

# Republic of the Philippines Supreme Court Manila

# THIRD DIVISION

GLORIA PAJE, LOLITA GOMEZ,<br/>MIRIAMG.R. No. 240810MIRIAMCATACUTAN,<br/>ESTRELLA ZAPATA, GLORIA<br/>SUMANG, JUANITA JULIETAPresent:SUMANG, JUANITA JULIETA<br/>DINGAL, MYRA AMANTE, AND<br/>FE S. BERNARDO,<br/>Petitioners,LEONEN, J., Chairperson,<br/>LAZARO-JAVIER,<br/>LOPEZ, M.,<br/>LOPEZ, J., and

-versus-

SPIC	N'	SPAN	SERVICE		
CORPORATION, Respondent.				Promulgated: February 28, 2022	
				MistocBatt	X

KHO, JR.\*, JJ.

## DECISION

## LEONEN, J.:

A quitclaim executed in favor of the employer does not operate to discharge the labor-only contractor from liability for the remaining balance of the workers' money claims.

This resolves the Petition for Review<sup>1</sup> filed by Gloria Paje, Lolita Gomez, Miriam Catacutan, Estrella Zapata, Gloria Sumang, Juanita Julieta Dingal, Myra Amante, and Fe Bernardo (Paje et al.), seeking to annul the

\* Designated additional member per Special Order No. 2871 dated February 24, 2022.

*Rollo*, pp. 12–32.

Decision<sup>2</sup> and Resolution<sup>3</sup> of the Court of Appeals that affirmed the Decision<sup>4</sup> and Order<sup>5</sup> of the National Labor Relations Commission. The Commission earlier affirmed the Order<sup>6</sup> of the labor arbiter, granting the Motion to Quash the partial writ of execution filed by Spic N' Span Service Corporation (Spic N' Span).

Paje et al. were merchandisers of products manufactured by Swift Foods, Inc. (Swift) in various supermarkets in Tarlac and Pampanga. Meanwhile, Spic N' Span is a domestic company engaged in the business of supplying human resource services to different clients, one of which was Swift. It was Spic N' Span that hired Paje et al. and assigned them to Swift.<sup>7</sup>

On March 13, 1998, Paje et al., with four others, <sup>8</sup> filed a Complaint for illegal dismissal with money claims against Swift and Spic N' Span.<sup>9</sup>

In a Decision,<sup>10</sup> the labor arbiter dismissed the Complaint of Paje et al., but held Swift and Spic N' Span "jointly and severally" liable to pay the claims of the other co-complainants, namely, Edelisa David (David) and Inocencio Fernandez (Fernandez):

VIEWED FROM THIS LIGHT, judgment is hereby rendered with the following dispositions:

1. Ordering respondents Spic and Span as Agent and Swift Foods Corporations as the employer to jointly and severally pay the economic benefits of the complainants as follows:

A.	Edelisa F. David	
А.	Edensa F. David	

Retirement pay	-	₱114,840.00
SIL	-	797.50
		₱115,637.50

<sup>&</sup>lt;sup>2</sup> Id. at 39–53. The June 15, 2017 Decision in CA-G.R. SP No. 128429 was penned by Associate Justice Marie Christine Azcarraga-Jacob and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Danton Q. Bueser of the Thirteenth Division of the Court of Appeals, Manila.

<sup>&</sup>lt;sup>3</sup> Id. at 64, 66. The July 16, 2018 Resolution in CA-G.R. SP No. 128429 was penned by Associate Justice Marie Christine Azcarraga-Jacob and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Danton Q. Bueser of the Former Thirteenth Division of the Court of Appeals, Manila.

<sup>&</sup>lt;sup>4</sup> Id. at 92–105. The June 18, 2012 Decision was penned by Commissioner Romeo L. Go and concurred in by Presiding Commissioner Gerardo C. Nograles and Commissioner Perlita B. Velasco of the First Division of the National Labor Relations Commission, Quezon City.

<sup>&</sup>lt;sup>5</sup> Id. at 106–114. The October 25, 2012 Order was penned by Commissioner Romeo L. Go and concurred in by Presiding Commissioner Gerardo C. Nograles and Commissioner Perlita B. Velasco of the First Division of the National Labor Relations Commission, Quezon City.

 <sup>&</sup>lt;sup>6</sup> Id. at 186–198. The April 18, 2011 Order was signed by Labor Arbiter Mariano L. Bactin of the Regional Arbitration Branch No. III of the National Labor Relations Commission, San Fernando, Pampanga.
<sup>7</sup> Id. at 40.

<sup>&</sup>lt;sup>8</sup> These included Edelisa David, Inocencio Fernandez, Thelma Guardian, and Irene de Leon.

<sup>&</sup>lt;sup>9</sup> *Rollo*, p. 40.

<sup>&</sup>lt;sup>10</sup> Id. at 120–132. The November 16, 1999 Decision was rendered by Labor Arbiter Fedriel S. Panganiban of the Regional Arbitration Branch No. III of the National Labor Relations Commission, San Fernando, Pampanga.

#### Decision

B. Inocencio A. Fernandez

Retirement pay	-	₱191,400.00
SIL	-	797.50
		₱192 197 50

- DISMISSING without prejudice the claims made by Julieta C. Dingal, Fe A. Bernardo, Lolita Gomez, Myra Amante, Miriam M. Catacutan, Gloria O. Sumang, Gloria Paje, Estrella Zapata[,] and Thelma M. Guardian; and
- 3. DENYING all other claims for lack of factual basis.

SO ORDERED.11

Paje et al., together with David and Fernandez, filed a partial appeal before the National Labor Relations Commission. Swift also filed an appeal.<sup>12</sup>

In a Resolution,<sup>13</sup> the National Labor Relations Commission held that Spic N' Span was the true employer of Paje et al. and dismissed the Complaint against Swift. It awarded backwages to David and Fernandez, but sustained the dismissal of the Complaint of Paje et al.<sup>14</sup>

Paje et al. later filed a Motion for Reconsideration, which was denied by the National Labor Relations Commission.<sup>15</sup>

In a Decision,<sup>16</sup> the Court of Appeals reversed the National Labor Relations Commission. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the instant petition is hereby GRANTED. The Resolutions of the NLRC dated January 11, 2002 and December 23, 2002 are SET ASIDE *in so far as the dismissal of the petitioners' case is concerned and in so far as Swift is found not liable for the payment of the petitioners' money claims.* 

The present case is hereby REMANDED to the Labor Arbiter for the computation of the money claims of petitioners, to wit: 1) Backwages; 2) Separation Pay; and 3) Service Incentive Leave Pay.

The settlement of the claims of David and Fernandez is not affected by this decision.

<sup>&</sup>lt;sup>11</sup> Id. at 131–132.

<sup>&</sup>lt;sup>12</sup> Id. at 41.

<sup>&</sup>lt;sup>13</sup> Id. at 134–142. The January 11, 2002 Resolution was penned by Commissioner Alberto R. Quimpo and concurred in by President Commissioner Roy V. Señeres and Commissioner Vicente S.E. Veloso of the First Division of the National Labor Relations Commission, Quezon City.

<sup>&</sup>lt;sup>14</sup> Id. at 41.

<sup>&</sup>lt;sup>15</sup> Id. at 42.

<sup>&</sup>lt;sup>16</sup> Id. at 143–153. The October 24, 2004 Decision in CA-G.R. SP. No.83215 was penned by Associate Justice Juan Q. Enriquez, Jr. and concurred in by Associate Justices Salvador J. Valdez, Jr. and Vicente Q.Roxas of the Eight Division of the Court of Appeals, Manila.

# SO ORDERED.<sup>17</sup> (Emphasis supplied)

Spic N' Span filed a Motion for Reconsideration, which the Court of Appeals denied.<sup>18</sup>

Accordingly, Spic N' Span filed a Petition for Review with this Court. Swift also filed a Petition for Review, which was denied by the Court for being defective.<sup>19</sup>

On September 18, 2008, Swift paid Paje et al. the amount of P3,588,785.30. This represented exactly half of P7,177,570.60, the total amount due Paje et al. as of July 3, 2008 per the fiscal examiner of the National Labor Relations Commission.<sup>20</sup> A quitclaim was signed by Paje et al. upon receipt of the said amount.

The Quitclaim and Release<sup>21</sup> provides:

COME NOW, the undersigned complainants, by and through their Attorney-in-Fact Jessie P. Albacea in the above-entitled case, and before this Honorable Office respectfully manifest:

That for and in the total amount of P3,588,785.30 to be divided equally by herein nine (9) complainants, in full and complete settlement of my/our claims as financial assistance and/or gratuitously given by my/our employer, receipt of which is hereby acknowledged to my/our complete and full satisfaction, I/We release and discharge SWIFT FOODS CORP./SWIFT FOODS, INC. (SFI) and/or its officers from any and all claims by way of unpaid wages, separation pay, overtime pay, differential pay[,] or otherwise as maybe due me/us incident to my/our past employment with said establishment.

I/We hereby state further that I/We have no more claims, rights[,] or action of whatsoever nature, whether past, present or contingent against the respondent(s) and/or its officers.

IN WITNESS WHEREOF, I/We have hereunto set my/our hands this 18<sup>th</sup> day of September 2008 at (sic) the City of San Fernando, Pampanga.<sup>22</sup>

On August 25, 2010, this Court rendered a Decision<sup>23</sup> on Spic N' Span's Petition. It affirmed the ruling of the Court of Appeals with an additional award of nominal damages. The dispositive portion of the Decision reads:

<sup>&</sup>lt;sup>17</sup> Id. at 152–153.

<sup>&</sup>lt;sup>18</sup> Id. at 42.

<sup>&</sup>lt;sup>19</sup> Id.

<sup>&</sup>lt;sup>20</sup> Id. at 43–44.

<sup>&</sup>lt;sup>21</sup> Id. at 156–157.

<sup>&</sup>lt;sup>22</sup> Id. at 156.

<sup>&</sup>lt;sup>23</sup> Spic N' Span Services Corporation v. Paje, 643 Phil. 474 (2010) [Per J. Brion, Third Division].

WHEREFORE, premises considered, we hereby AFFIRM the Court of Appeals' October 25, 2004 Decision and August 2, 2006 Resolution in CA-GR SP No. 83215, with the modification that nominal damages in the amount of P30,000.00 should additionally be paid to each of the respondents, for violation of their procedural due process rights.<sup>24</sup>

When the Decision became final,<sup>25</sup> Paje et al. filed a Motion for the Issuance of a Writ of Execution.<sup>26</sup>

The labor arbiter issued a Partial Writ of Execution,<sup>27</sup> directing the collection of ₱3,858,785.30 from Spic N' Span, inclusive of nominal damages of ₱30,000.00 each for the nine complainants.

Spic N' Span filed a Motion to Quash Partial Writ of Execution with Motion for Re-computation.<sup>28</sup> It contended that since Swift had already paid ₱3,588,785.30 by way of settlement, the subsequent execution of the quitclaim in favor of Swift must necessarily benefit Spic N' Span as a mere agent of Swift.<sup>29</sup>

As explained earlier, the labor arbiter found merit in the Motion and quashed the partial writ of execution.<sup>30</sup>

Paje et al. appealed to the National Labor Relations Commission, which denied the same. The dispositive portion of its Decision<sup>31</sup> reads:

All told, finding no serious error in the findings of facts by the Labor Arbiter in rendering [their] Order, denial of the appeal is warranted.

WHEREFORE, the appeal is DENIED for lack of merit and the Order of Labor Arbiter Mariano L. Bactin dated 18 April 2011 is hereby AFFIRMED IN TOTO.

SO ORDERED.<sup>32</sup>

In an Order,<sup>33</sup> the National Labor Relations Commission also denied Paje et al.'s Motion for Reconsideration.

Id. at 104.

<sup>&</sup>lt;sup>24</sup> Id. at 487. 25

Rollo, p. 154. 26

Id. at 173-175.

<sup>27</sup> Id. at 176–179. The Writ was signed by Labor Arbiter Mariano L. Bactin.

<sup>28</sup> Id. 180–184. 29

Id. at 44. 30

Id. at 186–198. 31

Id.at 92-105. 32

<sup>33</sup> Id. at 106–114.

The Court of Appeals affirmed the Decision of the National Labor Relation Commission.<sup>34</sup> It held that the labor tribunals were correct when they ruled that the Quitclaim and Release redounded to the benefit of Spic N' Span pursuant to Article 1217 of the Civil Code. It also upheld the factual findings of the labor tribunals as to the voluntariness of the execution of the Quitclaim and Release.<sup>35</sup>

The Court of Appeals also denied Paje, et al.'s Motion for Reconsideration in a Resolution.<sup>36</sup>

Hence, this Petition was filed.<sup>37</sup>

Petitioners contend that the Quitclaim and Release in Swift's favor redounded to the benefit of respondent, but only to the extent of Swift's share in the total amount due them. Invoking Article 1222 of the Civil Code, they claim that a solidary debtor, like Spic N Span, may invoke defenses pertaining to its co-debtor only to the extent of the debt for which the latter is responsible.<sup>38</sup>

They further argue that the first sentence of Article 1217 of the New Civil Code, which states that "payment made by one of the solidary debtors extinguishes the obligation," must be read in conjunction with Article 1233, which provides that "[a] debt shall not be understood to have been paid unless the thing or service in which the obligation consists has been *completely delivered* or rendered, as the case may be." Petitioners point out that the debt due them had not been fully collected.<sup>39</sup>

Petitioners also contend that the Court of Appeals has ruled in their favor as early as October 2004 and the award was computed by the fiscal examiner in the total amount of P7,177,570.60. Therefore, there was no reason for them to ask for only half of the said amount if not with the understanding that the balance would be shouldered by respondent. Considering their stations in life, it would be contrary to human experience for them to accept only half of the total amount due them.<sup>40</sup>

They add that the Quitclaim and Release was never intended to release respondent. This was clear from the document itself. Moreover, the Quitclaim and Release is a contract of adhesion and they were not assisted by

<sup>39</sup> Id. at 24–25.

<sup>&</sup>lt;sup>34</sup> Id. at 39–53.

<sup>&</sup>lt;sup>35</sup> Id. at 50–51.

<sup>&</sup>lt;sup>36</sup> Id. at 64, 66.

<sup>&</sup>lt;sup>37</sup> Id. at 12–32.

<sup>&</sup>lt;sup>38</sup> Id. at 22–23.

<sup>&</sup>lt;sup>40</sup> Id. at 25.

counsel during its execution. Finally, their filing of the Motion for Issuance of Writ of Execution shows clearly their intention to collect from respondent. Thus, they pray that they be allowed to collect what is due them in accordance with *Spic N' Span Services Corporation v. Paje*.<sup>41</sup>

In its Comment,<sup>42</sup> respondent counters that petitioners' arguments have already been thoroughly passed upon in the congruent decisions of the labor tribunals and the Court of Appeals. At any rate, Swift and respondent were made solidarily liable by law for all the rightful claims of petitioners. Thus, when petitioners accepted the payment and executed a Quitclaim and Release in favor of Swift, respondent, as agent, was also released from liability. Consequently, petitioners are already barred from claiming from respondent.<sup>43</sup> It adds that petitioners' claim that the settlement pertained only to Swift's share in the liability is misleading because the Quitclaim and Release pertained to a full and complete settlement of all their claims.<sup>44</sup>

The issue to be resolved is whether or not the Court of Appeals properly sustained the quashal of the partial writ of execution on the ground that the Quitclaim and Release executed by petitioners Gloria Paje, Lolita Gomez, Miriam Catacutan, Estrella Zapata, Gloria Sumang, Juanita Julieta Dingal, Myra Amante, and Fe Bernardo redounded to the benefit of respondent Spic N' Span Service Corporation.

We rule in favor of the petitioners.

The Quitclaim and Release signed by the petitioners pertinently provides:

That for and in the total amount of P3,588,785.30 to be divided equally by herein nine (9) complainants, *in full and complete settlement of my/our claims as financial assistance and/or gratuitously given by my/our employer*, receipt of which is hereby acknowledged to my/our complete and full satisfaction, *I/We release and discharge SWIFT FOODS CORP./SWIFT FOODS, INC. (SFI) and/or its officers from any and all claims by way of unpaid wages, separation pay, overtime pay, differential pay*[,] *or otherwise as maybe due me/us incident to my/our past employment with said establishment.* 

I/We hereby state further that I/We have no more claims, rights[,] or action of whatsoever nature, whether past, present[,] or contingent against the respondent(s) and/or its officers.<sup>45</sup> (Emphasis supplied)

<sup>&</sup>lt;sup>41</sup> Id. at 25–26.

<sup>&</sup>lt;sup>42</sup> Id at 299–316.

<sup>&</sup>lt;sup>43</sup> Id. at 299–302.

<sup>&</sup>lt;sup>44</sup> Id. at 308–309.

<sup>&</sup>lt;sup>45</sup> Id. at 156.

Petitioners do not deny that they signed the Quitclaim and Release voluntarily. The point of dispute here is the interpretation of the quitclaim. To the petitioners, the quitclaim was meant to release *only* Swift. Respondent contends that the quitclaim also releases it from liability.

## The Court sides with petitioners.

The Quitclaim and Release plainly and explicitly reads that petitioners "release and discharge Swift. . . from any and all claims[.]"<sup>46</sup> Strictly construing these terms,<sup>47</sup> the quitclaim was meant to release Swift *only*, and not respondent. "When the words are clear and unambiguous the intent is to be discovered only from the express language of the agreement."<sup>48</sup> The fact that respondent was omitted is understandable because when the quitclaim was signed, its Petition for Review before this Court was still pending.

Parenthetically, the quitclaim pertained to Swift's payment of P3,588,785.30, or only half of the total obligation of P7,177,570.60. To construe the quitclaim as a complete discharge of respondent's obligation as well would not constitute a fair and reasonable settlement of petitioners' claims. This Court has held that to be valid, the consideration for the quitclaim must not be unconscionably low.<sup>49</sup>

In *Periquet v. National Labor Relations Commission*,<sup>50</sup> this Court clarified the standards in determining the validity of a waiver, release, and quitclaim:

Not all waivers and quitclaims are invalid as against public policy. If the agreement was voluntarily entered into and represents a reasonable settlement, it is binding on the parties and may not later be disowned simply because of a change of mind. *It is only where there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or the terms of settlement are unconscionable on its face, that the law will step in to annul the questionable transaction[.*] But where it is shown that the person making the waiver did so voluntarily, with full understanding of what he was doing, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as a valid and binding undertaking[.]<sup>51</sup> (Emphasis supplied)

<sup>&</sup>lt;sup>46</sup> Id.

<sup>&</sup>lt;sup>47</sup> See *Land and Housing Development Corp. v. Esquillo*, 508 Phil. 478, 481 (2005) [Per J. Panganiban, Third Division]. In *Esquillo*, this Court held that "[q]uitclaims, releases[,] and other waivers of benefits granted by laws or contracts in favor of workers should be strictly scrutinized to protect the weak and the disadvantaged. The waivers should be carefully examined, in regard not only to the words and terms used, but also the factual circumstances under which they have been executed."

<sup>&</sup>lt;sup>48</sup> Republic v. Heirs of Africa, 767 Phil. 473, 485 (2015) [Per J. Perlas-Bernabe, First Division].

<sup>&</sup>lt;sup>49</sup> Galicia v. National Labor Relations Commission, 342 Phil. 342 (1997) [Per J. Romero, Second Division].

<sup>&</sup>lt;sup>50</sup> 264 Phil. 1115 (1990) [Per J. Cruz, First Division].

<sup>&</sup>lt;sup>51</sup> Id. at 1122.

In Republic Planters Bank v. National Labor Relations Commission,<sup>52</sup> the difference between the total claim of P908,022.65 and the amount of P434,468.52 received by the employee, or almost half of the total claim, was deemed "considerably big and substantial."<sup>53</sup> Accordingly, the quitclaim was held to encroach upon public policy.

Similarly, the amount of ₱3,588,785.30 involved in this case is unconscionably low. It cannot be said to constitute a reasonable and equitable settlement of the judgment award in favor of petitioners.<sup>54</sup>

Respondent contends that because of the solidary nature of its liability, the release and discharge of Swift "from any and all claims" should redound in its favor.

Swift's solidary liability with respondent finds basis in Articles 106 and 109 of the Labor Code:

Article 106. *Contractor or Subcontractor*. — Whenever an employer enters into a contract with another person for the performance of the former's work, the employees of the contractor and of the latter's subcontractor, if any, shall be paid in accordance with the provisions of this Code.

In the event that the contractor or subcontractor fails to pay the wages of his employees in accordance with this Code, *the employer shall be jointly and severally liable with his contractor or subcontractor to such employees to the extent of the work performed under the contract, in the same manner and extent that he is liable to employees directly employed by him.* 

• • • •

There is "labor-only" contracting where the person supplying workers to an employer does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, and the workers recruited and placed by such person are performing activities which are directly related to the principal business of such employer. In such cases, the person or intermediary shall be considered merely as an agent of the employer who shall be responsible to the workers in the same manner and extent as if the latter were directly employed by him.

Article 109. *Solidary liability.* — The provisions of existing laws to the contrary notwithstanding, every employer or indirect employer shall be held responsible with his contractor or subcontractor for any violation of any provision of this Code. For purposes of determining the extent of their

<sup>&</sup>lt;sup>52</sup> 334 Phil. 124 (1997) [Per J. Bellosillo, First Division].

<sup>&</sup>lt;sup>53</sup> Id. at 127.

<sup>&</sup>lt;sup>54</sup> *Rollo*, p. 25.

civil liability under this Chapter, they shall be considered as direct employers.<sup>55</sup> (Emphases supplied)

The law establishes an employer-employee relationship between the employees of the labor-only contractor and the employer for the purpose of holding both the labor-only contractor and the employer responsible for any valid claims.<sup>56</sup> The result is that the "liability must be shouldered by either one or shared by both."<sup>57</sup> This solidary liability of the employer and labor-only contractor is mandated by the Labor Code to prevent any violation or circumvention of labor laws,<sup>58</sup> and ultimately to assure workers the payment of their rightful claims.<sup>59</sup>

A similar situation obtains where there is "labor only" contracting. The "labor-only" contractor — i.e. "the person or intermediary" — is considered "merely as an agent of the employer." The employer is made by the statute responsible to the employees of the "labor only" contractor *as if such employees had been directly employed by the employer.* Thus, where "labor only" contracting exists in a given case, the statute itself implies or establishes an employer-employee relationship between the employer (the owner of the project) and the employees of the "labor only" contractor, this time for a *comprehensive* purpose: ". . . to prevent *any* violation or circumvention of *any provision of this Code.*" *The law in effect holds both the employees for the more effective safeguarding of the employees' rights under the Labor Code.*<sup>60</sup> (Emphasis supplied)

Respondent cannot misuse the solidary nature of its obligation to unjustly escape from its liability to the petitioners. The Quitclaim and Release did not operate to extinguish the entirety of the award due petitioners.

Petitioners were merchandisers. They cannot be expected to be familiar with the intricacies of the law, especially the nature of solidary obligations. When they signed the quitclaim, they were unassisted by counsel and uninformed of their need to reserve their right to collect the other half of the obligation from respondent.<sup>61</sup> There was also no evidence that the quitclaim's purported effects of releasing respondent from liability had been explained to them. Thus, we are more convinced with petitioners' argument that they accepted Swift's payment with the understanding that the balance would be shouldered by respondent.

<sup>&</sup>lt;sup>55</sup> We retain the use of "him" pronoun to respect the language of the law. Nonetheless, we revert to the use of gender-neutral language in other parts of this Decision.

Tiu v. National Labor Relations Commission, 324 Phil. 202 (1996) [Per J. Mendoza, Second Division].
Tabas v. California Manufacturing Co., Inc., 251 Phil. 448, 454 (1989) [Per J. Sarmiento, Second Division].

<sup>&</sup>lt;sup>58</sup> *Tiu v. National Labor Relations Commission*, 324 Phil. 202 (1996) [Per J. Mendoza, Second Division].

<sup>&</sup>lt;sup>59</sup> San Miguel Corp. v. MAERC Integrated Services Inc., 453 Phil. 543 (2003) [Per J. Bellosillo, Second Division].

<sup>&</sup>lt;sup>60</sup> Philippine Bank of Communications v. National Labor Relations Commission, 230 Phil. 430, 440 (1986) [Per J. Feliciano, First Division].

<sup>&</sup>lt;sup>61</sup> *Rollo*, p. 97.

Furthermore, while it is true that the liabilities of the principal employer and labor-only contractor are solidary, Article 1216 of the Civil Code gives the employees the right to collect from any one of the solidary debtors or both of them simultaneously. Also, "[t]he demand made against one of them will not be an obstacle to those that may be subsequently directed against the other, so long as the debt has not been fully collected."<sup>62</sup>

In *Guerrero v. Court of Appeals*,<sup>63</sup> the Court rejected Rodolfo Guerrero's contention that he was released from liability when the creditor compromised the case with the other solidary debtor:

We fail to see any incompatibility between the two obligations that would sustain the defense of novation. The fact that in the compromise agreement and subsequently in the execution sale, [Alto Surety & Insurance Company, Inc.] chose first to realize its credit from Robles, did not imply waiver of its right to proceed against any of the solidary debtors or some or all of them simultaneously, and the demand made against one of them is no obstacle to demands which may subsequently be directed against the others so long as the debt or any part of it remains outstanding and unpaid.<sup>64</sup> (Citation omitted)

In this case, the total award of ₱7,177,570.60 due petitioners had not been fully satisfied. Swift paid only half of the amount. Pursuant to Article 1216 of the Civil Code, Swift's payment and release will not bar petitioners from collecting this remaining balance of the obligation from respondent.

Moreover, in resolving respondent's Petition for Review, this Court imposed nominal damages of ₱30,000.00 for each of the nine petitioners, resulting in the total balance of ₱3,858,785.30.

In fine, we find that the Court of Appeals committed a reversible error in upholding the quashal of the partial writ of execution.

WHEREFORE, premises considered, the Petition is **GRANTED**. The Decision and Resolution of the Court of Appeals in CA-G.R. SP No. 128429 are **REVERSED AND SET ASIDE**. The labor arbiter's Order dated April 18, 2011, which quashed the partial writ of execution, is **NULLIFIED**.

Respondent Spic N' Span Service Corporation is directed to pay petitioners Gloria Paje, Lolita Gomez, Miriam Catacutan, Estrella Zapata, Gloria Sumang, Juanita Julieta Dingal, Myra Amante, and Fe Bernardo the

<sup>&</sup>lt;sup>62</sup> CIVIL CODE, art. 1216.

<sup>63 140</sup> Phil. 335 (1969) [Per J. Castro, First Division].

<sup>&</sup>lt;sup>64</sup> Id. at 343.

amount of ₱3,858,785.30. The total amount is subject to legal interest at the rate of 6% per annum to be computed from the finality of this Decision until full payment.

SO ORDERED.

MARVIC M.V.F. LEONEN Associate Justice

WE CONCUR:

AMY LAZARO-JAVIER

Associate Justice

ate Justice

**DPEZ** JHOS Associate Justice

ANTONIO T. KHO, JR. 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.

MARVIQ M.V.F. LEONEN

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.

XANDER G. GESMUNDO Chief Justice ALEXAN