

THIRD DIVISION

[G.R. No. 169725, April 30, 2010]

RICARDO V. CASTILLO, PETITIONER, VS. UNIWIDE WAREHOUSE CLUB, INC. AND/OR JIMMY GOW, RESPONDENTS.

DECISION

PERALTA, J.:

This is a Petition for Review^[1] under Rule 45 of the Rules of Court assailing the April 22, 2005 Decision^[2] and the September 9, 2005 Resolution^[3] of the Court of Appeals in CA-G.R. SP No. 83226. The challenged decision reversed and set aside the resolution of the National Labor Relations Commission (NLRC) denying herein respondents' motion to suspend proceedings in an illegal dismissal case filed by herein petitioner, whereas the subject resolution denied reconsideration.

The case stems from a Complaint^[4] for illegal dismissal filed on August 26, 2002 by herein petitioner Ricardo V. Castillo against herein respondents Uniwide Warehouse Club, Inc. and its president, Jimmy N. Gow. The complaint, docketed as NLRC NCR Case No. 08-06770-2002, contained a prayer for the payment of worked Saturdays for the year 2001; holiday pay; separation pay; actual, moral and exemplary damages; and attorney's fees.

However, almost two months from the filing of the Complaint, or on October 18, 2002, respondents submitted a Motion to Suspend Proceedings^[5] on the ground that in June 1999, the Uniwide Group of Companies had petitioned the Securities and Exchange Commission (SEC) for suspension of payments and for approval of its proposed rehabilitation plan. It appears that on June 29, 1999, the SEC had ruled favorably on the petition and ordered that all claims, actions and proceedings against herein respondents pending before any court, tribunal, board, office, body or commission be suspended, and that following the appointment of an interim receiver, the suspension order had been extended to until February 7, 2000. On April 11, 2000, the SEC declared the Uniwide Group of Companies to be in a state of suspension of payments and approved its rehabilitation plan.

In an Order^[6] dated February 17, 2003, Labor Arbiter Lilia S. Savari denied the Motion to Suspend Proceedings in the present case. Respondents lodged an appeal with the NLRC which, on September 30, 2003, sustained the Labor Arbiter and held that as early as February 7, 2000 the suspension order of the SEC should be considered lifted already and that with the approval of the rehabilitation plan, the suspension of the proceedings in the instant labor case would no longer be necessary.^[7]

Respondents moved for reconsideration, but they were denied relief in the Resolution dated December 30, 2003 of the NLRC.

Respondents elevated the matter to the Court of Appeals in a petition for *certiorari* under Rule 65, in which they raised the issue of whether the Labor Arbiter and the NLRC committed grave error in not suspending the proceedings of this labor case pursuant to the SEC's April 11, 2000 Resolution placing the Uniwide Group of Companies under rehabilitation.^[8] The Court of Appeals found merit in the petition and, accordingly, in its April 22, 2005 Decision, it reversed the September 30, 2003 and December 30, 2003 Resolutions of the NLRC and ordered the suspension of the proceedings in this case. The court disposed of the case as follows:

WHEREFORE, premises considered, the instant petition is hereby GRANTED. The assailed Resolutions dated 30 September 2003 and 30 December 2003 of public respondent NLRC are hereby REVERSED and NULLIFIED and new one entered ordering the suspension of the proceedings before the Arbitration Branch of origin in NLRC NCR Case No. 00-08-06770-2002 entitled *Ricardo V. Castillo, complainant, versus Uniwide Warehouse Club, Inc. and/or Jimmy N. Gow.*

SO ORDERED.^[9]

Meantime, on July 9, 2005, Labor Arbiter Savari issued a Decision^[10] on the illegal dismissal complaint filed by petitioner declaring valid petitioner's termination, dismissing all other claims for lack of merit and ordering respondents to pay the amount of P330,000.00 as separation pay. It appears that from this decision, both parties filed their respective appeals with the NLRC.^[11]

In his present recourse, petitioner ascribes error to the Court of Appeals in reversing the ruling of the Labor Arbiter and the NLRC. He posits that the suspension of the proceedings in the illegal dismissal case is not in order, because the viability of his claim against respondents and the latter's corresponding liability are yet to be determined, especially in view of the fact that the SEC had approved respondents' rehabilitation plan and that the company had been operating on its own according to said plan. Petitioner believes that for this reason, the NLRC is bound to proceed with the case to determine whether his dismissal was valid and, ultimately, to determine the liability of respondents.^[12]

To this, respondents counter that the Court of Appeals was correct in sustaining the suspension of the proceedings in the illegal dismissal case as it is among those actions for claims that are automatically suspended on the appointment of a management committee or receiver according to Section 6 of Presidential Decree (P.D.) No. 902-A. Respondents advance the notion that while said Section 6 expressly referred to suspension of pending claims, the clear and unmistakable intention of the law is to bar the filing of any such claims in order to maintain parity of status among the different creditors of the distressed corporation at least while the rehabilitation efforts are ongoing.

There is merit in respondents' contention.

To begin with, corporate rehabilitation connotes the restoration of the debtor to a

position of successful operation and solvency, if it is shown that its continued operation is economically feasible and its creditors can recover by way of the present value of payments projected in the rehabilitation plan, more if the corporation continues as a going concern than if it is immediately liquidated.^[13] It contemplates a continuance of corporate life and activities in an effort to restore and reinstate the corporation to its former position of successful operation and solvency, the purpose being to enable the company to gain a new lease on life and allow its creditors to be paid their claims out of its earnings.^[14]

An essential function of corporate rehabilitation is the mechanism of suspension of all actions and claims against the distressed corporation, which operates upon the due appointment of a management committee or rehabilitation receiver. The governing law concerning rehabilitation and suspension of actions for claims against corporations is P.D. No. 902-A, as amended. Section 6(c) of the law mandates that, upon appointment of a management committee, rehabilitation receiver, board, or body, all actions for claims against corporations, partnerships or associations under management or receivership pending before any court, tribunal, board, or body shall be suspended.^[15] It materially provides:

Section 6 (c). x x x

x x x Provided, finally, that upon appointment of a management committee, rehabilitation receiver, board or body, pursuant to this Decree, all actions for claims against corporations, partnerships or associations under management or receivership pending before any court, tribunal, board or body, shall be suspended accordingly.

In *Finasia Investments and Finance Corporation v. Court of Appeals*,^[16] the term "claim" has been construed to refer to debts or demands of a pecuniary nature, or the assertion to have money paid. It was referred to, in *Arranza v. B.F. Homes, Inc.*,^[17] as an action involving monetary considerations and in *Philippine Airlines v. Kurangking*,^[18] the term was identified as the right to payment, whether or not it is reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, legal or equitable, and secured or unsecured.^[19] Furthermore, the actions that were suspended cover all claims against a distressed corporation whether for damages founded on a breach of contract of carriage, labor cases, collection suits or any other claims of a pecuniary nature.^[20] More importantly, the new rules on corporate rehabilitation, as well as the interim rules, provide an all-encompassing definition of the term and, thus, include all claims or demands of whatever nature or character against a debtor or its property, whether for money or otherwise.^[21] There is no doubt that petitioner's claim in this case, arising as it does from his alleged illegal dismissal, is a claim covered by the suspension order issued by the SEC, as it is one for pecuniary consideration.

Jurisprudence is settled that the suspension of proceedings referred to in the law uniformly applies to "all actions for claims" filed against a corporation, partnership or association under management or receivership, without distinction, except only those expenses incurred in the ordinary course of business.^[22] In the oft-cited case