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THIRD DIVISION

[G.R. NO. 148021, December 06, 2006]

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D E C I S I O N

TINGA, J.:

For the Court's adjudication is a petition for review under Rule 45, seeking to set aside the Decision of the Court of Appeals in CA-G.R. SP No. 54424, which affirmed the 30 April 1999 Resolution of the National Labor Relations Commission (NLRC) in

NLRC NCR-CNS. 00-09-06571-95, 00-11-07577-95, 00-01-00284-96, CA No. 017268-98.[1]

The facts of the case, as culled from the findings of the Court of appeals follow.

Sometime in October 1995, Sime Darby Employees Association (the Union) submitted its proposal to Sime Darby Pilipinas, Inc. (the Company) for the remaining two (2) years of their then existing Collective Bargaining Agreement (CBA). The company gave its counter-proposal, but the parties failed to reach a mutual settlement. Thus, in a letter to the union president, the company declared a deadlock in the negotiations. Subsequently, the company sought the intervention of the Department of Labor and Employment (DOLE) by filing a Notice of CBA Deadlock and Request for Preventive Mediation.[2] Such action did not sit well with the union, which objected to the deadlock. It also filed its opposition to the Assumption of Jurisdiction/Certification to Arbitration.

The company filed a Notice of Lockout on 21 June 1995, on the ground of deadlock in the collective bargaining negotiations, docketed as NCMB-NCR-NL-06-013-95, and sent a Notice of Lock Out Vote[3] dated 24 July 1995 to the National Conciliation and Mediation Board (NCMB). On the other hand, the union conducted its strike vote referendum on 23 June 1995, and filed its Strike Vote Result Report [4]to NCMB also on 24 July 1995, and docketed as NCMB-NCR-NS-Case No. 06-265-95.

On 06 August 1995, the company declared and implemented a lockout against all the hourly employees of its tire factory on the ground of sabotage[5] and work slowdown. On September 1995, the Union filed a complaint for illegal lockout before the DOLE-NLRC, docketed as NLRC NCR Case No. 00-09-06517-95.

Meanwhile, on 19 October 1995, the stockholders of the company approved the sale of the company's tire manufacturing assets and business operation. The company issued a memorandum dated 20 October 1995 informing all its employees of the plan to sell the tire manufacturing assets and operations. Consequently, on 27 October 1995, the company filed with the DOLE a Closure and Sale of Tire Manufacturing Operation.

On 15 November 1995, the company individually served notices of termination to all the employees, including the individual petitioners.[6]

On account of the lockout, the employees were barred from entering company premises, and were only allowed to enter to get their personal belongings and their earned benefits on 21-22 November 1995. During said dates, the employees likewise received their separation pay equivalent to 150% of the base rate for every year of credited service; they also signed and executed individual quitclaims and releases. On 24 November 1995, the company filed with the DOLE a Notice of Termination of Employees dated 17 November 1995, covering all its employees in the tire manufacturing and support operations effective 15 December 1995.[7]

In November 1995, petitioners filed a complaint for Illegal Dismissal before the DOLE, docketed as NLRC NCR Case No. 00-11-07577-95.[8] In January of the following year, petitioners filed a complaint for Unfair Labor Practice (ULP), docketed

as NLRC-NCR Case No. 00-01-00284-96. The cases for illegal dismissal, illegal lockout and unfair labor practice were then consolidated and eventually assigned to Labor Arbiter Enrico Portillo.

On 24 April 1996, the company sold its tire manufacturing plant and facilities to Goodyear Philippines, Inc. (Goodyear) under a Memorandum of Agreement of even date.

On 20 August 1996, the company and its officers filed a motion to conduct ocular inspection of the tire factory premises to establish that it was sold to Goodyear.[9] The motion was opposed by the union.

On 14 July 1998, the company filed a motion for the return of the separation pay received by the complainants, pending the resolution of the case.

On 25 August 1998, Labor Arbiter Enrico Angelo C. Portillo issued an Order,[10] the dispositive portion of which reads:

> WHEREFORE, premises considered, the respondents' instant motion[11] shall be treated in the resolution of the above-caption cases on the merits. In lieu of the continuation of the trial, the parties are hereby given the opportunity to submit their respective memorandum within ten (10) days from receipt hereof, and thereafter the instant cases shall be deemed submitted for resolution without further notice.
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> SO ORDERED.[12]

On 26 October 1998, the Union, without filing the memorandum as ordered by the labor arbiter, filed an Appeal Memorandum with a petition for injunction and/or a temporary restraining order before the NLRC.

On 29 October 1998, the labor arbiter rendered his Decision in the consolidated cases, dismissing for lack of merit petitioners' complaints against the company for illegal lockout, illegal dismissal and unfair labor practice. The labor arbiter found the lockout valid and legal, and justified by the incidents of continued work slowdown, mass absences, and consistent low production output, high rate of waste and scrap tires and machine breakdown. Likewise, the consequent mass termination of all the employees was declared to be a valid and authorized termination of employment due to closure of the establishment, the company having complied with the requirements laid down by Article 283 of the Labor Code, *i.e.*, written notice of termination to the employees concerned, a report to the DOLE, and payment of the prescribed separation pay. He added that the company's decision to sell all of its assets was a valid and legitimate exercise of its management prerogative. Anent the claim of unfair labor practice, the labor arbiter found no evidence to substantiate the same, and that the records merely showed that the closure of and eventual cessation from business was justified by the circumstances in order to protect the company's investments and assets. Furthermore, the labor arbiter ruled that the quitclaims and receipts signed by petitioners were voluntarily signed, indicating that the settlement reached by petitioners and the company was just and reasonable. Finally, the labor arbiter declared that the motions for ocular inspection and return of separation pay field by the company are rendered moot and academic in view of

said Decision.[13]

The labor arbiter thus adjudicated:

> WHEREFORE, foregoing premises considered, the consolidated complaints for illegal lockout, illegal dismissal and unfair labor practice are hereby DISMISSED for lack of merit. The complaint against respondent SD Retread System, is likewise ordered dismissed for failure of the complainants to sufficiently establish and substantiate their claim that the latter and respondent Sime Darby are one and the same company, and for lack of employer-employee relationship.
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> SO ORDERED.[14]

Petitioners appealed the labor arbiter's Decision to the NLRC on 01 December 1998.[15] Said appeal, however, was dismissed on 30 April 1999 for lack of merit.[16] The NLRC affirmed *en toto* the labor arbiter's Decision. In addition, it ruled that that the labor arbiter could not have lost jurisdiction over the case when petitioners appealed his 25 August 1998 Order since the Order was interlocutory in nature and cannot be appealed separately. Thus, the labor arbiter still had jurisdiction over the consolidated complaints when he issued his Decision. Petitioners' prayer for damages and attorney's fees was also struck down by the NLRC, holding that petitioners are not entitled thereto considering that it was not shown that the dismissal was done in a wanton and oppressive manner.[17] Petitioners' motion for reconsideration was also denied, prompting them to file a petition for certiorari with the Court of Appeals, claiming grave abuse of discretion on the part of the NLRC.

The Court of Appeals denied the petition for lack of merit and affirmed the Decision of the NLRC.[18] The appellate court declared that the labor arbiter's was not divested of its jurisdiction over the consolidated cases when petitioners filed their appeal memorandum on 26 October 1998 since the Order dated 25 August 1998 which they sought to appeal is interlocutory in nature. Thus, the labor arbiter's Decision. Thus, the labor arbiter's Decision has the force and effect of a valid judgment.[19] Finding that said Decision was supported by substantial evidence, the appellate court affirmed the dismissal of the complaints against SD Retread System for failure of the petitioners to substantiate the claim of the existence of employer-employee relationship.[20] Petitioners' sought reconsideration of the Court of Appeal's Decision, but their motion was denied for lack of merit.[21]

In the instant petition, petitioners reiterate that they were denied due process when they were dismissed right on the day they were handed down their termination letters, without the benefit of the thirty (30)-day notice as required by law, and invoke the Court's ruling in *Serrano v. NLRC*[22] They deny having executed quitclaims in favor of the company. Furthermore, petitioners insist that the labor arbiter had lost jurisdictional competence to issue his 29 October 1998 Decision since they have already perfected their appeal on 26 October 1998, making said Decision void *ab initio*. They likewise claim that the labor arbiter erred when it failed to consider as admitted the matters contained in their Request for Admission after respondents failed to file a sworn answer thereto. Finally, they allege that the decisions of the Court of Appeals and the NLRC lacked evidentiary support.