

Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated October 16, 2019 which reads as follows:

“G.R. No. 215919 (*Loyola Plans Consolidated, Inc. v. Mary Hope Q. Ayson*)

This appeal by *certiorari* seeks to reverse and set aside the December 20, 2013 Decision¹ and October 27, 2014 Resolution² of the Court of Appeals (CA) in CA-G.R. SP No. 06629. The CA upheld the September 30, 2011³ and November 29, 2011⁴ Resolutions of the National Labor Relations Commission (NLRC) which granted the appeal filed by Mary Hope Q. Ayson (*respondent*) from the March 3, 2009⁵ and July 1, 2009⁶ Orders of the Labor Arbiter (LA) directing her to return the garnished amount to Loyola Plans Consolidated, Inc. (*petitioner*).

The Antecedents

This case emanated from the three (3) cases filed by respondent against petitioner, Branch Senior Manager Rufino Caezar R. Balboa, Jr. (*Balboa*), and Jonathan R. Cariño (*Cariño*) - for illegal dismissal and two cases for illegal suspension and damages. The three cases were consolidated since they involved the same issues and parties.⁷

¹ *Rollo*, pp. 43-50; penned by Acting Executive Justice and Chairperson Edgardo L. Delos Santos with Associate Justices Pamela Ann Abella Maxino and Maria Elisa Sempio Diy, concurring.

² *Id.* at 77-78.

³ *Id.* at 196-201.

⁴ *Id.* at 208-209.

⁵ *Id.* at 157-160.

⁶ *Id.* at 180-184 (incomplete copy).

⁷ *Id.* at 44-45.

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On March 26, 2004, the LA ruled in favor of respondent and held that her suspension and termination were illegal. Thus, the LA directed petitioner and Balboa to jointly and severally pay respondent her unpaid wages during the period of suspension, separation pay, proportionate 13th month pay, moral damages, and attorney's fees.⁸ Respondent appealed before the NLRC contending that the LA erred in not ordering her reinstatement and not granting her full backwages.⁹

On May 25, 2005, the NLRC modified the ruling of the LA by awarding full backwages to respondent in addition to the monetary awards already granted by the LA. The total amount of the monetary award was ₱2,376,398.30.¹⁰ Thereafter, the LA issued a Writ of Execution and Notices of Garnishment.¹¹

The Sheriff was able to garnish from the depository bank of petitioner the amount sufficient to cover the judgment award which was then deposited with the Cashier of the NLRC.¹²

Petitioner elevated the case before the CA *via* a petition for *certiorari* raising the issue of improper service of summons.¹³

On April 11, 2006, the CA issued a Temporary Restraining Order (*TRO*) to enjoin the enforcement of the judgments rendered by the LA and the NLRC.¹⁴ After the expiration of the *TRO*, the garnished amount was released to respondent.

On July 31, 2006, the CA rendered a Decision setting aside the March 26, 2004 Decision of the LA and the May 25, 2005 Decision of the NLRC. The CA declared that there was failure to acquire jurisdiction over the person of petitioner.¹⁵ Respondent sought reconsideration of the decision but her motion was denied by the CA in its January 30, 2007 Resolution.¹⁶

Respondent then appealed to this Court but her petition was denied by this Court in its June 25, 2007 Resolution.¹⁷ Respondent

⁸ Id. at 45.

⁹ Id.

¹⁰ Id.

¹¹ Id.

¹² Id. at 158-159.

¹³ Id. at 45.

¹⁴ Id.

¹⁵ Id. at 46.

¹⁶ Id.

¹⁷ Id.

sought reconsideration of the resolution but her motion was likewise denied by this Court in its December 3, 2007 Resolution.

Thereafter, petitioner filed with the Regional Arbitration Bureau, Branch No. VI, Bacolod City, a Manifestation and Omnibus Motion to Set Case for Calendar and for the Return of the Garnished Amount Released to the Complainant.¹⁸

The LA Ruling

In its March 3, 2009 Order, the LA directed respondent to return to petitioner, in the interest of justice and to avoid unjust enrichment, the entire amount of ₱2,376,398.30.¹⁹

Respondent filed a motion for reconsideration but the same was denied by the LA in its July 1, 2009 Order. Aggrieved, respondent appealed to the NLRC.²⁰

The NLRC Ruling

In its September 30, 2011 Resolution, the NLRC reversed and set aside the ruling of the LA. It held that respondent's receipt of the garnished amount was by virtue of a decision, which was then valid and legal. As such, the NLRC cannot allow the refund of said amount since respondent, in good faith, received the same. Moreover, the decision of the NLRC had already attained finality.²¹

Petitioner filed a motion for reconsideration but the same was denied by the NLRC in its November 29, 2011 Resolution. Petitioner then filed a petition for *certiorari* before the CA.²²

The CA Ruling

In its December 20, 2013 Decision, the CA denied the petition and ruled that the social justice principle of labor law outweighs or renders inapplicable the civil law doctrine of unjust enrichment.²³ The CA reiterated that respondent received the monetary award in good faith fully believing that she was rightfully entitled to it.²⁴

¹⁸ Id. at 46-47.

¹⁹ Id. at 47.

²⁰ Id.

²¹ Id. at 199.

²² Id. at 48.

²³ Id.

²⁴ Id.

Petitioner filed a motion for reconsideration but the same was denied by the CA in its October 27, 2014 Resolution.²⁵

ISSUES

Petitioner filed the petition for review, assigning as errors, the following:

- I. THE COURT OF APPEALS GRAVELY ERRED BY DENYING THE PETITION TO SET ASIDE THE RESOLUTION OF THE NLRC SEVENTH (7TH) DIVISION (FORMER FOURTH (4TH) DIVISION), DATED SEPTEMBER 30, 2011 AND NOVEMBER 29, 2011 AND TO DIRECT RESPONDENT AYSON TO RETURN THE AMOUNT OF ₱2,376,398.30 TO THE PETITIONER CONSIDERING THAT THE GARNISHED AMOUNT WAS BASED ON NULL AND VOID PROCEEDINGS.
- II. THE COURT OF APPEALS GRAVELY ERRED BY UPHOLDING THE ERRONEOUS APPLICATION OF THE DOCTRINE ON SOCIAL JUSTICE BY THE NLRC SEVENTH (7TH) DIVISION (FORMER FOURTH (4TH) DIVISION) INSTEAD OF APPLYING THE DOCTRINE OF UNJUST ENRICHMENT AND DUE PROCESS OF LAW.
- III. THE COURT OF APPEALS GRAVELY ERRED BY UPHOLDING THE ERRONEOUS ACTION OF THE NLRC SEVENTH (7TH) DIVISION (FORMER FOURTH (4TH) DIVISION) BY GIVING DUE COURSE TO AN APPEAL BASED ON INTERLOCUTORY ORDER WHICH IS OTHERWISE NOT SUBJECT TO APPEAL IN CLEAR VIOLATION OF ESTABLISHED RULES.²⁶

The pivotal issue in this case is whether the CA erred in affirming the ruling of the NLRC that, in the interest of social justice, respondent no longer has to return the amount of ₱2,376,398.30.

Petitioner argues that the CA committed grave abuse of discretion when, after declaring the proceedings in the antecedent case as null and void due to the failure to acquire jurisdiction over petitioner, it now refused to grant the return of the garnished amount and, in its December 20, 2013 Resolution, affirmed the ruling of the

²⁵ *Supra* note 2.

²⁶ *Rollo*, p. 23.

NLRC that, in the interest of substantial justice, respondent need not return the amount to petitioner.

Petitioner also contends that the CA's application of the principle of social justice is misplaced because there was no judgment or award to speak of since the LA never acquired jurisdiction over the person of petitioner. The judgment award does not exist by contemplation of law. Petitioner argues that this is not a case of unjust enrichment but a case of deprivation of property without due process of law.²⁷

Finally, petitioner posits that the questioned orders of the LA, directing petitioner to return the amount, are mere interlocutory orders and, pursuant to the 2005 Revised Rules of Procedure of the NLRC, cannot be the subject of an appeal. Thus, the NLRC should not have given due course to the appeal, and its September 30, 2011²⁸ and November 29, 2011²⁹ Resolutions should have been set aside by the CA.

In her Comment,³⁰ respondent insists that she received the garnished amount in good faith by virtue of the final and executory judgment of the NLRC. She contends that it would be absurd to think that, even if petitioner had not been duly served with summons, it was duly represented by its solidary co-obligor Balboa, who was respondent's immediate superior and the Area Manager, and by Cariño and Conrado Jaime L. Luansing, First Assistant Vice-President and Assistant Vice-President of petitioner, all of whom actively participated in the antecedent case. Respondent also asserts that she could appeal the order of the LA to the NLRC by virtue of the principle of hierarchy of courts.

In its Reply,³¹ petitioner reiterates its argument that the CA erred in upholding the resolutions of the NLRC.

The Court's Ruling

At the outset, it must be pointed out that petitioner failed to include a complete statement of material dates in its petition, in violation of Section 4, Rule 45 of the Rules of Court (*Rules*). A complete statement of material dates in a petition for review on *certiorari* is essential to allow this Court to determine whether the

²⁷ Id. at 28-29.

²⁸ Id. at 196-201.

²⁹ Id. at 208-209.

³⁰ Id. at 235-249.

³¹ Id. at 259-264.

petition was indeed filed within the period fixed in the rules.³² The absence of such a statement will leave this Court in a quandary on whether the petition was in fact filed on time.³³

However, in *Capin-Cadiz v. Brent Hospital and Colleges, Inc.*,³⁴ this Court excused the failure to indicate the date when the assailed decision was received. This Court ruled that the said error was not fatal, since the important date that must be alleged in the petition is the date when the petitioner received the resolution denying his/her motion for reconsideration.³⁵

Here, petitioner stated that it received a copy of the October 27, 2014 Resolution of the CA denying its motion for reconsideration on December 5, 2014. Hence, in view of this Court's ruling in the aforementioned case, petitioner is deemed to have substantially complied with the Rules.

Nevertheless, the petition must still be denied for lack of merit.

The social justice principle outweighs the civil law doctrine of unjust enrichment

In *Garcia v. Philippine Airlines, Inc.*³⁶ (*Garcia*), this Court made a pronouncement on the matter of execution pending appeal in illegal dismissal cases, particularly on the aspect of reinstatement pending appeal:

In other words, a dismissed employee whose case was favorably decided by the Labor Arbiter is entitled to receive wages pending appeal upon reinstatement, which is immediately executory. Unless there is a restraining order, it is ministerial upon the Labor Arbiter to implement the order of reinstatement and it is mandatory on the employer to comply therewith.³⁷

In *College of the Immaculate Conception v. NLRC*,³⁸ this Court held that the subsequent reversal of the LA's findings does not mean

³² *Victoriano v. Dominguez*, G.R. No. 214794, July 23, 2018.

³³ *Id.*

³⁴ 781 Phil. 610 (2016), as cited in note 32.

³⁵ *Id.* at 621.

³⁶ 596 Phil. 510 (2009).

³⁷ *Id.* at 536; citing *College of the Immaculate Conception v. National Labor Relations Commission*, 630 Phil. 288, 300 (2010).

³⁸ *College of the Immaculate Conception v. National Labor Relations Commission*, *supra*.

that the employee should reimburse petitioner all the salaries and allowances he received pending appeal. This Court explained:

Therefore, petitioner could not validly insist that it is entitled to reimbursement for the payment of the salaries of respondent pursuant to the execution of the LA's decision by simply arguing that the LA's order for reinstatement is incorrect. The pertinent law on the matter is not concerned with the wisdom or propriety of the LA's order of reinstatement, for if it was, then it should have provided that the pendency of an appeal should stay its execution. After all, a decision cannot be deemed irrefragable unless it attains finality.³⁹

In the instant case, respondent received the garnished amount by reason of the favorable judgment issued by the LA and the NLRC, which was valid at the time it was executed. As observed by the CA, the amount was released to respondent on June 28, 2006, six (6) years after she was terminated from her job. The loss of livelihood and earnings during this span of time would necessarily mean that respondent would have used up the monetary award that was released to her by this time.⁴⁰ As such, it would be too impractical to require respondent to refund to petitioner the garnished amount which respondent received in good faith.

In *Garcia*, this Court expounded on the impracticality of requiring the employee to refund to the employer the monetary award, to wit:

Even outside the theoretical trappings of the discussion and into the mundane realities of human experience, the "refund doctrine" easily demonstrates how a favorable decision by the Labor Arbiter could harm, more than help, a dismissed employee. The employee, to make both ends meet, would necessarily have to use up the salaries received during the pendency of the appeal, only to end up having to refund the sum in case of a final unfavorable decision. It is mirage of a stop-gap leading the employee to a risky cliff of insolvency.⁴¹

Indeed, it is well-settled that the social justice principles of labor law outweigh or render inapplicable the civil law doctrine of unjust enrichment. The constitutional and statutory precepts portray the otherwise "unjust" situation as a condition affording full protection to labor.⁴²

³⁹ Id. at 299-300.

⁴⁰ *Rollo*, p. 49.

⁴¹ *Garcia v. Philippine Airlines, Inc.*, supra note 36 at 538.

⁴² Supra note 37.

Considering the foregoing and taking into consideration that thirteen (13) years had already passed when respondent received the garnished amount, it is now highly improbable to require respondent to return the amount received by her in good faith. To do so, would run counter to the social justice principle that those who have less in life should have more in law.

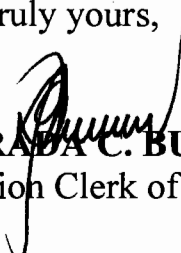
The March 3, 2009 LA Order was not an interlocutory order.

An interlocutory order is one that does not finally dispose of the case and end the court's task of adjudicating the rights and obligations of the parties as regards each other, but obviously indicates that other things remain to be done.⁴³ Here, the March 3, 2009 LA Order is not an interlocutory order, there being nothing left to adjudicate since this Court had resolved the parties' contentions with finality. The LA order is a final order which resolved the issue of whether respondent should return the garnished amount to petitioner by reason of the reversal by the CA of the favorable judgment of the NLRC. As such, respondent may appeal said order to the NLRC by attributing grave abuse of discretion on the part of the LA in disregarding the principle of social justice.

WHEREFORE, the petition is **DENIED**. The December 20, 2013 Decision and the October 27, 2014 Resolution of the Court of Appeals (CA) in CA-G.R. SP No. 06629 are hereby **AFFIRMED in toto**.

SO ORDERED.” *Perlas-Bernabe, J., on Official Business; Gesmundo, J., designated as Acting Working Chairperson per Special Order No. 2717 dated October 10, 2019; Zalameda, J., designated as Additional Member per Special Order No. 2712 dated September 27, 2019.*

Very truly yours,


LIBRADA C. BUENA
Division Clerk of Court m.w/h/s

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⁴³*Yu v. Judge Reyes-Carpio*, 667 Phil. 474, 483 (2011).



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