Republic of the Philippines
Supreme Court
Baguio City

SECOND DIVISION

DOMINGO NALDO, JR., ROGELIO BENITEZ, ISIDRO ALFONSO, JR., RONALDO LEDDA, BERNARDO FABULARE, ARMANDO DE LUNA, and NELSON VILLACENTINO, *Petitioners*,	**G.R. No. 243139**
- versus -	Present: LEONEN, *S.A.J.*, Chairperson, LAZARO-JAVIER, LOPEZ, M., KHO, JR., and SINGH,* *JJ.*
CORPORATE PROTECTION SERVICES, PHILS., INC. and/or BUDDY ROBRIGADO and BENJAMIN SESGUNDO, *Respondents*.	Promulgated: APR 03 2024

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D E C I S I O N

KHO, JR., *J.*:

Before this Court is a Petition for Review on *Certiorari*[1] assailing the Consolidated Decision[2] dated February 15, 2018 and the Consolidated

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* Lopez, J., *J.*, no part due to his prior action in the Court of Appeals; Singh, *J.*, designated additional Member per Raffle dated March 11, 2024.

1 Dated January 3, 2019; *rollo*, pp. 8–26.

2 *Id.* at 32–41. Penned by Associate Justice Rodil V. Zaiameda (now a Member of the Court) and concurred in by Associate Justices Magdangal M. De Leon and Renato C. Francisco.

Resolution[3] dated November 8, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 144925 and CA-G.R. SP No. 145329. The CA ruled that the National Labor Relations Commission (NLRC) did not commit grave abuse of discretion in its Resolutions dated December 29, 2015[4] and February 24, 2016[5] in NCR Case No. 04-04334-13[6] and NCR Case No. 05-06076-15 (LAC No. 10-002857-15) when it reversed the Labor Arbiter's (LA) Decision[7] dated August 28, 2015. The NLRC held that petitioners had no intention to resign but, at the same time, were not illegally dismissed and remanded the case to the LA for the determination of petitioners' money claims.

The Facts

Petitioners Domingo Naldo, Jr. (Naldo), Rogelio Benitez (Benitez), Isidro Alfonso, Jr. (Alfonso), Ronaldo Ledda (Ledda), Bernardo Fabulare (Fabulare), Armando De Luna (De Luna), and Nelson Villacentino (Villacentino; collectively, petitioners) were security guards of respondent Corporate Protection Services, Phils, Inc. (CORPS) assigned to Tarlac and Cabanatuan City.[8] Their respective hiring dates and salaries were as follows:

Name	Date Engaged	Latest Salary
Domingo Naldo, Jr.	February 2008	₱15,300.00/mo.[9]
Rogelio Benitez	January 2008	₱15,200.00/mo.
Ronaldo Ledda	February 1, 2008	₱15,200.00/mo.
Isidro Alfonso, Jr.	February 5, 2009	₱15,000.00/mo.
Bernaldo Fabulare	February 2009	₱15,000.00/mo.
Armando De Luna	October 20, 2005	₱15,000.00/mo.
Nelson Villacentino	February 2010	₱15,000.00/mo.[10]

Petitioners averred that CORPS underpaid them and certain amounts were being deducted from their salaries, as follows: (*a*) PHP 200.00 to PHP 1,000.00 per month for trust fund savings; and (*b*) PHP 200.00 per month as cash bond. During the entire period of their employment with CORPS, petitioners alleged that they were required to work every day, including regular and special holidays and their scheduled rest days. They were required to be on duty for 12 hours a day. Despite the foregoing, petitioners claim that they did not receive regular or special holiday pay, rest day pay, service incentive leave pay, 13th month pay, and Emergency Cost of Living Allowance (ECOLA) from CORPS.[11]

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3 *Id.* at 42–44. Penned by Associate Justice Rodil V. Zalameda (now a Member of the Court) and concurred in by Associate Justices Fernanda Lampas Peralta and Marie Christine Azcarraga-Jacob.

4 *Id.* at 220–229. Penned by Commissioner Alan A. Ventura and concurred in by Presiding Commissioner Gregorio O. Bilog III and Commissioner Erlinda T. Agus.

5 *Id.* at 252–255.

6 "NCR-04-04334-15" in some parts of the *rollo*.

7 *Id.* at 156–161. Penned by Labor Arbiter Marie Josephine C. Suarez.

8 *Id.* at 33.

9 "P15,200.00" in some parts of the *rollo*.

10 *Rollo*, p. 10.

11 *Id.* at 11.

Due to these grievances, sometime in January 2015, petitioners filed a Request for Assistance (RFA) with the Department of Labor and Employment (DOLE) – National Conciliation Mediation Board (NCMB) through the Single-Entry Approach (SEnA). In their RFA, petitioners cited monetary claims consisting of nonpayment/underpayment of wages, overtime pay, service incentive leave pay, holiday pay, SSS, PhilHealth, and Pag-IBIG contributions.[12]

During the conciliation-mediation conference conducted on March 3, 2015 before the NCMB, CORPS offered to pay petitioners their trust fund savings and cash bonds. CORPS' representative, Benjamin Sesgundo (Sesgundo), offered to petitioners the checks representing such payments, but they refused to accept them and to sign the quitclaims and release as they demanded to be paid the rest of their money claims. Sesgundo informed CORPS management of petitioners' demands.[13]

In another conciliation-mediation conference held on March 10, 2015, CORPS, through Sesgundo, asked petitioners to submit their signed resignation letters before the checks, which they were told would cover all their claims, were distributed to them. Relying on Sesgundo's assurances that the new checks covered all their money claims, petitioners submitted their signed resignation letters. Petitioners were also made to sign separate quitclaims antedated to March 3, 2015. Thereafter, CORPS, through Sesgundo, distributed the checks.[14]

Upon receipt of the checks, petitioners realized that they were the same checks that Sesgundo had offered to them on March 3, 2015, which only covered the amounts of their trust fund savings and cash bond. They insisted on returning the checks but were convinced by CORPS that the checks for the other money claims would follow as the company was still in the process of validating and reconciling their monetary claims with company records.[15] This was reflected in the Minutes of Proceedings[16] taken during the March 10, 2015 conciliation-mediation conference, to wit:

> The management received the LBC letter from the requesting parties & the same will be validated (DTR) with company records w/in this month of March. . . . and will wait for R3 & other claims to be reconciled by mgt.[17]

Petitioners alleged that it was only due to these assurances that they agreed to accept the checks from CORPS in payment or as refund of their trust fund savings and cash bond.[18] Petitioners attempted to report for work the

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12 *Id.*
13 *Id.* at 11–12.
14 *Id.* at 12.
15 *Id.*
16 *Id.* at 155.
17 *Id.*
18 *Id.* at 12.

following day, but they were prevented from doing so by their supervisors as they had already *supposedly* resigned. By the end of March 2015, CORPS still did not pay petitioners' money claims as promised, and petitioners were still not allowed to report for duty.[19]

Proceedings Before the LA and the NLRC

Thus, on April 14, 2015, Naldo filed a Complaint[20] with the NLRC citing the following causes of action against CORPS: nonpayment of salary/wages, overtime pay, regular holiday pay, premium pay for special holidays, rest day premium, service incentive leave pay, 13th month pay, ECOLA, separation pay, moral and exemplary damages, and attorney's fees. On May 4, 2015, the other petitioners filed their respective complaints[21] based on the same causes of action, which were consolidated with Naldo's Complaint. The Complaints were later amended to include the cause of action of constructive illegal dismissal.[22]

After petitioners filed the complaints with the NLRC, CORPS filed a Complaint-Affidavit[23] for perjury against petitioners in relation to the Verification and Certification of Non-Forum Shopping they filed in their complaints before the NLRC. CORPS alleged that petitioners had committed forum shopping as they had already undergone conciliation-mediation conference with the NCMB. However, the perjury complaint was dismissed by the City Prosecutor of Quezon City for insufficiency of evidence in a Resolution[24] dated September 8, 2017.

In a Decision[25] dated August 28, 2015, the LA dismissed the complaints for lack of merit. The LA held that petitioners voluntarily signed the letters of resignation and the quitclaims. There was no clear and convincing proof that these were signed under duress. The LA stressed that the settlement before the SEnA Hearing Officer should be honored, otherwise, the integrity and viability of mediation and conciliation under the SEnA as a means of resolving labor grievances would be compromised.[26]

Aggrieved, petitioners filed a Memorandum of Appeal[27] with the NLRC.

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19 *Id.* at 13.
20 *Id.* at 66–67.
21 *Id.* at 69–70.
22 *Id.* at 13–14.
23 *Id.* at 47–51.
24 *Id.* at 63–65. Signed by Senior Assistant City Prosecutor Dorothy J. Alarcio-Padilla.
25 *Id.* at 156–161. Signed by Labor Arbiter Marie Josephine C. Suarez.
26 *Id.* at 160.
27 Titled "Appeal with Memorandum of Appeal." *Id.* at 162–187.

In a Resolution[28] dated December 29, 2015, the NLRC granted the appeal and set aside the LA's August 28, 2015 Decision. The NLRC ruled that petitioners had no intention to resign, but nevertheless, there was no illegal dismissal as CORPS had never dismissed petitioners in the first place. The NLRC held that there was a mere miscommunication between the parties as to the money claims. The NLRC further ruled that the quitclaims were invalid as their money claims were uncertain at the time of their execution. Thus, the NLRC ordered petitioners to return to work and ordered CORPS to accept them. The NLRC remanded the case to the LA to continue the proceedings for the determination of the monetary claims.[29]

Both petitioners and CORPS filed their Motions for Reconsideration,[30] but the motions were denied by the NLRC in a Resolution[31] dated February 24, 2016.

Proceedings Before the CA

Petitioners and CORPS filed their Petitions for *Certiorari* with the CA. Petitioners' *certiorari* petition[32] was docketed as **CA-G.R. SP No. 144925**, while CORPS' *certiorari* petition[33] was docketed as **CA-G.R. SP No. 145329**. The petitions were later consolidated.

In its Petition for *Certiorari*, CORPS averred that petitioners were guilty of forum shopping, and that the NLRC committed grave abuse of discretion in finding that the quitclaims were invalid and that petitioners did not resign voluntarily. CORPS further averred that petitioners were barred from filing a complaint as they had submitted signed resignation letters and quitclaims. The quitclaims, as argued by CORPS, are an acknowledgement by petitioners that all their money claims had been paid and the said quitclaims released CORPS from any further liability.[34]

On the other hand, petitioners averred in their Petition for *Certiorari* that the NLRC committed grave abuse of discretion when it failed to award them backwages, damages, and attorney's fees despite their forced resignations and in remanding the case to the LA to determine their monetary claims.[35]

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28 *Id.* at 220–229.
29 *Id.* at 225–228.
30 *Id.* at 230–241 and 242–249, respectively.
31 *Id.* at 252–255.
32 Dated March 31, 2016; *id.* at 283–301.
33 Dated April 29, 2016; *id.* at 256–282.
34 *Id.* at 268–272.
35 *Id.* at 36–37 & 293–300.

Meanwhile, the NLRC issued an Entry of Judgment[36] on May 31, 2016 declaring its February 24, 2016 Resolution as final and executory on March 12, 2016. Pursuant to this, the LA issued a Notice of Hearing on July 19, 2016 setting the case for hearing on August 10, 2016. On November 8, 2016, the LA issued an Order declaring the case submitted for resolution pursuant to the directive in the December 29, 2015 Resolution of the NLRC for the LA to continue proceedings and determine the money claims.[37]

In a **Decision[38] dated December 27, 2016,** the LA ordered CORPS to pay petitioners: (*a*) overtime pay, holiday pay, rest day premium, subject to the three-year prescriptive period for filing money claims; (*b*) service incentive leave covering the entire employment period of petitioners; and (*c*) attorney's fees equivalent to three percent of the total monetary award due to petitioners.[39]

CORPS thereafter filed a Petition for *Certiorari*[40] dated March 6, 2017 with the CA, assailing the Decision dated December 27, 2016, with prayers for the issuance of a restraining order and preliminary injunction. This was dismissed by the CA in a Resolution[41] dated August 23, 2017 for failure to abide by the requirements under the Rules of Court, Rule 46, Section 3 for filing a petition for *certiorari*.

The CA Ruling

In a Consolidated Decision[42] dated February 15, 2018, the CA dismissed the consolidated petitions for *certiorari* of petitioners and CORPS, docketed as **CA-G.R. SP No. 144925** and **CA-G.R. SP No. 145329** on the ground that the NLRC did not commit grave abuse of discretion in issuing its assailed rulings.[43]

On the allegation of forum shopping, the CA ruled that petitioners were not guilty thereof. The SEnA was set up under the DOLE Department Order No. (DO) 107-10, Series of 2010[44]—later institutionalized under Republic Act No. (RA) 10396[45]—as an administrative approach to provide a speedy,

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36 *Id.* at 338. Signed by Acting Executive Clerk of Court II Gilbert T. De Ungria.
37 *Id.* at 16.
38 *Id.* at 339–342.
39 *Id.* at 342.
40 *Id.* at 349–367.
41 *Id.* at 368–370. Penned by Associate Justice Jhosep Y. Lopez (now a Member of the Court) and concurred in by Associate Justices Ramon M. Bato, Jr. and Samuel H. Gaerlan (now a Member of the Court).
42 *Id.* at 32–41.
43 *Id.* at 40.
44 Entitled "GUIDELINES ON THE SINGLE ENTRY APPROACH PRESCRIBING A 30-DAY MANDATORY CONCILIATION-MEDIATION SERVICES FOR ALL LABOR AND EMPLOYMENT CASES," (October 5, 2010).
45 Entitled "AN ACT STRENGTHENING CONCILIATION-MEDIATION AS A VOLUNTARY MODE OF DISPUTE SETTLEMENT FOR ALL LABOR CASES, AMENDING FOR THIS PURPOSE ARTICLE 228 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE "LABOR CODE OF THE PHILIPPINES," approved on March 14, 2013.

impartial, inexpensive, and accessible settlement procedure of all labor disputes to prevent them from ripening into full-blown cases. All labor disputes, with certain exceptions, are required to undergo SEnA as a mandatory procedure prior to the filing of a labor complaint. Thus, availing of SEnA and later on filing a complaint before the NLRC does not amount to forum shopping.[46]

The CA also ruled that neither the resignation letters nor the quitclaims prevented petitioners from filing a complaint with the NLRC. Resignations, to be valid, must be made voluntarily and with the intention of relinquishing the office coupled with an act of relinquishment. The resignation must be unconditional and with clear intent to relinquish such position. The burden of proof is on the employer to show that such resignation was voluntary.[47] The CA ruled that it was clear that petitioners had submitted their resignation letters entirely because they were assured by CORPS that they would receive their money claims. Had they known CORPS would renege on its promise, they would not have executed the resignation letters.[48]

The CA noted that the quitclaims and resignation letters, while signed before the SEnA officer, were not signed in the presence of a counsel who could have advised petitioners on the legal consequences of their acts, thus, placing them in a disadvantageous position. This notwithstanding, the CA agreed with the NLRC that there was no illegal dismissal, and as such, the payment of backwages could not be given as a matter of course. The CA then concluded that the remand of the case to the LA for computation of the money claims was therefore proper.[49] Thus, the CA affirmed the Resolution[50] dated December 29, 2015 and the Resolution[51] dated February 24, 2016 of the NLRC, which ordered the remand of the case to the LA and further ordered petitioners to return to work and for CORPS to accept them.

Aggrieved, petitioners moved for reconsideration,[52] but the same was denied by the CA in a Resolution[53] dated November 8, 2018.

Hence this Petition.[54]

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46 *Id.* at 37.
47 *See Lagahit v. Pacific Concord Container Lines*, 778 Phil. 168 (2016) [Per J. Bersamin, First Division].
48 *Rollo*, p. 38.
49 *Id.* at 39–40.
50 *Id.* at 220–229. Penned by. Commissioner Alan A. Ventura and concurred in by Commissioners Gregorio O. Bilog III and Erlinda T. Agas.
51 *Id.* at 252–255.
52 *Id.* at 371–377.
53 *Id.* at 42–44.
54 *Id.* at 8–26.

The Issues Before the Court

The issues for the Court's resolution are whether: (*a*) petitioners are guilty of forum shopping; (*b*) the quitclaims signed by petitioners before SEnA are legal and binding; and (*c*) the CA erred in ruling that petitioners were not constructively dismissed and thus, were not entitled to backwages, moral and exemplary damages, and attorney's fees. In relation to the last issue, the Court is likewise tasked to determine: (*i*) the validity of the resignation letters executed by petitioners; and (*ii*) petitioners' entitlement to their monetary claims, such as backwages and moral and exemplary damages.

Petitioners aver that there is constructive dismissal when an employee has been forced to resign, and that there is forced resignation when the employee is made to involuntarily submit or tender resignation through the machinations of the employer. Here, petitioners aver that it is clear from the CA's factual findings that they were forced to resign. As the CA ruled, it is the employer who has the burden of proof of showing that the employee voluntarily resigned, and CORPS failed to discharge this burden. Considering that they were deceived and/or forced to execute their resignation letters, petitioners concluded that they were constructively and illegally dismissed. Thus, petitioners argue that they are automatically entitled to backwages, damages, and attorney's fees since they were illegally dismissed.

On the other hand, CORPS, in its Comment,[55] avers that petitioners are guilty of forum shopping as they had already received the checks representing their money claims before executing their quitclaims and agreeing to a compromise agreement, while duly assisted by the conciliator-mediator of the NCMB assigned to the case. Since the issue was settled with the NCMB, petitioners should not have filed another complaint for the same money claims with the NLRC. Further, CORPS argues that the quitclaims and resignation letters were executed in the presence of the conciliator-mediator that conducted the SEnA, and they are, therefore, binding and legal. Thus, the resignations executed by petitioners were completely voluntary and there was no constructive dismissal. Similarly, the quitclaims were also binding and they prove that CORPS has paid all of petitioners' money claims. CORPS asserts that the checks issued to petitioners covered all their money claims.[56]

The Court's Ruling

The Petition is meritorious.

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[55] *Id.* at 390–405.
[56] *Id.* at 391–404.

I.

Case law instructs that there is forum shopping when the following elements are established: (*a*) identity of the parties or at least such parties who represent the same interests in both actions; (*b*) identity of the rights asserted and the relief prayed for, such relief being founded on the same circumstances; and (*c*) identity of the two preceding particulars, such that any judgment rendered in the other action will, regardless of which party is successful, amount to *res judicata* in the action under consideration, said requisites likewise constitutive of the elements of *litis pendentia*.[57]

The third element is wanting in this case. As correctly ruled by the CA, conciliation-mediation proceedings is a mandatory prerequisite for filing a labor complaint with the NLRC. The Labor Code, as amended by RA 10396, states:

> ART. 234. *Mandatory Conciliation and Endorsement of Cases.* – (a) Except as provided in Title VII-A, Book V of this Code, as amended, or as may be excepted by the Secretary of Labor and Employment, all issues arising from labor and employment shall be subject to mandatory conciliation-mediation. The labor arbiter or the appropriate DOLE agency or office that has jurisdiction over the dispute shall entertain only endorsed or referred cases by the duly authorized officer.
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> (b) Any or both parties involved in the dispute may pre-terminate the conciliation-mediation proceedings and request referral or endorsement to the appropriate DOLE agency or office which has jurisdiction over the dispute, or if both parties so agree, refer the unresolved issues to voluntary arbitration.

It is clear from the foregoing that conciliation-mediation is a condition precedent for a complaint with the NLRC. It is not, as respondent CORPS avers, an entirely separate and identical procedure involving the same issues.

Further, there is no *res judicata* in this case even assuming the amicable settlement before the NCMB became final. Case law enumerates elements of *res judicata* as follows: (1) the judgment sought to bar the new action must be final; (2) the decision must have been rendered by a court having jurisdiction over the subject matter and the parties; (3) the disposition of the case must be a judgment on the merits; and (4) there must be as between the first and second action, identity of parties, subject matter, and causes of action.[58]

In this case, there is no "decision" rendered by a "court" in conciliation-mediation proceedings, in the sense that the term "decision" is used in legal parlance. These proceedings, to which NCMB's authority is limited, do not

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[57] *London v. Baguio Country Club Corp.*, 459 Phil. 487 (2002) [Per J. Vitug, First Division] and *Heirs of Mampo v. Morada*, 888 Phil. 583 (2020) [Per J. Caguioa, First Division].

[58] *Lee v. Lui Man Chong*, 759 Phil. 531, 538 (2015) [Per J. Mendoza, Second Division] and *Philippine National Bank v. Daradar*, 905 Phil. 538 (2021) [Per J. Hernando, Third Division].

result in a "judgment" that determines whether, in its opinion, the claim is meritorious, as a condition precedent to the institution of a complaint before the NLRC.[59] Amicable settlements obtained through conciliation-mediation proceedings must be differentiated from arbitral awards from arbitration proceedings, which can only be nullified after the appropriate trial. In any case, what is involved in the case at bar is an amicable settlement which remained unfulfilled.

Thus, *res judicata* does not lie and the requisites of forum shopping have not been met.

II.

"Necessitous men are not, truly speaking, free men; but to answer a present emergency, will submit to any terms that the crafty may impose upon them."[60] Due to this truism, case law looks upon quitclaims, waivers, or releases with disfavor. They are deemed to be largely ineffective to bar recovery of the full measure of a worker's rights, and the acceptance of benefits therefrom does not amount to estoppel. This is especially true in instances where instead of promoting the orderly settlement of disputes, the execution of the same results in the circumvention of proper legal procedures and the evasion of payment of a worker's legitimate claims.[61]

Thus, in *Land and Housing Development Corp. v. Esquillo*,[62] the Court, through Justice Artemio V. Panganiban, ruled as follows:

> [Q]uitclaims and/or complete releases executed by the employees do not estop them from pursuing their claims arising from unfair labor practices of the employer. The basic reason for this is that such quitclaims and/or complete releases are against public policy and, therefore, null and void. The acceptance of termination does not divest a laborer of the right to prosecute his employer for unfair labor practice acts.[63]

Esquillo, however, clarifies that "[n]ot all waivers and quitclaims are invalid as against public policy. If the agreement was voluntarily entered into and represents a reasonable settlement, it is binding on the parties and may not later be disowned simply because of a change of mind. **It is only where there is clear proof that the waiver was w[r]angled from an unsuspecting or gullible person, or the terms of settlement are unconscionable on its face, that the law will step in to annul the questionable transaction. But**

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59 *Ponce v. King Lian*, 107 Phil. 263 (1960) [Per J. J.B.L. Reyes].

60 *Inter-Orient Maritime, Inc. v. Candava*, 712 Phil. 628, 642 (2013) [Per J. Perlas-Bernabe, Second Division], *citing University of Santo Tomas v. Sanahang Manggagawa ng UST*, 616 Phil. 474, 496 (2009) [Per J. Ynares-Santiago, Third Division].

61 *Id.* at 642, *citing Interorient Maritime Enterprises, Inc. v. Remo*, 636 Phil. 240, 251 (2010) [Per J. Nachura, Second Division].

62 508 Phil. 478 (2005) [Per J. Panganiban, Third Division].

63 *Id.* at 487, *citing Marcos v. NLRC*, 318 Phil. 172, 182 (1995) [Per J. Regalado, Second Division].

where it is shown that the person making the waiver did so voluntarily, with full understanding of what he was doing, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as a valid and binding undertaking."[64] In this regard, *Esquillo* explains that a quitclaim is void *ab initio* where the quitclaim obligates the workers concerned to forego their benefits while at the same time exempting the employer from any liability that it may choose to reject, as this would run counter to New Civil Code (NCC) Article 22, which provides that no one shall be unjustly enriched at the expense of another.[65]

Thus, "[f]or a deed of release, waiver, and quitclaim to be valid, it must be shown that: (*a*) **there was no fraud or deceit on the part of any parties**; (*b*) that the consideration for the quitclaim is credible and reasonable; and (*c*) that the contract is not contrary to law, public order, public policy, morals or good customs, or prejudicial to a third person with a right recognized by law. The burden rests on the employer to prove that the quitclaim constitutes a credible and reasonable settlement of what an employee is entitled to recover, and that the one accomplishing it has done so voluntarily and with a full understanding of its import."[66]

Here, it has been established that the checks given to petitioners during the conciliation-mediation conference covered only their trust fund savings and cash bond. In asserting that the quitclaims are valid and binding, CORPS is asking petitioners to forego their benefits to which they are legally entitled to under the Labor Code. CORPS asserts that it is no longer liable for petitioners' money claims on the basis of the quitclaims having been executed before the SEnA officer after petitioners were furnished the checks.

The Court cannot agree with this position.

Regardless of whether the quitclaims were executed before or after the petitioners were given the checks, or before whom they were executed, such quitclaims are **VOID** as they were signed by petitioners **with the honest belief, based on assurances made, that they would be paid their money claims in full**.

CORPS avers that petitioners accepted the checks in lieu of all their money claims against the company. However, the Minutes of Proceedings taken during the March 10, 2015 conciliation-mediation conference clearly belies CORPS's averment as the said Minutes show that CORPS's

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64 *Land and Housing Development Corp. v. Esquillo*, 508 Phil. 478, 488 (2005) [Third Division], *citing Periquet v. NLRC*, 264 Phil. 1115, 1122 (1990) [Per J. Cruz, First Division].

65 *Land and Housing Development Corp. v. Esquilio*, 508 Phil. 478, 488 (2005) [Third Division], *citing Marcos v. NLRC*, 318 Phil. 172, 182 (1995) [Per J. Regalado, Second Division]. See also Articles 6 and 22 of the New Civil Code.

66 *F.F. Cruz & Co., Inc. v. Galandez*, 856 Phil. 150, 152 (2019) [Per J. Perlas-Bernabe, Second Division]; citations omitted; emphasis supplied.

representative, Sesgundo, expressly stated that petitioners' other claims would be reconciled by management.[67] Clearly then, both parties were aware that there were pending money claims to be reconciled. Both parties were also aware that the checks did not represent the entire amount due to petitioners and neither did petitioners accept such checks intending to forgo all other money claims against CORPS.

For this same reason, the Court cannot agree with the CA and the NLRC that this was simply a misunderstanding. The CA's and NLRC's own findings of fact clearly indicate an intent to defraud on the part of CORPS. Significantly, the CA uses the word "***lured***"[68] on its own factual findings to describe how the CORPS tricked petitioners into signing the quitclaims and submitting their resignation letters. Having clearly been aware that petitioners continued to assert their rights to their money claims despite acceptance of the checks, CORPS cannot now assert a different understanding of petitioners' intentions as well as the circumstances surrounding the issuance of the quitclaims.

In sum, *this Court declares as* ***VOID*** the quitclaims executed by petitioners in favor of CORPS on the ground that the latter employed deceit and/or fraud in making the former execute the same. Hence, the quitclaims will not operate to bar petitioners from seeking their legitimate claims against CORPS in these proceedings.

III.

At this juncture, it is well to reiterate that petitioners accuse CORPS of constructively dismissing them; on the other hand, the latter maintained that there is no such dismissal, considering that petitioners voluntarily tendered their respective resignations.

The Court rules that petitioners were constructively dismissed by CORPS.

In constructive dismissal cases, the fundamental rule is that when an employer interposes the defense of resignation, the burden to prove that the employee indeed voluntarily resigned rests upon the employer.[69] In *Doble, Jr. v. ABB, Inc.*,[70] the Court, through Justice Diosdado M. Peralta, discussed the concepts of constructive dismissal and resignation as follows:

> To begin with, constructive dismissal is defined as quitting or cessation of work because continued employment is rendered impossible,

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67 *Rollo*, p. 155.
68 *Id.* at 38.
69 *Doble, Jr. v. ABB, Inc.*, 810 Phil. 210, 228–229 (2017) [Per J. Peralta, Second Division].
70 *Id.*

> unreasonable or unlikely; when there is a demotion in rank or a diminution of pay and other benefits. It exists if an act of clear discrimination, insensibility, or disdain by an employer becomes so unbearable on the part of the employee that it could foreclose any choice by him except to forego his continued employment. There is involuntary resignation due to the harsh, hostile, and unfavorable conditions set by the employer. The test of constructive dismissal is whether a reasonable person in the employee's position would have felt compelled to give up his employment/position under the circumstances.
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> On the other hand, "[r]esignation is the voluntary act of an employee who is in a situation where one believes that personal reasons cannot be sacrificed in favor of the exigency of the service, and one has no other choice but to dissociate oneself from employment. It is a formal pronouncement or relinquishment of an office, with the intention of relinquishing the office accompanied by the act of relinquishment. As the intent to relinquish must concur with the overt act of relinquishment, the acts of the employee before and after the alleged resignation must be considered in determining whether he or she, in fact, intended to sever his or her employment."[71]

Thus, "[f]or the resignation of an employee to be a viable defense in an action for illegal dismissal, an employer must prove that the resignation was voluntary, and its evidence thereon must be clear, positive and convincing. The employer cannot rely on the weakness of the employee's evidence."[72] Further, case law instructs that "in order to withstand the test of validity, resignations must be made voluntarily and with the intention of relinquishing the office, coupled with an act of relinquishment. Therefore, in order to determine whether the employees truly intended to resign from their respective posts, we must take into consideration the totality of circumstances in each particular case."[73] Relatedly, in a number of cases, the Court had consistently held that an involuntarily executed resignation is void and constitutes constructive dismissal.[74]

In *Torreda v. Investment and Capital Corporation of the Philippines*,[75] the Court, through Justice Alexander G. Gesmundo, held that an employee who was forced to sign a prepared resignation letter under threat of termination was considered to have been constructively dismissed.

In *SHS Perforated Materials, Inc. v. Diaz*,[76] an employee's salary was unlawfully withheld by his employer, forcing him to resign and to submit his

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71 *Id.* at 229, *citing Gan v. Galderma Philippines, Inc.*, 701 Phil. 612, 638–639 (2013) [Per J. Peralta, Third Division].

72 *Grande v. Philippine Nautical Training College*, 806 Phil. 601, 612–615 (2017) [Per J. Peralta, Second Division], *citing D.M Consunji Corporation v. Bello*, 715 Phil. 335, 338 (2013) [Per J. Bersamin, First Division].

73 *Grande v. Philippine Nautical Training College*, id. at 616, *citing SME Bank Inc. v. De Guzman*, 719 Phil. 103, 121 (2013) [Per C.J. Sereno, *En Banc*].

74 *See id. See also Al-Masiya Overseas Placement Agency, Inc. v. Viernes*, 869 Phil. 123 (2020) [Per J. Inting, Second Division]; *Torreda v. Investment and Capital Corporation of the Philippines*, 839 Phil. 1087, 1098 (2018) [Per J. Gesmundo, Third Division]; and *SHS Perforated Materials, Inc. v. Diaz*, 647 Phil. 580, 599 (2010) [Per J. Mendoza, Second Division].

75 839 Phil. 1087 (2018) [Per J. Gesmundo, Third Division].

76 647 Phil. 580 (2010) [Per J. Mendoza, Second Division].

resignation letter. The Court, through Associate Justice Jose C. Mendoza ruled that the unlawful withholding of salary amounted to constructive dismissal.

In *Al-Masiya Overseas Placement Agency, Inc. v. Viernes*,[77] the foreign employer: (*a*) did not secure a working visa for the employee; (*b*) did not pay her properly in accordance with her employment contract; (*c*) did not assign her to a permanent employer for the entire duration of her contract; and (*d*) made her sign a resignation letter as a condition for the release of her passport and plane ticket. The Court, through Justice Henri Jean Paul B. Inting opined that it was only logical for the employee to consider herself constructively dismissed.

The above cases involve resignations obtained through intimidation; on the other hand, the present case involves resignations obtained through deceit and/or fraud. However, both situations are anathema to due process and fair play. Like the quitclaims, petitioners' execution of the resignation letters was conditioned on the understanding that CORPS would pay all their money claims in full. CORPS asserts that the wordings of the resignation letters show that petitioners' resignation was voluntary. However, the fact of filing a resignation letter alone does not shift the burden of proof to show the voluntariness of the resignation. [78] Notably, CORPS submitted its computations of petitioners' overtime pay, holiday pay, and night shift differential pay, among other money claims on March 3, 2015 during the same conciliation-mediation proceeding where they were offered the checks representing the trust fund and cash bond. This led petitioners to believe that their money claims were being computed as agreed upon. [79] Further, as specified in the Minutes of the March 10, 2015 conciliation-mediation conference, CORPS acknowledged that there were money claims yet to be paid to petitioners, even after the resignation letters and quitclaims were signed. [80] Thus, it is clear that petitioners signed their quitclaims and resignation letters due to CORPS's misrepresentation that they would receive the entirety of their money claims if they do so.

It is apparent from the established facts that CORPS's representative, Sesgundo, assured petitioners that they would be paid their money claims if they submitted their resignation letters and signed the *pro forma* quitclaims. It is also apparent that CORPS had no intention to fulfill such promise.

An illegal dismissal is one where the employer openly seeks to terminate the employee; in contrast, constructive dismissal is a dismissal in disguise. [81] In this case, CORPS through fraud, induced petitioners into

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77 869 Phil. 123 (2020) [Per J. Inting, Second Division].

78 *Panasonic Manufacturing Philippines Corp. v. Peckson*, 850 Phil. 68, 80 (2019) [Per J. A. Reyes, Jr., Third Division].

79 *Rollo*, pp. 38–39.

80 *Id.*

81 *Torreda v. Investment and Capital Corporation of the Philippines*, 839 Phil. 1087, 1098 (2018) [Per J. Gesmundo, Third Division].

signing resignation letters and quitclaims. In doing so, they attempted to disguise petitioners' dismissal as a voluntary termination of employment. This is clearly a case of constructive dismissal.

IV.

An illegally dismissed employee is entitled to two separate and distinct reliefs: (*a*) backwages; **and** (*b*) reinstatement, *or* if the same is no longer viable, separation pay in lieu of such reinstatement.[82] In addition to these basic awards, an illegally dismissed employee may also be awarded moral and exemplary damages, and attorney's fees.[83] However, it is well to clarify that moral and exemplary damages are not awarded to illegally dismissed employees as a matter of course. The Court has held that moral damages are recoverable only when the dismissal of an employee is attended by bad faith or fraud or constitutes an act oppressive to labor or is done in a manner contrary to good morals, good customs, or public policy. Exemplary damages, on the other hand, are recoverable when the dismissal was done in a wanton, oppressive, or malevolent manner.[84]

In the instant case, petitioners were clearly dismissed without just or valid cause and without procedural due process, and was done in clear bad faith. **Petitioners were tricked into executing resignation letters through false promises and were prevented from returning to work even when the promises remained unfulfilled**. Bad faith is fully evident in this case as CORPS tricked petitioners into signing resignation letters and quitclaims to absolve itself of liability, without any intention to pay petitioners the money claims promised. Even worse, CORPS filed a criminal complaint for perjury against petitioners, in a blatant effort to discourage them from pursuing what they are legally entitled to. The perjury complaint was later dismissed by the Quezon City Prosecutor's Office for insufficiency of evidence. Clearly, such acts are oppressive to petitioners and contrary to public policy. For this Court to allow employers to absolve themselves of liability through quitclaims and resignation letters signed through fraudulent machinations would be a gross injustice.

In view of the foregoing, the Court deems it proper to order the reinstatement of petitioners, and to award **to each of petitioners**: (*a*) backwages, including the legally mandated 13th month pay, from the time they were illegally dismissed on March 10, 2015 until the finality of this ruling; (*b*) PHP 50,000.00 as moral damages; (*c*) PHP 20,000.00 as exemplary damages; and (*d*) attorney's fees equivalent to 10% of the total monetary award due to

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82 *Abbott Laboratories, Philippines v. Alcaraz*, 714 Phil. 510, 569 (2013) [Per J. Perlas-Bernabe, *En Banc*], *citing Macasero v. Southern Industrial Gases Philippines*, 597 Phil. 494, 501 (2009) [Per J. Carpio-Morales, Second Division].

83 *Abbott Laboratories, Philippines v. Alcaraz*, 714 Phil. 510, 569 (2013) [Per J. Perlas-Bernabe, *En Banc*].

84 *Symex Security Services, Inc. v. Rivera, Jr.*, 820 Phil. 653, 673-674 (2017) [Per J. Caguioa, Second Division].

petitioners.[85] The foregoing awards are in addition to those monetary sums awarded by the LA in its Decision dated December 27, 2016, i.e., overtime pay, holiday pay, rest day premium, and service incentive leave pay.

ACCORDINGLY, the Petition is **GRANTED.** The Consolidated Decision dated February 15, 2018 and the Consolidated Resolution dated November 8, 2018 of the Court of Appeals in CA-G.R. SP No. 144925 and CA-G.R. SP No. 145329 are hereby **REVERSED** and **SET ASIDE**. Respondent Corporate Protection Services, Phils., Inc. is found to have constructively dismissed petitioners Domingo Naldo, Jr., Rogelio Benitez, Isidro Alfonso, Jr., Ronaldo Ledda, Bernardo Fabulare, Armando De Luna, and Nelson Villacentino. As such, respondent Corporate Protection Services, Phils., Inc. is hereby **ORDERED** to **REINSTATE** petitioners and to **pay each of the petitioners** the following: (*a*) backwages, including the legally mandated 13th month pay, from the time they were illegally dismissed on March 10, 2015 until the finality of this ruling; (*b*) overtime pay, holiday pay, rest day premium, and service incentive leave pay pursuant to the Decision dated December 27, 2016, unless the same were already paid to petitioners in full; (*c*) PHP 50,000.00 as moral damages; (*d*) PHP 20,000.00 as exemplary damages; and (*e*) attorney's fees equivalent to 10% of the total monetary award due to petitioners. All monetary awards shall earn legal interest at the rate of 6% per annum from the date of finality of this Decision until full payment.

Finally, the Labor Arbiter is hereby **ORDERED** to prepare a revised comprehensive computation of the monetary awards based on the foregoing and cause its implementation, with utmost dispatch.

SO ORDERED.

ANTONIO T. KHO, JR.
Associate Justice

WE CONCUR:

MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson

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[85] *See* Article 111 of the Labor Code, art. 11.

AMY C. LAZARO-JAVIER
Associate Justice

MARIO V. LOPEZ
Associate Justice

MARIA FILOMENA D. SINGH
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ALEXANDER G. GESMUNDO
Chief Justice