



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

**METROGUARDS SECURITY
AGENCY CORPORATION
(FORMERLY KNOWN AS
BEEGUARDS CORPORATION)
and MS. MILAGROS T. CHAN,**
Petitioners,

G.R. No. 215630

Present:

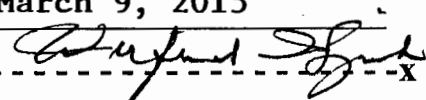
VELASCO, JR., J., *Chairperson*,
PERALTA,
VILLARAMA, JR.,
REYES, and
JARDELEZA, JJ.

- versus -

ALBERTO N. HILONGO,
Respondent.

Promulgated:

March 9, 2015



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RESOLUTION

VILLARAMA, JR., J.:

Before us is a petition for review of the Decision¹ dated July 22, 2014 and Resolution² dated November 18, 2014 of the Court of Appeals (CA) in CA-G.R. SP No. 134501.

The facts follow:

In his Decision³ dated April 30, 2010 in NLRC NCR-10-14411-09, entitled *Alberto Hilongo v. Bee Guards Corp./Milagros Chan*, the Labor Arbiter ruled that herein respondent Alberto N. Hilongo was illegally dismissed, to wit:

WHEREFORE, premises considered, judgment is rendered finding the dismissal of complainant [Hilongo] as illegal and ordering the respondents [herein petitioners] to pay complainant [Hilongo] his backwages from the date of dismissal to the date of this decision and

¹ *Rollo*, pp. 38-48. Penned by Associate Justice Franchito N. Diamante with Associate Justices Celia C. Librea-Leagogo and Melchor Q.C. Sadang concurring.

² *Id.* at 50-53.

³ *Id.* at 59-67. Penned by Labor Arbiter Antonio R. Macam.



separation pay of one month pay per year of service, plus 10% thereof as attorney's fees as all hereunder computed:

I. Backwages:

A. Basic Salary

9/5/09 – 4/30/09 (sic) = 7.83	
₱382 x 26 x 7.83	₱77,767.56

B. 13th Month Pay

₱77,767.56/12	6,480.63
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C. Service Incentive Leave	<u>1,246.27</u>	₱85,494.46
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II. Separation Pay

10/25/01 – 4/30/10 = 7 yrs.	
₱382 x 26 x 7 years	<u>₱ 69,524.00</u>
	₱155,018.46

III. 10% Attorney's fees	<u>15,501.85</u>	
	₱170,520.31	

SO ORDERED.⁴

On appeal, the National Labor Relations Commission (NLRC) reversed the ruling of the Labor Arbiter in its Decision⁵ dated September 30, 2010 and Resolution dated November 23, 2010.⁶

Aggrieved, Hilongo filed a petition for certiorari before the CA, docketed as CA-G.R. SP No. 117891.⁷ In its Decision⁸ dated September 7, 2012, the CA reversed the NLRC decision and reinstated the Labor Arbiter's Decision dated April 30, 2010.⁹ Petitioners' motion for reconsideration was denied by the CA in its Resolution¹⁰ dated March 26, 2013. Petitioners no longer appealed to this Court.¹¹

Hilongo then filed a motion for entry of judgment and a motion for clarification of Decision/Resolution praying that the CA's March 26, 2013 Resolution be clarified and interpreted to include the amount of the award as stated in the Labor Arbiter's Decision dated April 30, 2010 and additional award computed from May 1, 2010 to March 26, 2013, or the date the CA denied petitioners' motion for reconsideration.¹²

⁴ Id. at 66-67.

⁵ Id. at 69-76.

⁶ Id. at 39, 77.

⁷ Id. at 39.

⁸ Id. at 79-91.

⁹ Id. at 90.

¹⁰ Id. at 93-95.

¹¹ Id. at 40.

¹² Id.

In its Resolution¹³ dated June 11, 2013, the CA granted the motion for entry of judgment and noted Hilongo's motion for clarification of Decision/Resolution. The CA held that when an appellate court affirms the Labor Arbiter's ruling, it is understood that awards due to the illegally dismissed employee shall be recomputed in order to account for the period of time that has lapsed from the rendition of the Labor Arbiter's decision up to its finality. The CA quoted this Court's ruling in *Session Delights Ice Cream and Fast Foods v. Court of Appeals*,¹⁴ and *Gonzales v. Solid Cement Corporation*¹⁵:

Consistent with what we discussed above, we hold that under the terms of the decision under execution, no essential change is made by a re-computation as this step is a necessary consequence that flows from the nature of the illegality of dismissal declared in that decision. A re-computation (or an original computation, if no previous computation has been made) is a part of the law – specifically, Article 279 of the Labor Code and the established jurisprudence on this provision – that is read into the decision. By the nature of an illegal dismissal case, the reliefs continue to add on until full satisfaction, as expressed under Article 279 of the Labor Code. The re-computation of the consequences of illegal dismissal upon execution of the decision does not constitute an alteration or amendment of the final decision being implemented. The illegal dismissal ruling stands; only the computation of monetary consequences of this dismissal is affected and this is not a violation of the principle of immutability of final judgments.¹⁶

After the corresponding entry of judgment was issued on June 11, 2013, the case was remanded to the Labor Arbiter. On July 9, 2013, respondent Hilongo filed a motion for issuance of writ of execution alleging that the June 11, 2013 CA Resolution had confirmed that the amount of ₱170,520.31 awarded by the Labor Arbiter is not sufficient, and that there is a need to compute additional monetary awards reckoned from May 1, 2010 up to April 26, 2013 or the date Hilongo presumed as the date of finality of the decision.¹⁷

In an Order¹⁸ dated October 29, 2013, the Labor Arbiter directed the issuance of a writ of execution and ruled that the award of ₱170,520.31 as stated in the Labor Arbiter's Decision dated April 30, 2010 prevails.

Hilongo filed a petition for extraordinary remedy before the NLRC which dismissed the petition in its Decision¹⁹ dated November 29, 2013. The NLRC also denied Hilongo's motion for reconsideration in its Resolution²⁰ dated January 16, 2014.

¹³ Id. at 101-104.

¹⁴ 625 Phil. 612, 629 (2010).

¹⁵ G.R. No. 198423, October 23, 2012, 684 SCRA 344, 356.

¹⁶ *Rollo*, p. 103.

¹⁷ Id. at 40.

¹⁸ Id. at 106-111.

¹⁹ Id. at 115-123.

²⁰ Id. at 125-127.

Hence, Hilongo filed a petition for certiorari before the CA.

In the assailed Decision dated July 22, 2014, the CA granted Hilongo's petition and set aside the NLRC Decision dated November 29, 2013 and Resolution dated January 16, 2014. The CA ordered the Labor Arbiter to re-compute Hilongo's monetary awards, to wit:

WHEREFORE, in view of the foregoing, the petition is **GRANTED**. The Decision dated November 29, 2013 and Resolution dated January 16, 2014 of public respondent National Labor Relations Commission, Second Division, in NLRC LER N[o]. 11-322-13/NLRC LAC N[o]. 07-001-485-10 (NLRC NCR-10-14411-09) are hereby **REVERSED and SET ASIDE**.

The case is hereby **REMANDED** to the Labor Arbiter for the **RE-COMPUTATION** of the total monetary benefits due to petitioner [Hilongo]. The Labor Arbiter is further **DIRECTED** to incorporate the following in the re-computation:

- (1) Additional backwages and separation pay from May 1, 2010 to June 11, 2013, or the date when the April 30, 2010 Decision of Labor Arbiter Macam became final and executory;
- (2) Interest of twelve percent (12%) *per annum* of the total monetary awards, computed from June 11, 2013 to June 30, 2013 and six percent x x x (6%) *per annum* from July 1, 2013 until their full satisfaction.

SO ORDERED.²¹

The CA held that it is already settled that the computation of the monetary awards due to the illegally dismissed employee must continue to run until the final termination of the case on appeal. The CA ruled that the Labor Arbiter should have been guided by the CA Resolution dated June 11, 2013 which had clarified that a re-computation of Hilongo's award is necessary.²² The CA also ruled that the re-computation of the monetary awards is a necessary consequence that flows from the nature of the illegality of Hilongo's dismissal. The CA further noted that since the Labor Arbiter's Decision dated April 30, 2010 had ordered the payment of separation pay, in lieu of reinstatement, the finality of said decision on June 11, 2013 effectively declares that Hilongo's employment relationship with petitioners has ended on said date. Hence, separation pay and back wages must be computed up to that point to account for the time the illegally dismissed employee should have been paid his salary and benefit entitlements.²³

Hence, this petition.

²¹ Id. at 47.

²² Id. at 42.

²³ Id. at 45.

The issue for our consideration is whether the CA erred in ordering the re-computation of Hilongo's monetary awards.

We rule in the negative.

The issue is not novel. In *Nacar v. Gallery Frames*,²⁴ we have held that:

x x x no essential change is made by a recomputation as this step is a necessary consequence that flows from the nature of the illegality of dismissal declared by the Labor Arbiter in that decision. A recomputation (or an original computation, if no previous computation has been made) is a part of the law – specifically, Article 279 of the Labor Code and the established jurisprudence on this provision – that is read into the decision. By the nature of an illegal dismissal case, the reliefs continue to add up until full satisfaction, as expressed under Article 279 of the Labor Code. The recomputation of the consequences of illegal dismissal upon execution of the decision does not constitute an alteration or amendment of the final decision being implemented. The illegal dismissal ruling stands; only the computation of monetary consequences of this dismissal is affected, and this is not a violation of the principle of immutability of final judgments.

Nacar reiterated the Court's ruling in the earlier cases of *Session Delights* and *Gonzales*.

We thus cannot agree with petitioners' contention that a decision that has acquired finality becomes immutable and unalterable.²⁵ The re-computation of the consequences of illegal dismissal upon execution of the decision does not constitute an alteration or amendment of the final decision being implemented. The illegal dismissal ruling stands; only the computation of monetary consequences of this dismissal is affected, and this is not a violation of the principle of immutability of final judgments.

Likewise without merit is petitioners' contention that "[i]t may very well be argued that the NLRC's final decision reversing the Labor Arbiter is in fact the final decision that effectively declared the employment relationship between Hilongo and [petitioners] as ended on which date the computation of the separation pay and backwages awarded by the Labor Arbiter ultimately ceased."²⁶ We note that the CA, in its Decision dated September 7, 2012, had reversed the NLRC Decision dated September 30, 2010 and Resolution dated November 23, 2010, and reinstated the Labor Arbiter's Decision dated April 30, 2010. Thus, petitioners cannot claim that the NLRC decision which was set aside with finality is "the NLRC's final decision" and "the final decision" that effectively declared the employment relationship between the parties as ended.

²⁴ G.R. No. 189871, August 13, 2013, 703 SCRA 439, 452.

²⁵ *Rollo*, p. 18.

²⁶ *Id.* at 26. Emphasis omitted.

Said CA Decision dated September 7, 2012 became final and executory on **April 26, 2013**.²⁷ Thus, the April 30, 2010 Decision of the Labor Arbiter which ordered the payment of separation pay in lieu of reinstatement, effectively ended the employment relationship of the parties on April 26, 2013, the date the CA decision became final. Since the Labor Arbiter's computation of Hilongo's monetary award was up to the date of his April 30, 2010 Decision only, the CA properly decreed the computation of additional back wages and separation pay.

However, the CA incorrectly concluded that the April 30, 2010 Decision of the Labor Arbiter became final on June 11, 2013,²⁸ contrary to its own finding that it became final and executory on April 26, 2013.²⁹ This led to its erroneous computation of the additional back wages and separation pay of Hilongo, as well as reckoning the date of the 12% legal interest. Following the teaching of *Nacar v. Gallery Frames*³⁰ that the computation of the monetary consequences (back wages and separation pay) of the illegal dismissal decision should be reckoned from its finality, the additional back wages and separation pay of Hilongo should be computed from May 1, 2010 to **April 26, 2013**. Further, the payment of legal interest of 12% per annum should also be from **April 26, 2013** up to June 30, 2013. Thereafter, in accordance with Bangko Sentral ng Pilipinas Monetary Board's Circular No. 799,³¹ series of 2013, the legal interest computed from July 1, 2013 until the monetary awards were fully satisfied will be 6% per annum.

WHEREFORE, we **DENY** the instant petition and **AFFIRM with MODIFICATION** the Decision dated July 22, 2014 and Resolution dated November 18, 2014 of the Court of Appeals in CA-G.R. SP No. 134501. The dispositive portion of the Decision dated July 22, 2014 of the Court of Appeals in CA-G.R. SP No. 134501 shall read as follows:

WHEREFORE, in view of the foregoing, the petition is **GRANTED**. The Decision dated November 29, 2013 and Resolution dated January 16, 2014 of public respondent National Labor Relations Commission, Second Division, in NLRC LER N[o]. 11-322-13/NLRC LAC N[o]. 07-001-485-10 (NLRC NCR-10-14411-09) are hereby **REVERSED and SET ASIDE**.

The case is hereby **REMANDED** to the Labor Arbiter for the **RE-COMPUTATION** of the total monetary benefits due to petitioner

²⁷ Id. at 101.

²⁸ Id. at 45. Page 8 of the July 22, 2014 Decision.

²⁹ Id. at 101.

³⁰ Supra note 24, at 453.

³¹ Salient portions of the circular provide:

The Monetary Board, in its Resolution No. 796 dated 16 May 2013, approved the following revisions governing the rate of interest in the absence of stipulation in loan contracts, thereby amending Section 2 of Circular No. 905, Series of 1982:

Section 1. The rate of interest for the loan or forbearance of any money, goods or credits and the rate allowed in judgments, in the absence of an express contract as to such rate of interest, shall be six percent (6%) per annum.

Section 2. In view of the above, Subsection X305.1 of the Manual of Regulations for Banks and Sections 4305Q.1, 4305S.3 and 4303P.1 of the Manual of Regulations for Non-Bank Financial Institutions are hereby amended accordingly.

This Circular shall take effect on 1 July 2013.

[Hilongo]. The Labor Arbiter is further **DIRECTED** to incorporate the following in the re-computation:

(1) Additional backwages and separation pay from May 1, 2010 to **April 26, 2013**, or the date when the April 30, 2010 Decision of Labor Arbiter Macam became final and executory;


(2) Interest of twelve percent (12%) *per annum* of the total monetary awards, computed from **April 26, 2013** to June 30, 2013 and six percent x x x (6%) *per annum* from July 1, 2013 until their full satisfaction.


SO ORDERED.

SO ORDERED.

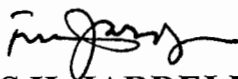

MARTIN S. VILLARAMA, JR.
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

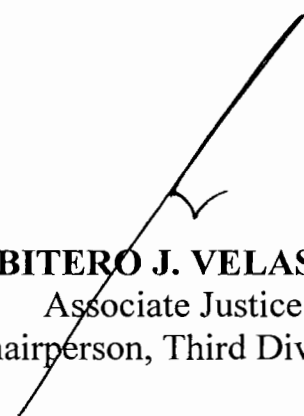

DIOSDADO M. PERALTA
Associate Justice


BIENVENIDO L. REYES
Associate Justice


FRANCIS H. JARDELEZA
Associate Justice

A T T E S T A T I O N

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



PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

C E R T I F I C A T I O N

Pursuant to Section 13, Article VIII of the 1987 Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice

