THIRTEENTH DIVISION

[CA-G.R. SP NO. 122740, March 11, 2015]

EMILIO B. MANAOIS, GENE T. NOBE, MARIANO C. PAQUILLO, ALBERTO R. BILONO-AC, RUBEN C. GEROY, JIMMY M. FERRER, ROLANDO P. GARCIA, RODRIGO N. DELA ROSA, GILBERT V. PEGANO AND ALEJANDRO B. BUTAWAN, PETITIONERS, VS. NATIONAL LABOR RELATIONS COMMISSION, PHILIPPINE PORTS AUTHORITY AND/OR JUAN STA. ANA, MANILA NORTH HARBOUR[1] PORTS INC., AND/OR MICHAEL ROMERO, UNITED DOCKHOLDERS INC., AND/OR EUSEBIO S. GO., RESPONDENTS.

DECISION

CORALES, J.:

This is a Petition for *Certiorari*[2] under Rule 65 of the Rules of Court seeking the nullification of the September 22, 2011 Decision[3] and October 26, 2011 Resolution[4] of the National Labor Relations Commission (NLRC) in NLRC LAC No. 06-001702-11. The assailed Decision affirmed the April 29, 2011 Decision[5] of the Labor Arbiter dismissing the consolidated complaints for illegal dismissal and other monetary claims filed by petitioners Emilio B. Manaois, Gene T. Nobe, Mariano C. Paquillo, Alberto R. Bilono-ac, Ruben C. Geroy, Jimmy M. Ferrer, Rolando P. Garcia, Rodrigo N. Dela Rosa, Gilbert V. Pegano, and Alejandro B. Butawan's (individually referred by their first name and collectively as petitioners) against Philippine Ports Authority, United Dockhandlers, Inc., and Manila North Harbour Port, Inc. (respectively referred as PPA, UDI, and MNHPI but collectively as respondents). The challenged resolution denied petitioners' subsequent motion for reconsideration.

The Antecedents

In 2009, PPA streamlined the management and operation of the Manila North Harbor from four (4) separate cargo handling companies to a single operator *via* competitive bidding wherein MNHPI emerged as the highest bidder. On November 19, 2009, PPA and MNHPI entered into a Contract For The Development, Management, Operation and Maintenance of the Manila North Harbor[6] (management contract) stipulating, among others, that MNHPI would absorb all existing port laborers from the cargo handling companies previously contracted by PPA, including UDI.

Petitioners, former office employees of UDI, were among those excluded from the absorption and eventually laid-off. Through their respective labor unions and federations, petitioners filed before the National Conciliation and Mediation Board (NCMB) labor dispute cases against MNHPI and UDI claiming payments for "past services benefits".[7] However, on December 20, 2010, MNHPI, UDI, and the

petitioners, together with their respective labor unions and federations, entered into a Compromise Agreement8 which pertinently reads:

> a. **UDI shall pay all its employees not absorbed/enlisted/employed/paid by MNHPI equivalent to Eighty Percent (80%) of the employee's monthly pay per year of service from October 2001 to April 15, 2010, which payment shall be considered *full* and *complete* settlement of any and all claims of all UDI employees, SMP-NFWU, UDIPSU, MATUOD and APTWP-NH and any and all of their individual officers/employees/members;**
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> x x x
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> h. Finally, UDI, SMP-NFWU, UDIPSU, MATUOD and APTWP-NH and any and all the said parties' individual members and/or employees and/or officers **expressly waive their right to institute any and all actions, petitions and legal action or actions before any court, tribunal, quasi-judicial agency and/or government agency** questioning the validity of the *Manila North Harbor Modernization Project,* the validity of the bidding process and/or the validity of the *Contract for the Development, Management, Operation and Maintenance of the Manila North Harbor* dated November 19, 2009 as well as those documents executed by the MNHPI and the Philippine Ports Authority (PPA) and all other related documents issued thereto, and for this purpose, UDI, SMP-NFWU, UDIPSU, MATUOD, APTWP-NH and any and all the said parties' individual members and/or employees and/or officers, as the case may be, *prior to, or simultaneous to,* the execution of this Compromise Agreement, **expressly agree to cease and desist and shall cause the written withdrawal, *with prejudice,* of any and all actions, petitions and legal action or actions already instituted or filed with any court, tribunal, quasi-judicial agency and/or government agency,** x x x.
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> That, in consideration of this Compromise Agreement, the NCMB-NCR-PM-06-068-10, NCMB-NCR-NS-07-069-10, NCMB-NCR-NS-074-10 and NCMB-NCR-TPM-07-001-10 are hereby deemed SETTLED and WITHDRAWN from the calendar of this Office WITH PREJUDICE. (Italics appear in the original text of the document; emphasis supplied)

It appears that even before the compromise agreement was formalized, UDI paid its laid-off employees, including petitioners, who executed notarized quitclaims[9] relieving UDI, its officers, and agents from any claim or liability in connection with their employment. Resultantly, the NCMB considered the labor dispute cases settled and dropped the same from the business calendar of its office.[10]

On January 18, 2011, petitioners filed before the Labor Arbiter complaints[11] for non-payment of wages, overtime and holiday pay, holiday and rest day premium, service incentive leave, thirteen (13^{th}) month pay, paternity leave, dislocation pay, educational fund, and other Collective Bargaining Agreement benefits, against PPA, MNHPI, and UDI. Later on, Emilio, Gene, Mariano, and Alberto amended their respective complaints to include illegal dismissal and payment of moral and exemplary damages as additional causes of action.

UDI, PPA, and MNHPI all moved for the dismissal of the complaints. UDI argued that the compromise agreement and the corresponding quitclaims executed by petitioners constitute full settlement of the latter's claims.[12] Both PPA and MNHPI insisted that the Labor Arbiter has no jurisdiction over them because they are not the employers of petitioners.[13]

Petitioners countered that they are employees of PPA because the latter took over the operations and management of the port by virtue of the April 14, 2000 public written notice[14] and the *"Paunawa".*[15] They claimed that PPA's motion to dismiss admitted the absorption of petitioners' employment since May 8, 2000, through its created Special Take Over Unit (STU), thus, it should be held liable as principal of agent UDI. They assailed the validity of the compromise agreement for being unconscionable and contrary to public policy and invoked the rule that quitclaims are generally looked upon with disfavor. They further argued that the execution of a final settlement and receipt of the agreed amount did not foreclose their right to pursue a claim for illegal dismissal and unfair labor practice. They prayed for the enforcement of the benefits mentioned in the April 14, 2000 notice, particularly the equity participation, and the payment of 100% tax-free separation pay from actual date of employment.[16]

The Rulings of the Labor Arbiter and the NLRC

In the April 29, 2011 Decision,[17] the Labor Arbiter dismissed the complaints on the rationale that the present controversy had already been settled by the valid compromise agreement executed through the initiative of the Department of Labor and Employment and the NCMB. It was stressed that petitioners, after receiving a valuable consideration under the compromise agreement, could no longer claim that they were misled or coerced into signing the same. The dispositive portion of the Labor Arbiter's Decision reads:

> WHEREFORE, premises considered, [the] instant consolidated complaints are hereby dismissed for lack of merit.
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> SO ORDERED.

On appeal, the NLRC, through its September 22, 2011 Decision,[18] sustained the Labor Arbiter's ruling. It held that petitioners are bound by the terms and conditions of the compromise agreement which serves as a bar to their complaints for illegal dismissal and monetary claims. It disregarded petitioners' allegations of misrepresentation or fraud considering that they were assisted by their union representatives and counsels when they signed the compromise agreement. It further ruled that petitioners were confidential and office employees of UDI who were indeed excluded from the coverage of the management contract which pertained only to the absorption of laborers directly involved in the arrastre, stevedoring, or loading and unloading of cargoes. It did not also give credence to petitioners' assertion that they were absorbed as employees of PPA in 2000. It pointed out that the April 14, 2000 notice and *"Paunawa"* were meant to protect public interest due to an impending labor strike and there is nothing therein that categorically stated PPA's absorption of office employees like petitioners. It then disposed the case as follows:

WHEREFORE, the Appeal for lack of merit is DISMISSED and the Decision of the Labor Arbiter dated April 29, 2011 [is] AFFIRMED.

SO ORDERED.

The petitioners moved for reconsideration but the NLRC denied the same in its October 6, 2011 Resolution.[19]

Unfazed, petitioners filed the instant petition for *certiorari* premised on the following grounds:

I.

THE ASSAILED DECISION OF THE LABOR ARBITER IS A VIOLATION OF SEC. 5, IMPLEMENTING RULES OF THE LABOR CODE WHICH BANS PLEADINGS OF MOTION TO DISMISS IN LABOR CASES.

II.

THE QUESTIONED RESOLUTION OF THE NLRC WHICH DENIED DUE COURSE TO PETITIONERS' MOTION FOR RECONSIDERATION DESPITE THE MANDATE OF SECTION 14, ARTICLE VIII OF THE 1987 CONSTITUTION.

III.

BOTH THE ASSAILED DECISION AND QUESTIONED RESOLUTION UPHELD THE COMPROMISE AGREEMENT VALID AND BINDING UPON THE PARTIES DESPITE PRIMA FACIE EVIDENCE OF MISREPRESENTATION.

IV.

BOTH THE ASSAILED DECISION AND QUESTIONED RESOLUTION UPHELD THE COMPROMISE AGREEMENT AS VALID AND BINDING AMONG THE PARTIES DESPITE NON-COMPLIANCE OF ARTICLE 100 OF THE LABOR CODE WHICH FORBIDS DIMINUTION OF EMPLOYEES' BENEFITS.

Petitioners fault the NLRC for giving due course to the motions to dismiss despite the inherent defects of the motions and the compromise agreement, *i.e.,* their consent was vitiated by financial distress; respondents failed to present the Minutes of the NCMB showing conciliatory proceedings between the parties; in their motions to dismiss, respondents did not adduce the Resolutions showing authority from their respective Board of Directors to enter into a compromise agreement; and the stipulation in the compromise agreement violated Article 100 of the Labor Code prohibiting diminution of benefits.[20]

PPA counters that lack of jurisdiction, the ground raised in its motion, is an exception to the prohibition on filing of motion to dismiss in labor cases. It reiterates its denial of employer-employee relationship with petitioners.[21] Meanwhile, both MNHPI and UDI rehash the allegations in their respective motions to dismiss. They defend the validity of the compromise agreement and argue that petitioners freely and voluntarily executed the same. MNHPI adds that even assuming that petitioners'

consent was vitiated, therefore voidable, petitioners could no longer impugn its validity as they have ratified the same by appropriating the sums received by virtue thereof.[22]

This Court's Ruling

The petition fails to persuade Us.

A petition for *certiorari* under Rule 65 of the Rules of Court is confined to the correction of errors of jurisdiction and will not issue absent a showing of a capricious and whimsical exercise of judgment, equivalent to lack of jurisdiction. The prerogative of writ of *certiorari* does not lie except to correct a grave abuse of discretion,[23] not just mere errors of fact or law. Thus, the petitioners must be able to show grave, not just ordinary, abuse of discretion which exists where an act of a court or tribunal is performed with a capricious or whimsical exercise of judgment equivalent to lack of jurisdiction, or where the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility which must be so patent and gross as to amount to an invasion of positive duty or to a virtual refusal to perform the duty enjoined or to act at all in contemplation of law.[24]

There is nothing in this case which would indicate grave abuse of discretion on the part of the NLRC in affirming the findings of the Labor Arbiter. The NLRC upheld the validity of the compromise agreement and the grant of the motions to dismiss based on the prevailing labor law at that time and considered the evidence adduced by both parties in support of their respective postulates. The impropriety of this conclusion, as perceived by petitioners, cannot be the subject of a petition for *certiorari.* If ever there was indeed an error committed by the NLRC in its appreciation of the facts and the subsequent conclusions it reached, such would be, at the least, an error of fact which is not equivalent to grave abuse of discretion. It bears stressing that the special civil action for *certiorari* is a remedy designed for the correction of errors of jurisdiction and not errors of judgment. The *raison d'etre* for the rule is when a court exercises its jurisdiction, an error committed while so engaged does not deprive it of the jurisdiction being exercised when the error is committed. If it did, every error committed by a court would deprive it of its jurisdiction and every erroneous judgment would be a void judgment. Hence, where the issue or question involved affects the wisdom or legal soundness of the decision - not the jurisdiction of the court to render the decision - the same is beyond the province of a special civil action for *certiorari.*[25]

At any rate, We do not find any cogent reason to deviate from the NLRC's conclusion.

Motion to Dismiss Based on Res Judicata or Lack of Jurisdiction Over the Subject Matter Not Prohibited

Under Section 4,[26] Rule III of the 2005 Revised Rules of Procedure of the NLRC, then in force at the time of the filing of the parties' pertinent pleadings, a motion to dismiss is generally a prohibited pleading. However, when the grounds raised are lack of jurisdiction over the subject matter, improper venue, res adjudicata, prescription, and forum shopping, the same may be allowed.