brushing aside the belatedly submitted evidence of petitioner.

While labor tribunals, such as the NLRC, are not precluded from receiving evidence submitted on appeal, any delay in the submission of evidence should be sufficiently explained and should adequately prove the allegations sought to be proven to dispel doubt on its credibility.⁴⁸

Here, petitioner did not provide any adequate explanation for its failure to present at the earliest opportunity the signed MRS dated November 10, 2014 and Board Resolution dated December 4, 2014. It was only after the NLRC's unfavorable Resolution dated April 15, 2016 that it presented the documents. Indeed, the unjustified and belated submission of the pieces of evidence is a derision of the legal processes casting doubt on the credibility of the evidence, especially when they are not even newly discovered evidence.

It is evident that respondent's termination was an offshoot of the resignation of VP Lim of the Operations Group. But his resignation cannot in any way equate to declaring respondent's position as redundant

⁴⁸ *Associated Labor Unions-TUCP v. Del Monte Philippines, Inc.*, G.R. No. 247943 (Notice), August 19, 2020.

in the absence of competent proof that his resignation led to the collapse of the Operations Group; thus, rendering respondent's services as having exceeded the reasonable work demands of petitioner. The CA correctly held:

Nowhere in the unsigned and undated MRS, or in the belatedly submitted signed MRS dated November 10, 2014, that respondent's position, a secretary, was declared redundant. *It was mentioned only in the belatedly submitted Board Resolution dated December 4, 2014 where it declared the abolition of the Operations Group Head position, including respondent's position, but without providing any reason why respondent's position was abolished along with that of the Operations Group Head position considering that she functions not in a line position but as administrative support only.*⁴⁹ (Italics supplied.)

Incidentally, petitioner Memorandum dated January 5, 2015 debunked the petitioner's allegation that the Operations Group was abolished. Under the Memorandum, it appears that petitioner appointed one Frenildo D. Anoyon to act as the Officer-in-Charge of the Operations Group.⁵⁰ Petitioner having failed to contradict the authenticity and admissibility of the memorandum, the NLRC and the CA correctly gave it weight and credence.

Quitclaims do not bar employees from filing labor complaints and from demanding benefits to which they are legally entitled.

Waivers and quitclaims executed by employees are generally frowned upon for being contrary to public policy. This is based on the recognition that employers and employees do not stand on equal footing⁵¹ because, in desperate situations, employees are willing to bargain away their rights. Here, respondent signed the Quitclaim on her belief that petitioner would withhold her much needed separation pay package amidst the harsh reality of unemployment. Hers, then, is a case

⁴⁹ *Roilo*, Vol. II, p. 654.

⁵⁰ *Id.* at 776.

⁵¹ *Aldovino v. Gold and Green Manpower Management and Development Services, Inc.*, G.R. No. 200811, June 19, 2019, citing *Sicangco v. National Labor Relations Commission*, 305 Phil. 102, 105 (1994).

of adherence, not of choice. As such, she is deemed not to have waived any of her rights⁵² and is not barred to pursue what is legally due to her by reason of her illegal dismissal.

All told, the Court sees no cogent reason to overturn the NLRC ruling, as affirmed by the CA, that petitioner illegally dismissed respondent from employment. As aptly held by the NLRC, respondent should be immediately reinstated to her former position or any substantially equivalent position with full back wages without loss of seniority rights and privileges.

For having been compelled to litigate, respondent is likewise entitled to reasonable attorney's fees at the rate of 10% of the total monetary award pursuant to Article 2208⁵³ of the Civil Code of the Philippines. The Court hereby imposes legal interest on the monetary awards at the rate of 6% *per annum* reckoned from the finality of this Decision until its full payment.

However, the Court sees the need to delete the award of moral and exemplary damages to respondent.

Moral damages are recoverable when the dismissal of an employee is attended by bad faith or fraud or constitutes an act oppressive to labor or is done in a manner contrary to good morals, good customs, or public policy. Exemplary damages, on the other hand, are recoverable when the dismissal was done in a wanton, oppressive, or malevolent manner.⁵⁴

Here, while petitioner failed to establish the presence of redundancy to justify the termination of respondent from employment, the Court is aware of its attempt to comply with all the requisites of redundancy. Notably, petitioner even paid respondent more than the separation pay package provided for employees dismissed for authorized

⁵² *Id.*, citing *Land and Housing Development Corporation v. Esquillo*, 508 Phil. 478, 487 (2005).

⁵³ Article 2208 of the Civil Code provides:

Art. 2208. In the absence of stipulation attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

× × ×

(2) When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;

⁵⁴ *Bayview Management Consultants, Inc. v. Pre*, G.R. No. 220170, August 19, 2020.

causes. In addition to the redundancy pay of ₱528,071.00, petitioner also paid her severance benefit in the net amount of ₱368,331.56 although she was not entitled thereto under the company Retirement Plan. Likewise, petitioner gave her net terminal leave pay in the amount of ₱16,837.27. To the Court, the dismissal of respondent, although considered invalid, was not done in a malevolent or oppressive manner; thus the deletion of the award of moral and exemplary damages in her favor in the amount of ₱30,000.00 each.

Lastly, following the principle against unjust enrichment which is held applicable in labor cases, respondent should return the separation pay package she received from petitioner as part of the redundancy program by deducting their amounts from her present monetary awards.

WHEREFORE, the petition is **PARTLY GRANTED**. The Decision dated November 6, 2018 and the Resolution dated June 3, 2019 of the Court of Appeals in CA-G.R. SP No. 147435 are hereby **AFFIRMED** with **MODIFICATION** in that the award of moral and exemplary damages to respondent Alicia O. Magtaan in the amount of ₱30,000.00 each is **DELETED**.

The total judgment award shall be subject to interest at the rate of 6% *per annum* from the finality of this Decision until its full satisfaction.

Respondent Alicia O. Magtaan is **ORDERED** to return the separation pay package she received from petitioner Philippine Clearing House Corporation as part of the redundancy program by deducting their amounts from her present monetary awards.

The case is **REMANDED** to the Labor Arbiter for the computation of the amounts due to respondent Alicia O. Magtaan and for the immediate execution of this Decision.

SO ORDERED.


HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:

ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson

RAMON PAUL L. HERNANDO
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

JAPAR B. DIMAAMPAO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ALEXANDER G. GESMUNDO
Chief Justice