Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

KENG HUA PAPER PRODUCTS CO., INC. and JAMES YU,
Petitioners,

- *versus* -

CARLOS E. AINZA, PRIMO DELA CRUZ, and BENJAMIN R. GELICAMI,
Respondents.

G.R. No. 224097

Present:

GESMUNDO, *C.J.*, Chairperson
ZALAMEDA,
DIMAAMPAO,*
MARQUEZ and
KHO,** *JJ.*

Promulgated:

FEB 22 2023

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D E C I S I O N

ZALAMEDA, *J.*:

Businesses are allowed to suspend operations and to dismiss their employees. Aside from having just and authorized causes for termination of employment, however, suspensions of operations and dismissals of employees must be done in accordance with law. Otherwise, employers must bear the consequences for their non-compliance.

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* Hernando, *J.*, took no part due to his prior participation in the Court of Appeals; Dimaampao, *J.*, designated as additional Member of the First Division per Raffle dated 01 February 2023.

** Rosario, *J.*, took no part due to his prior participation in the Court of Appeals; Kho, *J.*, designated as additional Member of the First Division per Raffle dated 01 February 2023.

The Case

This is a Petition[1] for Review on *Certiorari* filed by Keng Hua Paper Products Co., Inc. (Keng Hua) and its president, James Yu (Yu) (collectively, petitioners) assailing the Decision[2] dated 30 September 2015 and the Resolution[3] dated 11 April 2016 of the Court of Appeals (CA) in CA-G.R. SP No. 124951.

The assailed Decision and Resolution reversed and set aside the Decision[4] dated 06 February 2012 and the Resolution[5] dated 26 March 2012 of the National Labor Relations Commission (NLRC), which had affirmed *in toto* the Decision[6] dated 28 October 2011 rendered by the Labor Arbiter dismissing the Complaint[7] for Illegal Dismissal but awarding separation pay to Carlos E. Ainza (Ainza), Primo Dela Cruz (Dela Cruz), and Benjamin R. Gelicami (Gelicami) (collectively, respondents).

Antecedents

Respondents were employees of Keng Hua who filed a complaint for illegal dismissal with prayer for separation pay, underpayment of wages, damages, and attorney's fees on 31 March 2011.

Ainza was hired in July 1981 as a machine tender. Dela Cruz was hired in April 1982 but resigned on 26 March 2001 to avail of his gratuity pay. He was rehired in May 2001. Gelicami was hired in February 2002. Ainza and Dela Cruz's salaries amounted to ₱392.50 per day, while Gelicami's was ₱383.00 per day.

Sometime in January 2010, all respondents alleged, to wit:

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1 *Rollo*, pp. 3-20. Filed under Rule 45 of the 1997 Rules of Civil Procedure.

2 Id. at 26-36. Penned by Associate Justice Edwin D. Sorongon and concurred in by Associate Justices Ricardo R. Rosario (now a Member of this Court) and Ramon Paul L. Hernando (now a Member of this Court).

3 Id. at 22-24. Penned by Associate Justice Edwin D. Sorongon and concurred in by Associate Justices Ricardo R. Rosario (now a Member of this Court) and Ramon Paul L. Hernando (now a Member of this Court).

4 CA *rollo*, pp. 15-24. Docketed as NLRC LAC No. 01-00067-12. Penned by Commissioner Napoleon M. Menese and concurred in by Presiding Commissioner Raul T. Aquino and Commissioner Teresita D. Castillon-Lora.

5 Id. at 25-27. Penned by Commissioner Napoleon M. Menese and concurred in by Presiding Commissioner Raul T. Aquino and Commissioner Teresita D. Castillon-Lora.

6 Id. at 108-115. Docketed as NLRC-NCR Case No. 03-05257-11. Penned by Labor Arbiter Catalino R. Laderas.

7 CA *rollo*, p. 103.

> "[They were] stopped at the gate and were bluntly told by [petitioners'] security guards, acting upon orders of [petitioners] that they had no more jobs to do. [Respondents] were not even allowed to talk to their superiors to at least hear the reason, if, there be any, of their abrupt termination. [Respondents] were dumbfounded to suddenly find themselves out of [work]."[8]

Petitioners, on the other hand, claimed that there was no illegal dismissal because Keng Hua ceased operating and there was no work for respondents. Keng Hua is located at 1000 Gov. Pascual Avenue, Potrero, Malabon City, an area that was greatly affected by the flashfloods caused by typhoon Ondoy in late September 2009.[9] The floods seriously damaged Keng Hua's equipment. Prior to typhoon Ondoy, Keng Hua was already suffering a decline in their income since 2007, as evidenced by the comparative income statements it submitted to the Bureau of Internal Revenue (BIR) for the years 2006 to 2009[10] and 2011 to 2013.[11] Moreover, Samahan ng mga Manggawa sa Globe Keng Hua – Association Genuine Labor Union (union), the employees' union that counts respondents as members, recognized the effect of typhoon Ondoy on Keng Hua's income when it entered into a notarized agreement about their wages:

> *1. Dahil sa tindi ng hagupit ng Bagyong Ondoy, halos isang daang Porsyento ng ari-arian ng Kompanya ay nawasak. Tulad ng mga makinarya ng papel, electronic sensor, motor speed control, transformers, power cables, atbp at nasunog ang isang bodega na may laman na hilaw na materyales ng papel at sumabog ang buong pasilidad ng CO2 Chemical Plant Recovery atbp. Dahil po sa malaking pinsala [na] ginawa ng Bagyong Ondoy, tumigil ang produkto[ng] kalakal ng [Keng Hua at] nagkasabay-sabay ang malas ay [sic] apektado ang kalagayang pinansyal ng [Keng Hua].*
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> *2. Kaya, sa malungkot at mapait na pangyayaring ito, ang magkabilang panig, ang [Keng Hua] at ang mga pamunuan ng nagkakaisang manggagawa ay NAGKAKASUNDO, na ang kasalukuyang Wage Order No. 15 na, IPINATUTUPAD NA, at ang kakulangang Back Wages, at ang implementasyon ng Wage Order No. 16, ay ipatutupad sa sandaling magnormalized [sic] na at bumalik ang dating operasyon ng gaming [sic] pagawaan.*
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> *3. Na maliwanag din po sa kasunduang ito na ang tatanggap ng kakulangang Bayad o back wages sa nasabing Wage Order No. 15 at Wage Order No. 16 ay iyong lang pong pumasok o nagtrabaho sa mga nasabing araw na dapat bayaran, at ang NO WORK ay wala pong*

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8 *Rollo*, p. 110.
9 *Rollo*, p. 87.
10 Id. at 60-61.
11 Id. at 79-80.

bayad (NO WORK-NO PAY policy).[12]

Despite petitioners' claim of cessation of operations, on 10 March 2011, two years after the occurrence of typhoon Ondoy, Keng Hua renewed its collective bargaining agreement (CBA) with the union for the period covering 02 January 2011 to 02 January 2016. The existence of comparative income statements for 2011 to 2013 also shows that Keng Hua had operations beyond September 2009.[13]

Ruling of the Labor Arbiter

In its Decision dated 28 October 2011, the Labor Arbiter (LA) ruled that the cause for the loss of respondents' jobs was not planned but was due to a fortuitous event. Cessation of operations to prevent losses is allowed under Article 283 of the Labor Code. Moreover, the CBA between petitioners and the union recognized the existence of petitioners' financial losses. Hence, there was no illegal dismissal.[14] Nonetheless, the LA recognized that petitioners were willing to pay respondents' separation pay and ordered them to do so:

> WHEREFORE, premised on the foregoing considerations, judgment is hereby rendered dismissing the complaint for illegal dismissal for lack of merit.
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> [Petitioners] however are directed to pay [respondents] separation pay to wit:
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> 1. CARLOS AINZA – Php 221,108.32
> 2. PRIMO DELA CRUZ – Php 22,895.00
> 3. BENJAMIN GELICAME – Php 20,330.87
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> Other claims are DISMISSED.
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> SO ORDERED.[15]

Ruling of the NLRC

Respondents sought the reversal of the ruling of the Labor Arbiter before the NLRC. In its Decision dated 06 February 2012, the NLRC denied

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12 Id. at 40-41.
13 Id. at 27-28.
14 Id. at 28-29.
15 CA *rollo*, pp. 114-115.

respondents' appeal for lack of merit and affirmed the Labor Arbiter's decision *in toto*.[16]

The NLRC found that the factual circumstances brought about by typhoon Ondoy more than sufficiently substantiated and proved that respondents were not illegally dismissed from their employment. The NLRC was even "fully convinced that there was no dismissal from the service in the first place."[17]

Petitioners' willingness to grant respondents their separation pay was also regarded in their favor. Likewise, the NLRC noted that the prevailing minimum wage at the time that respondents stopped working was only ₱362.00. Therefore, petitioners' salaries were not underpaid.[18]

Respondents' motion for reconsideration was denied in a Resolution dated 26 March 2012. [19]

Ruling of the CA

Respondents filed a special civil action for *certiorari* under Rule 65 before the CA. They alleged that the NLRC acted with grave abuse of discretion in finding that they were not illegally retrenched by petitioners[20].

In its Decision dated 30 September 2015, the CA ruled in favor of respondents upon finding that they were retrenched and petitioners did not comply with the legal requirements for a valid retrenchment. Petitioners did not submit independently audited financial statements proving Keng Hua's alleged losses. Neither did petitioners serve written notices to respondents and the Department of Labor and Employment (DOLE) at lease one month prior to the date of retrenchment. There is also no showing that petitioners adopted other cost-saving measures before resorting to retrenchment. Petitioners did not use any fair and reasonable criteria to ascertain who would be retrenched. The CA ruled thus:[21]

> WHEREFORE, the instant petition is GRANTED. The February 6, 2012 Decision and the subsequent March 26, 2012 Resolution of the

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16 *Rollo*, p. 29.
17 Id. at 22.
18 Id.
19 Id. at 27.
20 Id. at 26-27.
21 Id. at 30-35.

> NLRC is hereby REVERSED and SET ASIDE. Accordingly, a new judgment is entered declaring [respondents] to have been ILLEGALLY DISMISSED and ordering [petitioners] to REINSTATE them to their former position without loss of seniority rights and to pay their full backwages starting from their illegal dismissal in January 2010 until finality of this decision, or in the event reinstatement is no longer feasible, to pay [respondents] their full backwages, separation pay, and attorney's fees of ten percent (10%) of the total monetary awards.
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> For prompt execution hereof, this case is hereby remanded to the Labor Arbiter for the purpose of computing the exact amount of monetary award to each [respondent] pursuant to this decision.
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> SO ORDERED.[22]

Petitioners filed a Motion for Reconsideration which the CA denied for lack of merit in its Resolution dated 11 April 2016. In their motion, petitioners asserted that respondents were never prevented from reporting for work upon the resumption of Keng Hua's operations in May 2010.[23]

The CA noted that petitioners now ascribe fault to respondents. In the CA's view, petitioners raised the issue of abandonment by respondents for the first time. The CA disallowed what it saw as petitioners' "desperate attempt to evade liability" and denied for lack of merit petitioners' motion for reconsideration in its Resolution dated 11 April 2016.[24]

Issues

Petitioners raise two issues:

> I. Whether or not the Honorable Court of Appeals committed serious error in overturning the Decision and Resolution of the National Labor Relations Commission thereby ruling that Respondents were illegally dismissed.
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> II. Whether or not Petitioners raise abandonment as an issue for the first time in its Motion for Reconsideration.[25]

We focus on the issue of illegal dismissal. The resolution of the issue of abandonment involves questions of facts which is not the domain of this

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22 Id. at 35.
23 Id. at 38-46.
24 Id. at 23.
25 Id. at 8.

Court.

Ruling of the Court

The petition has no merit. We affirm the CA's ruling and find petitioners liable for illegal dismissal.

Six months: Length of a valid suspension

Keng Hua ceased operations on 26 September 2009 and resumed only in May 2010. In their Petition, petitioners claim that "[i]t was only on [15 May 2010], that [the company] slowly resumed its operation although not yet normal. Most employees likewise resumed their services with Petitioners except Respondents who had not returned from work since Petitioners temporarily stopped operation due to Ondoy." To further prove that there was no dismissal of respondents, on 10 September 2012, petitioners included respondents' names in the list of employees affected by its temporary closure due to heavy monsoon rains[26] that they submitted to the DOLE field office. Prior to that date, however, respondents had already filed their complaint for illegal dismissal against petitioners.

Article 301 (formerly Article 286)[27] of the Labor Code provides that the employee is reinstated to his former position when there is an indication that he desires to return to work one month from the resumption of his employer's operations after a *bona fide* suspension.

> Art. 301. *When employment not deemed terminated.* – The *bona-fide* suspension of the operation of a business or undertaking for a period not exceeding six (6) months, or the fulfillment by the employee of a military or civic duty shall not terminate employment. In all such cases, the employer shall reinstate the employee to his former position without loss of seniority rights if he indicates his desire to resume his work not later than one (1) month from the resumption of operations of his employer or from his relief from the military or civic duty.

Further, Article 301 of the Labor Code decreed that a suspension of operations will not lead to termination of employment if the suspension does not exceed six months. As the Court reiterated in *Airborne Maintenance and*

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26 Referred to in the petition as "*habagat*."

27 See Renumbering of the Labor Code, as amended, Department Advisory No. 01, Series of 2015.

Allied Services, Inc. v. Egos:[28]

> The suspension of employment under Article 301 of the Labor Code is only temporary and should not exceed six months, as the Court explained in *PT & T Corp. v. National Labor Relations Commission*:
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> > x x x Article 286 [now Article 301] may be applied but only by analogy to set a specific period that employees may remain temporarily laid-off or in floating status. Six months is the period set by law that the operation of a business or undertaking may be suspended thereby suspending the employment of the employees concerned. The temporary lay-off wherein the employees likewise cease to work should also not last longer than six months. After six months, the employees should either be recalled to work or permanently retrenched following the requirements of the law, and that failing to comply with this would be tantamount to dismissing the employees and the employer would thus be liable for such dismissal.

Temporary suspension of operations is recognized as a valid exercise of management prerogative provided it is not carried out in order to circumvent the provisions of the Labor Code or to defeat the rights of the employees under the Code.[29]

Clearly, there is more than six months between the onslaught of typhoon Ondoy in September 2009 and the resumption of Keng Hua's operations in May 2010. Respondents filed their complaint for illegal dismissal on 31 March 2011. Petitioners never showed proof that they actually called respondents back to work on May 2010. They merely asserted that respondents were not prevented from coming to work in May 2010. Petitioners even admit that they "have not recalled Respondents when the six-month period lapsed. To recall them with no work to do is simply illogical and would only drive Petitioners to even greater loss."[30] Respondents' employment was thus terminated by operation of law because their work suspension extended beyond the statutory six-month period.

Causes and requisites of a valid termination

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[28] G.R. No. 222748, 03 April 2019, citing *PT & T Corp. v. National Labor Relations Commission*, 496 Phil. 164, 177 (2005).

[29] *San Pedro Hospital of Digos, Inc. v. Secretary of Labor*, 331 Phil. 390 (1996).

[30] *Rollo*, p. 8.

Article 298 (formerly Article 283)[31] of the Labor Code provides that an employment may be validly terminated due to retrenchment to prevent losses or the closing or cessation of business operations:

> Art. 283. *Closure of establishment and reduction of personnel.* – The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the workers and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor-saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole year.

In *Sanoh Fulton Phils., Inc. v. Bernardo*,[32] We explained Article 298 and emphasized that retrenchment to prevent losses or the closing or cessation of business operations do not compose one cause for termination of employment. Although they have the same procedural requirements, they have different causes and different requirements for validity, thus:

> Retrenchment to prevent losses and closure not due to serious business losses are two separate authorized causes for terminating the services of an employee. In *J.A.T. General Services v. NLRC*, the Court took the occasion to draw the distinction between retrenchment and closure, to wit:
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> > Closure of business, on one hand, is the reversal of fortune of the employer whereby there is a complete cessation of business operations and/or an actual locking-up of the doors of establishment, usually due to financial losses. Closure of business as an authorized cause for termination of employment aims to prevent further financial drain upon an employer who cannot pay anymore his employees since business has already stopped. On the other hand, retrenchment is reduction of personnel usually due to poor financial returns so as to cut down on costs of operations in terms of salaries and wages to prevent bankruptcy of the company. *It is sometimes also referred to*

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[31] See Renumbering of the Labor Code, as amended, Department Advisory No. 01, Series of 2015.
[32] 716 Phil. 378, 387-388 (2013). Citations omitted.

> as down-sizing. Retrenchment is an authorized cause for termination of employment which the law accords an employer who is not making good in its operations in order to cut back on expenses for salaries and wages by laying off some employees. The purpose of retrenchment is to save a financially ailing business establishment from eventually collapsing.

The respective requirements to sustain their validity are likewise different.

For retrenchment, the three (3) basic requirements are: (a) proof that the retrenchment is necessary to prevent losses or impending losses; (b) service of written notices to the employees and to the Department of Labor and Employment at least one (1) month prior to the intended date of retrenchment; and (c) payment of separation pay equivalent to one (1) month pay, or at least one-half (1/2) month pay for every year of service, whichever is higher. In addition, jurisprudence has set the standards for losses which may justify retrenchment, thus:

> (1) the losses incurred are substantial and not *de minimis*; (2) the losses are actual or reasonably imminent; (3) the retrenchment is reasonably necessary and is likely to be effective in preventing the expected losses; and (4) the alleged losses, if already incurred, or the expected imminent losses sought to be forestalled, are proven by sufficient and convincing evidence.

Upon the other hand, in termination, the law authorizes termination of employment due to business closure, regardless of the underlying reasons and motivations therefor, be it financial losses or not. However, to put a stamp to its validity, the closure/cessation of business must be *bona fide*, i.e., its purpose is to advance the interest of the employer and not to defeat or circumvent the rights of employees under the law or a valid agreement.

In termination cases either by retrenchment or closure, the burden of proving that the termination of services is for a valid or authorized cause rests upon the employer. Not every loss incurred or expected to be incurred by an employer can justify retrenchment. The employer must prove, among others, that the losses are substantial and that the retrenchment is reasonably necessary to avert such losses. And to repeat, in closures, the *bona fides* of the employer must be proven.

A cursory reading of Article 298 will readily show that, regardless of cause, there are two procedural requirements for a valid termination of employment: (1) service of a written notice to the employees and to the DOLE at least one month before the intended date thereof; and (2) payment to the employees of termination pay amounting to one month pay or at least one-half month pay for every year of service, whichever is higher. The Labor Code does not provide for exemptions from these two procedural

requirements.

Petitioners failed to show proof of compliance with the procedural requirements for a valid termination of employment. First, Keng Hua failed to show any proof of such written notice to any of the respondents or to the DOLE. That respondents were already on temporary lay-off at the time notice should have been given to them is not an excuse to forego the one-month written notice because by this time, their lay-off is to become permanent and they were definitely losing their employment.[33] Second, Keng Hua failed to show proof of payment of termination pay to respondents.

Accordingly, We rule against petitioners' claim of valid termination of respondents' employment based on cessation of operations. The facts simply do not support petitioners' claim.[34]

Petitioners provided the LA and the CA with the union's recognition in 2011 of Keng Hua's financial losses. Petitioners annexed to their petition copies of the comparative income statements that Keng Hua submitted to the BIR for the years 2006 to 2009 and 2011 to 2013. Be that as it may, We find it even more noteworthy that these income statements prove that Keng Hua was operating even four years after the occurrence of typhoon Ondoy. The records will show that neither the LA, the NLRC, nor the CA established the date of Keng Hua's actual cessation of operations.

Because of these, We cannot bring ourselves to rule that Keng Hua's closure, if there be one, is done in good faith, for to do so will defeat or circumvent respondents' rights under the law or a valid agreement.

We also rule against petitioners' claim that respondents were not dismissed. We agree with the CA's ruling that respondents were retrenched and petitioners did not comply with the requisites of a valid retrenchment. To effect a valid retrenchment, We added three substantive requirements to the two procedural requirements mentioned above:

> The requirements for valid retrenchment which must be proved by clear and convincing evidence are: (1) that the retrenchment is reasonably necessary and likely to prevent business losses which, if already incurred, are not merely *de minimis*, but substantial, serious, actual and real, or if only expected, are reasonably imminent as perceived objectively and in good faith by the employer; (2) that the employer served written notice

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33 *Sebuguero v. National Labor Relations Commission*, G.R. No. 115394, 27 September 1995.
34 *Rollo*, pp. 32-34.

> both to the employees and to the Department of Labor and Employment at least one month prior to the intended date of retrenchment; (3) that the employer pays the retrenched employees separation pay equivalent to one month pay or at least 1/2 month pay for every year of service, whichever is higher; (4) that the employer exercises its prerogative to retrench employees in good faith for the advancement of its interest and not to defeat or circumvent the employees' right to security of tenure; and (5) that the employer used fair and reasonable criteria in ascertaining who would be dismissed and who would be retained among the employees, such as status (i.e., whether they are temporary, casual, regular or managerial employees), efficiency, seniority, physical fitness, age, and financial hardship for certain workers.[35]

Keng Hua failed to show before the LA and the NLRC financial statements to prove its actual business losses. The CA even made a factual finding that "there are no independent audited financial statements proving the alleged financial losses of [Keng Hua]."[36] There was also no showing that petitioners adopted other cost-saving measures before resorting to retrenchment.[37] There was no indication that petitioners used fair and reasonable criteria, if at all, in determining who would be retrenched.[38]

We distinguish between the effect of petitioners' failure to comply with the procedural requirements of a valid termination and the effect of petitioners' failure to establish the cause of a valid termination.

Here, petitioners failed to comply with the substantive requisites of a valid retrenchment. Consequently, respondents should receive the reliefs afforded to illegally dismissed employees mandated by Article 294 (formerly 279) of the Labor Code.

> Art. 294. *Security of Tenure.* – In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges and to his full backwages, inclusive of allowances, and to his other benefits or their monetary equivalent computed from the time his compensation was withheld from him up to the time of his actual reinstatement.

Since respondents' termination was illegal, they are entitled to reinstatement without loss of seniority rights and to their full backwages

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35 *Asian Alcohol Corp. v. National Labor Relations Commission*, 364 Phil. 912 (1999). Citations omitted.
36 *Rollo*, p. 32.
37 Id. at 33.
38 Id. at 34.

pursuant to the said article.[39] Reinstatement and payment of backwages, as the normal consequences of illegal dismissal, presuppose that the previous position from which the employee has been removed is still in existence or there is an unfilled position of a nature, more or less, similar to the one previously occupied by said employee.[40]

Petitioners stress that they are contesting "the wisdom of reinstating [respondents] to their former positions when it is a fact that even to this day [petitioners] no longer have the capability to manufacture."[41] Further, it has been more than a decade since the incident which have led to respondents' predicament and We recognize the probable change in petitioners' circumstances over time.[42] For these two reasons, the disposition of the CA is modified. Given the circumstances of this case, an award of separation pay, in lieu of reinstatement, is justified.

> Under Article 279 (now Article 294) of the Labor Code, backwages is computed from the time of dismissal until the employee's reinstatement. However, when separation pay is ordered in lieu of reinstatement, backwages is computed from the time of dismissal until the finality of the decision ordering separation pay. Anent the computation of separation pay, the same shall be equivalent to one month salary for every year of service and should not go beyond the date an employee was deemed to have been actually separated from employment, or beyond the date when reinstatement was rendered impossible. In the present case, in allowing separation pay, the final decision effectively declares that the employment relationship ended so that separation pay and backwages are to be computed up to that point.[43]

The computation of the separation pay for each of the respondents should be based on one month's salary for every year of service. Ainza's employment began in July 1981, Dela Cruz in May 2001, and Gelicami in February 2002. The finality of this decision marks the end of respondents' employment relationship with petitioners, hence respondents' separation pay should be computed up to this point. The CA's award of attorney's fees is affirmed, in view of the fact that respondents were compelled to litigate and incur expenses to protect their rights and interests.

WHEREFORE, the foregoing premises considered, the instant Petition is hereby **DENIED**. The assailed the Decision dated 30 September 2015 and Resolution dated 11 April 2016 of the Court of Appeals in CA-

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39 *Genuino Agro-Industrial Development Corp. v. Romano*, G.R. No. 204782, 18 September 2019.
40 *San Miguel Properties Philippines, Inc. v. Gucaban*, 669 Phil. 288, 302 (2011).
41 *Rollo*, p. 130.
42 Id.
43 Supra at note 30.

G.R. SP No. 124951 is **AFFIRMED** with the **MODIFICATION** that petitioners Keng Hua Paper Products Co., Inc., and its President, James Yu, are solidarily liable to pay each of the respondents, namely, Carlos E. Ainza, Primo Dela Cruz, and Benjamin R. Gelicami the following: (1) separation pay computed from respondents' respective first day of employment until the finality of this Decision, at the rate of one month per year of service; and (2) attorney's fees equivalent to 10% of the total monetary award.

The monetary awards also shall earn legal interest at the rate of 6% per *annum* from the date of the finality of this Decision until fully paid.

The case is **REMANDED** to the Labor Arbiter for the proper computation of the monetary benefits awarded.

SO ORDERED.

RODIL V. ZALAMEDA
Associate Justice

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

JAPAR B. DIMAAMPAO
Associate Justice

JOSE MIDAS P. MARQUEZ
Associate Justice

ANTONIO T. KHO, JR.
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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