Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

CRISANTO F. CASTRO, JR., Petitioner,	**G.R. NO. 175293**
	Present:
- versus -	SERENO, *C.J.*, LEONARDO-DE CASTRO, BERSAMIN, VILLARAMA, JR., and REYES,*JJ.*:
ATENEO DE NAGA UNIVERSITY, FR. JOEL TABORA, and MR. EDWIN BERNAL, Respondents.	Promulgated: JUL 23 2014

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DECISION

BERSAMIN, *J.*:

The employer is obliged to reinstate the dismissed employee and to pay his wages during the period of appeal of the decision in the latter's favor until the reversal of the decision.

The Case

The petitioner appeals the adverse decision promulgated on May 31, 2006,[1] whereby the Court of Appeals (CA) dismissed his petition for *certiorari* by which he had assailed the dismissal of his claim for accrued salaries on the ground of its having been rendered moot and academic by the intervening dismissal by the National Labor Relations Commission (NLRC) of his complaint for illegal dismissal.[2]

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[1] *Rollo*, pp. 32-38; penned by Associate Justice Edgardo P. Cruz (retired), with Associate Justice Rosalinda Asuncion-Vicente (retired) and Associate Justice Sesinando E. Villon concurring.

[2] Id. at 214-221.

Antecedents

The petitioner started his employment with respondent Ateneo de Naga University (University) in the first semester of school year 1960-1961. At the time of his dismissal, he was a regular and full-time faculty member of the University's Accountancy Department in the College of Commerce with a monthly salary of ₱29,846.20.[3] Allegedly, he received on February 22, 2000 a letter from respondent Fr. Joel Tabora, S.J., the University President, informing him that his contract (which was set to expire on May 31, 2000) would no longer be renewed.[4] After several attempts to discuss the matter with Fr. Tabora in person, and not having been given any teaching load or other assignments effective June 2000, he brought his complaint for illegal dismissal.

The University denied the allegation of illegal dismissal, and maintained that the petitioner was a participant and regular contributor to the Ateneo de Naga Employees Retirement Plan (Plan); that upon reaching the age of 60 years on June 26, 1999, he was deemed automatically retired under the Plan; and that he had been allowed to teach after his retirement only on contractual basis.[5]

On September 3, 2001, Labor Arbiter (LA) Jesus Orlando M. Quiñones ruled in favor of the petitioner,[6] disposing thusly:

> **WHEREFORE**, premises considered, judgment is hereby rendered in favor of complainant **CRISANTO F. CASTRO, JR.**, as against respondents **ATENEO DE NAGA UNIVERSITY/FR. JOEL TABORA** and **EDWIN BERNAL**, and hereby orders, as follows:
>
> a) Declaring the dismissal of complainant to be illegal.
>
> b) Ordering respondents to reinstate complainants to his former position without loss of seniority rights or other privileges, or at respondents' option, payroll reinstatement;
>
> c) Ordering respondents to pay complainant the amount of **Php 637,999.65.00**, representing full backwages;
>
> d) Ordering respondents to pay the amount **Php 500,000.00** as moral and exemplary damages;
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> e) Ordering respondents to pay complainant the amount of **Php 113,799.96**, representing 10% of the total amount awarded as attorney's fees.

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3 Id. at 78-79.
4 Id. at 93 (Annex D).
5 Id. at 98-99.
6 Id. at 109-122.

All other claims and charges are DISMISSED for lack of merit.

SO ORDERED.[7]

Aggrieved, the respondents appealed to the NLRC.[8] Simultaneously, they submitted a manifestation stating that neither actual nor payroll reinstatement of the petitioner could be effected because he had meanwhile been employed as a Presidential Assistant for Southern Luzon Affairs with the position of Undersecretary; and that his reinstatement would result in dual employment and double compensation which were prohibited by existing civil service rules and regulations.[9]

On July 12, 2002, the petitioner, citing the executory nature of the order for his reinstatement, filed his motion to order the respondents to pay his salaries and benefits accruing in the period from September 3, 2001 until July 3, 2002.[10]

In his order dated October 10, 2002,[11] LA Quiñones, explaining that Article 223 of the *Labor Code* granted to the employer the option to implement either a physical or a payroll reinstatement, and that, therefore, the respondents must first exercise the option regardless of the petitioner's employment with the Government, denied the petitioner's motion, but ordered the respondents to exercise the option of either actual or payroll reinstatement of the petitioner, *viz*:

> Considerations considered, respondents are hereby directed to exercise their option of whether complainant is to be actually reinstated, or be reinstated in the payroll within ten (10) days from receipt of this order. Failure to exercise such option within the period provided shall render complainant's motion for accrued salaries appropriate.
>
> Upon respondents' exercise of option, complainant is directed to abide by the same. Parties are then directed to inform this office of their respective actions. In the meantime, complainant's motion for payment of accrued salaries and benefits is denied for lack of merit.
>
> SO ORDERED.

Dissatisfied, the petitioner filed a notice of partial appeal,[12] but the notice was denied due course on June 30, 2003.[13]

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7 Id. at 121-122.
8 Id. at 123-143.
9 Id. at 144-145.
10 Id. at 146-147.
11 Id. at 148-149.
12 Id. at 150-156.
13 Id. at 175.

Upon the denial of his motion for reconsideration,[14] the petitioner elevated the matter to the CA by petition for *certiorari*.[15]

In the interim, on June 26, 2004, the petitioner executed a receipt and quitclaim in favor of the University respecting his claim for the benefits under the Plan,[16] to wit:

RECEIPT and QUITCLAIM

Date: June 26, 2004

This is to acknowledge receipt from ATENEO DE NAGA UNIVERSITY the total sum of SIX HUNDRED FORTY SIX THOUSAND EIGHT HUNDRED TWENTY EIGHT PESOS & 42/100 (₱646,828.42) representing full payment of benefits due me pursuant to the Employees retirement plan. In view of this payment, I hereby waive all my rights, title, interest in and over my retirement benefits under said plan which is presently under trusteeship of Bank of the Philippine Islands. BPI is hereby instructed to reimburse the company for the amount paid by it to me out of whatever amount due me under the said retirement plan.

(sgd.)
CRISANTO F. CASTRO, JR.
Employee

A few days later, the petitioner sent the following letter to Fr. Tabora, *viz*:

June 29, 2004

Fr. Joel Tabora
President, Ateneo de Naga University
Ateneo Avenue, Naga City

Dear Fr. Tabora,

This is to inform you that I am getting my retirement pay as you have approved, together with the "RECEIPT AND QUITCLAIM" which your Treasurer forced me to sign upon your order and/or your lawyer. I will receive pay **UNDER PROTEST, and under the following conditions:**

1. **That I am getting this retirement pay without prejudice to the case that I have filled** [sic] **against Ateneo, Fr. Joel Tabora and Edwin Bernal.**
2. **That I do not agree nor confirm with your computation as to the number of years of service I have rendered.**
3. **That the total amount is still subject to verification.**

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[14] Id. at 175-178.
[15] Id. at 179-189.
[16] Id. at 213.

For your information.

(sgd.)
CRISANTO F. CASTRO, JR.[17]

Meanwhile, the NLRC rendered its decision affirming with modification the ruling of the LA on the petitioner's illegal dismissal case.[18]

On motion for reconsideration, the NLRC reversed its ruling on August 31, 2005,[19] decreeing:

> WHEREFORE, premises considered, the appealed Decision, dated September 3, 2001 of the Labor Arbiter, as modified by our ruling of October 22, 2004 is hereby ordered SET ASIDE, and in its stead, a new judgment is hereby rendered DISMISSING the complaint for lack of merit.[20]

In justifying its reversal of its decision, the NLRC held that his execution of the receipt and quitclaim respecting his benefits under the Plan estopped the petitioner from pursuing other claims arising from his employer-employee relationship with the University, opining that:

> [O]nce an employee executes a quitclaim or release in favor of the employer, he is thereby estopped from pursuing any further money claims against the employer, arising from his employment. Actually, the execution and signing of the Receipt and Quitclaim by complainant-appellee, in this case, only indicates that he voluntarily waived his rights to his money awards, as stated in the Labor Arbiter's Decision, as affirmed with modification by the Commission (Second Division). A person is precluded from maintaining a position inconsistent with one, in which he has acquiesced x x x. Also, in his signing the said Receipt and Quitclaim, the necessary implication is that the said document would cover any and all claims arising out of the employment relationship x x x.
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> Thus, having determined that complainant-appellee had completely received the amount of Php 646,828.42, which is, actually, the same amount as his retirement benefit, as stated in the Compliance, dated October 2, 2000, of respondents-appellants, we are, therefore, persuaded to dismiss the case for want of merit. As such, the money claims as awarded in the September 3, 2001 Decision of Labor Arbiter Jesus Orlando M. Quiñones, as affirmed with modification, in our Decision, promulgated on October 22, 2004, are therefore, to be deleted. In other words, since herein complainant-appellee had executed the Receipt and Quitclaim that represents voluntary and reasonable settlement of his claims, the said document must therefore, be accorded with respect as the law between the parties.[21]

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17 Id. at 210.
18 Id. at 190-209.
19 Id. at 214-222.
20 Id. at 221.
21 Id. at 219-221.

Ruling of the CA

On May 31, 2006, the CA dismissed the petitioner's petition for *certiorari* on the ground of its having been rendered moot and academic by the aforecited August 31, 2005 decision of the NLRC, *viz*:

> **WHEREFORE**, for being moot and academic, the instant petition is **DENIED** due course and, accordingly, **DISMISSED**.
>
> **SO ORDERED**.[22]

Upon denial of his motion for reconsideration,[23] the petitioner appeals.

Issues

In his appeal, the petitioner submits the following as issues:

> I
> THE ISSUE BROUGHT IN CA-G.R. SP NO. 82146 IS NOT THE SAME WITH OR SIMILAR TO THE ISSUES IN CA NO. 030821-02[24]
>
> II
> THE CLAIM FOR ACCRUED SALARIES AND BENEFITS AS AN INCIDENT OF THE ORDER OF REINSTATEMENT PENDING APPEAL AND BROUGHT IN ISSUE IN THE PETITION FOR CERTIORARI DOCKETED AS CA-G.R. SP. NO. 82146 WAS NOT RENDERED MOOT AND ACADEMIC BY THE DISMISSAL OF PETITIONER'S COMPLAINT PER THE AUGUST 31, 2005 DECISION RENDERED IN CA NO. 030821-02 BY THE HONORABLE COMMISSION[25]
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> III
> THE HONORABLE COURT OF APPEALS' DISMISSAL OF CA-G.R. SP NO. 82146 IS CONTRARY TO AND VIOLATED THE RULING OF THE SUPREME COURT IN VARIOUS CASES PARTICULARLY THE RECENT CASE OF ALEJANDRO ROQUERO VS. PHILIPPINE AIRLINES, INC.[26]
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> IV
> THE ISSUE BROUGHT TO THE COURT OF APPEALS MAY NOW BE DECIDED UPON BY THIS HONORABLE SUPREME COURT[27]

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22 Supra note 1, at 38.
23 Id. at 71.
24 Id. at 20.
25 Id. at 22.
26 Id. at 23.
27 Id. at 26.

The petitioner argues that the CA erred in ruling that the dismissal of his complaint for illegal dismissal by the NLRC had mooted his petition for *certiorari*; that the sole issue in his petition for *certiorari* concerned his claim for salaries and benefits that had accrued by reason of the respondents' refusal to reinstate him, but the case that had been dismissed by the NLRC revolved around the validity of his termination; that the CA further erred in ruling that his execution of the quitclaim and receipt of payment constituted a settlement of his money claims, considering that his waiver pertained only to his retirement pay; that his entitlement to the accrued benefits and salaries found support in *Roquero v. Philippine Airlines*,[28] a ruling in which the employer was obliged to reinstate and pay the wages of the dismissed employee during the period of the appeal; and that *Roquero v. Philippine Airlines* declared that even if the decision was reversed with finality, the employee was not required to reimburse the salary that he had received.

The respondents counter, however, that the petitioner's petition for *certiorari* had become moot in view of his voluntary receipt of the benefits and his execution of the quitclaim; that they had complied with the two directives of reinstatement and payment of full backwages contained in the decision of LA Quiñones; that the petitioner was reinstated in November 2002; and that they put up a supersedeas bond pending appeal to answer for the backwages and other monetary claims that could be awarded to the petitioner.

In fine, the issue is whether or not the petitioner's claim for the payment of accrued salaries and benefits for the period that he was not reinstated was rendered moot and academic by: (*a*) his receipt of the retirement benefits and execution of the corresponding receipt and quitclaim in favor of the respondents; and (*b*) the dismissal of his complaint for illegal dismissal by the NLRC.

Ruling

We reverse.

I
Execution of the receipt and quitclaim was not a settlement of the petitioner's claim for accrued salaries

The NLRC held that the petitioner was estopped from pursuing his complaint for illegal dismissal upon his receipt of the benefits and his execution of the receipt and quitclaim. He insists, however, that the payment he had received in protest pertained only to his retirement benefits.

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[28] G.R. No. 152329, April 22, 2003, 401 SCRA 424.

We agree with the petitioner.

The text of the receipt and quitclaim was clear and straightforward, and it was to the effect that the sum received by the petitioner represented "*full payment of benefits ... pursuant to the Employee's retirement plan.*" As such, both the NLRC and the CA should have easily seen that the quitclaim related only to the settlement of the retirement benefits, which benefits could not be confused with the reliefs related to the complaint for illegal dismissal.

Worthy to stress is that retirement is of a different species from the reliefs awarded to an illegally dismissed employee. Retirement is a form of reward for an employee's loyalty and service to the employer, and is intended to help the employee enjoy the remaining years of his life, and to lessen the burden of worrying about his financial support or upkeep.[29] In contrast, the reliefs awarded to an illegally dismissed employee are in recognition of the continuing employer-employee relationship that has been severed by the employer without just or authorized cause, or without compliance with due process.

II
Claim for accrued benefits should be sustained despite dismissal of the petitioner's complaint

The petitioner argues that according to *Roquero v. Philippine Airlines, Inc.*,[30] the employer is obliged to reinstate and to pay the wages of the dismissed employee during the period of appeal until its reversal by the higher Court; and that because he was not reinstated either actually or by payroll, he should be held entitled to the accrued salaries.

The argument of the petitioner is correct.

Article 279 of the *Labor Code*, as amended, entitles an illegally dismissed employee to reinstatement. Article 223 of the *Labor Code* requires the reinstatement to be immediately executory even pending appeal. With its intent being ostensibly to promote the benefit of the employee, Article 223 cannot be the source of any right of the employer to remove the employee should he fail to immediately comply with the order of reinstatement.[31] In *Roquero*, the Court ruled that the unjustified refusal of the employer to reinstate the dismissed employee would entitle the latter to the payment of his salaries effective from the time when the employer failed to reinstate him; thus, it became the ministerial duty of the LA to implement the order of reinstatement.[32] According to *Triad Security & Allied Services v. Ortega,*

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29 *Conte v. Commission on Audit*, G.R. No. 116422, November 4, 1996, 264 SCRA 19, 29.
30 Supra note 28, at 430-431.
31 *Buenviaje v. Court of Appeals,* G.R. No. 147806, November 12, 2002, 391 SCRA 440, 451.
32 Supra note 28 at 430.

Jr.,[33] the law mandates the prompt reinstatement of the dismissed or separated employee, without need of any writ of execution. In *Pioneer Texturizing Corporation v. National Labor Relations Commission*, [34] the Court has further observed:

> x x x The provision of Article 223 is clear that an award for reinstatement shall be immediately executory even pending appeal and the posting of a bond by the employer shall not stay the execution for reinstatement. The legislative intent is quite obvious, *i.e.*, to make an award of reinstatement immediately enforceable, even pending appeal. To require the application for and issuance of a wit of execution as prerequisites for the execution of a reinstatement award would certainly betray and run counter to the very object and intent of Article 223, *i.e.*, the immediate execution of a reinstatement order. The reason is simple. An application for a writ of execution and its issuance could be delayed for numerous reasons. A mere continuance of postponement of a scheduled hearing, for instance, or an inaction on the part of the Labor Arbiter or the NLRC could easily delay the issuance of the writ thereby setting at naught the strict mandate and noble purpose envisioned by Article 223. In other words, if the requirements of Article 224 were to govern, as we so declared in *Maranaw*, then the executory nature of a reinstatement order or award contemplated by Article 223 will be unduly circumscribed and rendered ineffectual. In enacting the law, the legislature is presumed to have ordained a valid and sensible law, one which operates no further than may be necessary to achieve its specific purpose. Statutes, as a rule, are to be construed in the lights of the purpose to be achieved and the evil sought to be remedied. And where the statute is fairly susceptible of two or more constructions, that construction should be adopted which will most tend to give effect to the manifest intent of the lawmaker and promote the object for which the statute was enacted, and a construction should be rejected which would tend to render abortive other provisions of the statute and to defeat the object which the legislator sought to attain by its enactment. In introducing a new rule on the reinstatement aspect of a labor decision under R.A. No. 6715, Congress should not be considered to be indulging in mere semantic exercise. On appeal, however, the appellate tribunal concerned may enjoin or suspend the reinstatement order in the exercise of its sound discretion.
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> Furthermore, the rule is that all doubts in the interpretation and implementation of labor laws should be resolved in favor of labor. In ruling that an order or award for reinstatement does not require a writ of execution, the Court is simply adhering and giving meaning to this rule. Henceforth, we rule that an award or order for reinstatement is self-executory. After receipt of the decision or resolution ordering the employee's reinstatement, the employer has the right to choose whether to re-admit the employee to work under the same terms and conditions prevailing prior to his dismissal or to reinstate the employee in the payroll. In either instance, the employer has to inform the employee of his choice. The notification is based on practical considerations for without notice, the employee has no way of knowing if he has to report for work or not.[35]

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[33] G.R. No. 160871, February 6, 2006, 481 SCRA 591, 606.
[34] G.R. No. 118651, October 16, 1997, 280 SCRA 806.
[35] Id. at 825-826.

Hence, for as long as the employer continuously fails to actually implement the reinstatement aspect of the decision of the LA, the employer's obligation to the employee for his accrued backwages and other benefits continues to accumulate.[36]

The next issue concerns whether or not the petitioner's claim for accrued salaries from the time of the issuance of the order of reinstatement by LA Quinones until his actual reinstatement in November 2002 was rendered moot and academic by the reversal of the decision of the LA.

The Court holds that the order of reinstatement of the petitioner was not rendered moot and academic. He remained entitled to accrued salaries from notice of the LA's order of reinstatement until reversal thereof.[37] In *Islriz Trading v. Capada*,[38] we even clarified that the employee could be barred from claiming accrued salaries only when the failure to reinstate him was without the fault of the employer.

Considering that the respondents reinstated the petitioner only in November 2002, and that their inability to reinstate him was without valid ground, they were liable to pay his salaries accruing from the time of the decision of the LA (*i.e.*, September 3, 2001) until his reinstatement in November 2002. It did not matter that the respondents had yet to exercise their option to choose between actual or payroll reinstatement at that point because the order of reinstatement was immediately executory.

ACCORDINGLY, the Court **REVERSES** and **SETS ASIDE** the decision promulgated on May 31, 2006; **REMANDS** the records of the case to the Labor Arbiter for the correct computation of the petitioner's accrued salaries from the date of the respondents' receipt of the September 3, 2001 decision of the Labor Arbiter up to the petitioner's actual date of reinstatement in November 2002; and **ORDERS** the respondents to pay the costs of suit.

SO ORDERED.

LUCAS P. BERSAMIN
Associate Justice

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[36] *Triad Security & Allied Services v. Ortega, Jr.*, supra note 33.

[37] *International Container Transport Services, Inc. v. NLRC*, G.R. No. 115452, December 21, 1998, 300 SCRA 335, 343.

[38] G.R. No. 168501, January 31, 2011, 641 SCRA 9, 24.

WE CONCUR:

MARIA LOURDES P. A. SERENO
Chief Justice

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

MARTIN S. VILLARAMA, JR.
Associate Justice

BIENVENIDO L. REYES
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

MARIA LOURDES P. A. SERENO
Chief Justice