

FIRST DIVISION

[G.R. No. 194765, April 23, 2018]

MARSMAN & COMPANY, INC., PETITIONER, V. RODIL C. STA. RITA, RESPONDENT.

D E C I S I O N

LEONARDO-DE CASTRO,[*] J.:

Before Us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court filed by Marsman & Company, Inc. (Marsman), now Metro Alliance Holdings & Equities Corporation, seeking the annulment and reversal of the Decision ^[1] dated June 25, 2010 and the Resolution ^[2] dated December 9, 2010 of the Court of Appeals in CA-G.R. SP No. 106516. The appellate court's issuances reversed the Decision ^[3] dated July 31, 2008 of the National Labor Relations Commission (NLRC) in NLRC NCR Case No. 30-01-00362-00 (NLRC CA No. 032892-02) dismissing respondent Rodil C. Sta. Rita's (Sta. Rita's) complaint and the Resolution ^[4] denying his motion for reconsideration. The Court of Appeals instead found Marsman guilty of illegal dismissal and ordered the company to pay for backwages, separation pay, moral damages, exemplary damages and attorney's fees.

Marsman, a domestic corporation, was formerly engaged in the business of distribution and sale of pharmaceutical and consumer products for different manufacturers within the country.^[5] Marsman purchased Metro Drug Distribution, Inc. (Metro Drug), now Consumer Products Distribution Services, Inc. (CPDSI), which later became its business successor-in-interest. The business transition from Marsman to CPDSI generated confusion as to the actual employer of Sta. Rita at the time of his dismissal.

Marsman temporarily hired Sta. Rita on November 16, 1993 as a warehouse helper with a contract that was set to expire on April 16, 1994, and paid him a monthly wage of P2,577.00. After the contract expired, Marsman rehired Sta. Rita as a warehouseman and placed him on probationary status on April 18, 1994 with a monthly salary of P3,166.00.^[6] Marsman then confirmed Sta. Rita's status as a regular employee on September 18, 1994 and adjusted his monthly wage to P3,796.00. Later, Sta. Rita joined Marsman Employees Union (MEU), the recognized sole and exclusive bargaining representative of Marsman's employees.^[7]

Marsman administered Sta. Rita's warehouse assignments. Initially, Marsman assigned Sta. Rita to work in its GMA warehouse. Marsman then transferred Sta. Rita to Warehouses C and E of Kraft General Foods, Inc. on September 5, 1995. Thereafter, Marsman reassigned Sta. Rita to Marsman Consumer Product Division Warehouse D in ACSIE, Parañaque.^[8]

Sometime in July 1995, Marsman purchased Metro Drug, a company that was also engaged in the distribution and sale of pharmaceutical and consumer products, from

Metro Pacific, Inc. The similarity in Marsman's and Metro Drug's business led to the integration of their employees which was formalized in a Memorandum of Agreement,^[9] dated June 1996, which provides:

MARSMAN & COMPANY, INC.
City of Makati

MEMORANDUM OF AGREEMENT

MARSMAN AND CO., INC. hereinafter referred to as the MANAGEMENT, represented by MR. JOVEN D. REYES, Group President and Chief Executive Officer and the MARSMAN EMPLOYEES UNION-PSMM/DFA as the Union, represented hereinafter by MR. BONIFACIO M. PANALIGAN, PSMM President,

WITNESSETH, THAT:

WHEREAS, Marsman Employees Union-PSMM/DFA is the recognized sole and exclusive bargaining representative of Marsman & Co., Inc. regular employees in the rank and file and non-managerial category except those excluded in Article I, Section 2 of their existing CBA signed last June 1995;

WHEREAS, Marsman & Co. Inc. bought Metro Drug Distribution, Inc. from Metro Pacific Inc. last July, 1995;

WHEREAS, the Management of Marsman & Co., Inc. decided to limit Marsman & Co. Inc.'s, functions to those of a holding company and run Metro Drug Distribution, Inc. as the main operating company;

WHEREAS, in view of this, Management decided to integrate the employees of Marsman & Co. Inc. and Metro Drug Distribution, Inc. effective July 1, 1996 under the Metro Drug legal entity;

THEREFORE, Management and Marsman Employees Union PSMM/DFA agree: .

1. That, the Union acknowledges Management's decision to transfer all employees of Marsman, including members of MEU-PSMM/DFA, to Metro Drug Distribution, Inc.

2. That, the Management recognizes the Marsman Employees Union-PSMM/DFA as the exclusive bargaining representative of all the rank and file employees transferred from Marsman & Co. Inc. to Metro Drug Distribution, Inc. and the other employees who may join the Union later.

3. That, the name of Marsman Employees Union-PSMM/DFA is retained.

4. That, the tenure or service years of all employees transferred shall be recognized and carried over and will be included in the computation/consideration of their retirement and other benefits.

5. That, the provisions of the existing Collective Bargaining Agreement signed last June 1995 and the Memorandum of Agreement signed also

last June 1995 will be respected, honored and continue to be implemented until expiry or until superseded as per item 8 below.

6. That, there will be no diminution of present salaries and benefits being enjoyed even after the transfer.

7. That, upon transfer of MCI employees to Metro Drug Distribution, Inc. all employees covered by the CBA or otherwise shall enjoy the same terms and conditions of employment prior to transfer and shall continue to enjoy the same including company practice until a new CBA is concluded.

8. That, all of the above rights and obligations of the parties pertaining to the recognition of the union as exclusive bargaining representative, the effectivity, coverage and validity of the CBA and all other issues relative to the representation of the former Marsman employees are subject to and be superseded by the result of a Certification Election between Marsman Employees Union-PSMM/DFA and Metro Drug Corp. Employees Association-FFW in 1996 or at a date to be agreed upon by MEU and MDCEA as coordinated by the DOLE, and by any agreement that may be entered into by management and the winner in said certification election.

9. That, upon transfer, the Management agrees to address all pending/unresolved grievances and issues lodged by Marsman Employees Union-PSMM/DFA.

10. That, also upon transfer, the Management agrees to continue negotiation of Truckers and Forwarders issue as stipulated in the MOA signed last June, 1995.

11. That, Management and Union may continue to negotiate/discuss other concerns/issues with regard to the transfer and integration.

IN WITNESS WHEREOF, the parties have caused this document to be executed by their authorized representatives this _____day of June, 1996 at Makati City. [Emphases supplied.]

MARSMAN &
COMPANY, INC.
(signed)
JOVEN D. REYES
President & Chief
Exec. Officer

MARSMAN EMPLOYEES UNION-PSSM/DFA
(signed)
BONIFACIO M.
PANALIGAN
President

Witnessed by:

(signed)
LUISITO N. REYES

JOSE MILO M. GILLESANIA
1st Vice-President
MEU-PSMM/DFA

Vice-President
Finance & Administration

Attested by:
(signed)
ABNER M. PADILLA
Conciliator-Mediator
NCMB, DOLE

Concomitant to the integration of employees is the transfer of all office, sales and warehouse personnel of Marsman to Metro Drug and the latter's assumption of obligation with regard to the affected employees' labor contracts and Collective Bargaining Agreement. The integration and transfer of employees ensued out of the transitions of Marsman and CPDSI into, respectively, a holding company and an operating company. Thereafter, on November 7, 1997, Metro Drug amended its Articles of Incorporation by changing its name to "Consumer Products Distribution Services, Inc." (CPDSI) which was approved by the Securities and Exchange Commission.^[10]

In the meantime, on an unspecified date, CPDSI contracted its logistic services to EAC Distributors (EAC). CPDSI and EAC agreed that CPDSI would provide warehousemen to EAC's tobacco business which operated in EAC-Libis Warehouse. A letter issued by Marsman confirmed Sta. Rita's appointment as one of the warehousemen for EAC-Libis Warehouse, effective October 13, 1997, which also stated that the assignment was a "transfer that is part of our cross-training program."^[11]

Parenthetically, EAC's use of the EAC-Libis Warehouse was dependent upon the lease contract between EAC and Valiant Distribution (Valiant), owner of the EAC-Libis Warehouse. Hence, EAC's operations were affected when Valiant decided to terminate their contract of lease on January 31, 2000. In response to the cessation of the contract of lease, EAC transferred their stocks into their own warehouse and decided to operate the business by themselves, thereby ending their logistic service agreement with CPDSI.^[12]

This sequence of events left CPDSI with no other option but to terminate the employment of those assigned to EAC-Libis Warehouse, including Sta. Rita. A letter^[13] dated January 14, 2000, issued by Michael Leo T. Luna, CPDSI's Vice-President and General Manager, notified Sta. Rita that his services would be terminated on February 28, 2000 due to redundancy. CPDSI rationalised that they could no longer accommodate Sta. Rita to another work or position. CPDSI however guaranteed Sta. Rita's separation pay and other employment benefits. The letter is reproduced in full as follows:

a MARSMAN company
CONSUMER PRODUCTS DISTRIBUTION SERVICES, INC.
January 14, 2000

MR. RODIL STA. RITA
Warehouse Supervisor
EAC Libis Operation
Libis, Quezon City

Dear Rodil,

As we have earlier informed you, EAC Distributors, Inc. has advised us that their Lessor, Valiant Distribution has terminated their lease contract effective January 31, 2000.

Accordingly, we were informed by EAC Distributors, Inc., that they will no longer need our services effective on the same date. As a result thereof, your position as warehouseman will become redundant thereafter.

We have exerted efforts to find other work for you to do or other positions where you could be accommodated. Unfortunately, our efforts proved futile.

In view thereof, we regret to inform you that your services will be terminated effective upon the close of business hours on the 28th of February, 2000.

You will be paid separation pay and other employment benefits in accordance with the company policies and the law, the details of which shall be discussed with you by your immediate superior.

In order to cushion the impact of your separation from the service and to give you ample time to look for other employment elsewhere, you need not report for work from the 18th of January up the end of February, 2000, although you will remain in the payroll of the company and will be paid the salary corresponding to this period.

We thank you for your contribution to this organization and we wish you well in your future endeavors.

Sincerely,

(signed)
MICHAEL LEO T.
LUNA
Vice President &
General
Manager^[14]

CPDSI thereafter reported the matter of redundancy to the Department of Labor and Employment in a letter^[15] dated January 17, 2000, conveying therein Sta. Rita's impending termination. The letter stated:

The Regional Director

Department of Labor & Employment
National Capital Region
Palacio De Gobernador
Intramuros, Manila

Dear Sir:

In compliance with the provisions of Article 283 of the Labor Code, as amended, Consumer Products Distribution Services, Inc. (CPDSI) "Company" hereby gives notice that our company is implementing a