REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, Second Division, issued a Resolution dated **01 September 2014** *which reads as follows*:

G.R. No. 177196 – *Coca-Cola Bottlers Philippines, Inc. v. Ernesto Ostani, Emmanuel E. Sarte, Franklin Cabaccan, Alfredo Cunanan, Jr., Danilo Latina, Efren Rubio, Rodolfo Perfecto, Jr., Wilfredo M. Pantaleon, Renato Moste, Leonardo Calinyao, Remegio Clarito, Reynaldo Goyon, Roque Samalca, Jr., Manuel Moste, Ismael Goyon, Reynaldo Munar,* [*] *Dexter Camia, Rommel Cruz, and Rogelio Ismael*

Per their letter[1] filed on November 11, 2010, respondents Roque C. Samalca, Jr. (Samalca), Danilo Latina (Latina), Manuel G. Moste (Manuel), Renato G. Moste (Renato) and Reynaldo Munar (Munar) assert that pursuant to this Court's Resolution[2] of June 4, 2007 which became final on October 11, 2007,[3] they are entitled to reinstatement as regular employees of petitioner Coca-Cola Bottlers Phils., Inc. (Coca-Cola) and to benefits including but not limited to those provided under their Collective Bargaining Agreement which as of November 30, 2007 already amounted to ₱60 million for all of the respondents. However, their co-respondent Ernesto Ostani (Ostani), in connivance with Atty. Apolinario N. Lomabao, Jr. (Atty. Lomabao) who unceremoniously replaced their counsel of record Atty. Ernesto R. Arellano (Atty. Arellano), and Labor Arbiter Veneranda C. Guerrero (Labor Arbiter Guererro) arranged for an anomalous settlement with Coca-Cola on December 28, 2007. By virtue of a Compromise Agreement,[4] all the respondents were supposed to be paid ₱704,266.37 each, an amount that is way below what is legally due them. What is worse is that all of them except for Ostani actually got ₱500,000.00 only and this was further reduced by deductions of ₱150,000.00 or ₱50,000.00 purportedly for attorney's fees. Alleging that they were deceived in entering into the settlement agreement as they were not told that their case had already been resolved in their favor and with finality by this Court and that they were not given a copy of the said Compromise Agreement, Samalca, Latina, Manuel, Renato and Munar, through the assistance of Atty. Arellano, sought for the enforcement of this Court's June 4, 2007 Resolution. However, the Labor Arbiter concerned refused to do so. Hence, they sought assistance from this Court praying that the Labor Arbiter be ordered to enforce the said final Resolution.

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[*] Also spelled as Reynaldo Munan in some parts of the records.
1 *Rollo*, pp. 522-523.
2 Id. at 495.
3 Id. at 516.
4 Id. at 540-541.

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The Court required Labor Arbiter Guerrero and Atty. Arellano to file their respective Comments on the aforesaid letter in the Resolution[5] dated January 24, 2011. In compliance therewith, Labor Arbiter Guerrero filed her Comment[6] on April 14, 2011 while Atty. Arellano filed his Comment[7] on May 27, 2011.

Statement of the Antecedents

The respondents who were sales route helpers, finance clerks, route checker, service technician, fork lift operator and messenger filed complaints for regularization, illegal dismissal, damages and attorney's fees against Coca-Cola and their employment agency, Interim Services, Inc. (Interim). In a Decision[8] dated August 29, 2000, Labor Arbiter Manuel P. Asuncion, after finding that the power of control and dismissal over the respondents lie with Interim, absolved Coca-Cola from liability and declared Interim solely responsible for respondents' reinstatement and payment of their full backwages and attorney's fees.

The respondents appealed to the National Labor Relations Commission (NLRC). In a Decision[9] dated November 5, 2003, the NLRC declared Interim to be a labor-only contractor and thus modified the Labor Arbiter's Decision by holding Coca-Cola, as the principal employer, solidarily liable with Interim for the judgment award. After its Motion for Reconsideration[10] had been denied by the NLRC in a Resolution[11] dated March 24, 2004, Coca-Cola sought recourse from the Court of Appeals (CA) through a Petition for *Certiorari*.[12] However, in its Decision[13] of January 29, 2007 the CA denied the Petition and affirmed the ruling of the NLRC. It likewise denied Coca-Cola's Motion for Reconsideration in a Resolution[14] dated March 21, 2007.

Coca-Cola went to this Court *via* a Petition for Review on *Certiorari*[15] but was likewise unsuccessful as the Court in a Resolution[16] dated June 4, 2007 denied the Petition for failure to sufficiently show that the CA committed any reversible error as to warrant the exercise of its *certiorari* jurisdiction. It filed a

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5 Id. at 526.
6 Id. at 530-535.
7 Id. at 629-638.
8 Id. at 158-163 (with incomplete pages); See also p. 2 of the Decision of the National Labor Relations Commission dated November 5, 2003, id. at 200.
9 Id. at 199-205; penned by Commissioner Angelita A. Gacutan and concurred in by Presiding Commissioner Raul T. Aquino and Commissioner Victoriano R. Calaycay.
10 Id. at 206-216.
11 Id. at 217-219.
12 Id. at 220-243.
13 Id. at 57-70; penned by Associate Justice Myrna Dimaranan-Vidal and concurred in by Associate Justices Jose L. Sabio, Jr. and Jose C. Reyes, Jr.
14 Id. at 71-72.
15 Id. at 17-56.
16 Id. at 495.

Motion for Reconsideration[17] which was denied in a Resolution[18] dated September 3, 2007. Hence, the finality of the Court's June 4, 2007 Resolution on October 11, 2007.[19]

Subsequently on December 28, 2007, respondents, represented by Ostani and assisted by Atty. Lomabao, entered into a Compromise Agreement[20] with Coca-Cola. The said Agreement provides that for and in consideration of the amount of ₱704,266.38 for each respondent, the respondents are waiving the award of backwages and their right to claim reinstatement as mandated in the respective Decisions of the Labor Arbiter and NLRC. Pursuant thereto, each of the respondents executed a Release Waiver and Quitclaim[21] in favor of Coca-Cola. On even date, the parties filed A Joint Motion[22] to declare the case closed and terminated. This was granted by Labor Arbiter Guerrero on the same day.[23]

Thereafter on February 28, 2008, Samalca, Latina, Manuel, Renato and Munar filed a Motion for the Issuance of an Alias Writ of Execution[24] before the Office of the Labor Arbiter wherein they sought for the execution of the Labor Arbiter's Decision as modified by the NLRC, which as mentioned, had already attained finality per this Court's Entry of Judgment of October 11, 2007. This was on account of their claim that the Compromise Agreement was "obnoxious" and that they should instead be reinstated to their former position and paid full backwages which, subject to adjustments, are computed as follows as of November 30, 2007:

a.	Roque Samalca	=	₱ 2,551,712.85
b.	Manuel Moste	=	2,970,371.45
c.	Reynaldo Munar	=	3,020,891.85
d.	Danilo Latina	=	4,685,626.60
e.	Renato Moste	=	5,323,517.05
			₱18,556,517.05[25]

They attached to the said motion a *Sama-Samang Sinumpaang Salaysay*[26] wherein they asserted that they had no knowledge of the finality of judgment when they entered into a compromise agreement with Coca-Cola. But as the said Motion remained unacted, Samalca, Latina, Manuel, Renato and Reynaldo filed before

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17 Id. at 497-513.
18 Id. at 515.
19 See Entry of Judgment, id. at 516.
20 Id. at 540-541.
21 Id. at 542-576.
22 Id. at 536-539.
23 Id. at 577-578.
24 Id. at 757-762.
25 Id. at 760; should be ₱18,552,119.80 only.
26 Id. at 643-645.

this Court on November 11, 2010 the aforesaid letter which is now the subject of this Resolution.

Atty. Arellano's Comment

Atty. Arellano alleges that the respondents' attorney-in-fact Ostani connived with one Randy Quijano, a staff of Atty. Lomabao. The two led the respondents to believe that a resolution of the case was not yet forthcoming when in truth and in fact, the Court's Resolution of June 4, 2007 denying Coca-Cola's appeal had already attained finality. It was at that point that Ostani unceremoniously dismissed Atty. Arellano as the respondents' counsel and engaged Atty. Lomabao to forge an anomalous Compromise Agreement. Atty. Arellano further alleges that in having respondents sign the Compromise Agreement and the quitclaims, Atty. Lomabao and Coca-Cola's counsel, Atty. Bernardino F. Consulta (Atty. Consulta), showed respondents only the portions to be signed and did not let them see and read the provisions thereof. Also, contrary to what was written in the Compromise Agreement that the respondents would receive ₱704,266.37 each, only ₱500,000.00 was given to each of them and this was further reduced by an alleged tax liability of either ₱150,000.00 or ₱50,000.00. The amounts received by the respondents are too meager considering that at that time, they already stand to receive ₱69 million all in all. Moreover, the whole settlement which includes the signing of the Compromise Agreement, quitclaims and joint motion to declare the case closed and terminated as well as the distribution of money were clandestinely held outside the office of Labor Arbiter Guerrero in McDonald's fast food on Julia Vargas, Ortigas, Pasig City on December 28, 2007 amidst the busy holiday season. In sum, Atty. Arellano submits that the settlement of the case is highly suspect.

Labor Arbiter Guerrero's Comment

For her part, Labor Arbiter Guerrero avers that Samalca, Latina, Manuel, Renato and Munar executed the release, waiver and quitclaims with the assistance of counsel and their attorney-in-fact, Ostani. They were physically present during the settlement, individually asked as to the voluntariness of their act of entering into a settlement with Coca-Cola, and confirmed to her that they understood the consequences of the same. She explains that it was only on December 28, 2007 or during the last working day of the year that the settlement was finalized and that per the parties' agreement, the same was held in McDonald's at Julia Vargas, Ortigas, Pasig City because Coca-Cola's funds for the satisfaction of the Compromise Agreement were deposited in the nearby Bank of the Philippine Islands, Ortigas Podium Branch. According to her, settlement of cases outside the arbitration branch is not unusual and is allowed in exceptional circumstances such

as when the case involves numerous complainants and provided that such an arrangement is with the knowledge and approval of the Executive Labor Arbiter as in this case. Also, one of the factors considered in the quick conclusion of the settlement was the fact that one of the respondents was then in a hospital and in dire need of funds to pay for his bills. Labor Arbiter Guerrero denies conniving with Atty. Lomabao or Atty. Consulta and asserts that she merely performed her duty in approving the parties' Joint Motion to declare the case closed and terminated pursuant to the Compromise Agreement and the respondents' individual waiver and quitclaim which she claimed to have been executed in a regular manner.

The Court's Action

The Court deems crucial the allegation of Samalca, Latina, Moste, Renato and Munar that they had no knowledge of the finality of judgment in their case against Coca-Cola. In *Magbanua v. Uy*,[27] the Court held that "[r]ights may be waived through a compromise agreement, notwithstanding a final judgment that has already settled the rights of the contracting parties. To be binding, the compromise must be shown to have been voluntarily, freely and intelligently executed by the parties ***who had full knowledge of the judgment.*** Furthermore, it must not be contrary to law, morals, good customs and public policy."

Indeed, under Article 227 of the Labor Code, any compromise settlement voluntarily agreed upon by the parties with the assistance of the Bureau or the regional office of the Department of Labor shall be final and binding upon the parties. Nevertheless, the NLRC or any court may assume jurisdiction over issues involved therein if there is *prima facie* evidence that the settlement was obtained through fraud, misrepresentation, or coercion.

Here, Samalca, Latina, Manuel, Renato and Munar filed before the Office of the Labor Arbiter a Motion for the Issuance of an Alias Writ of Execution and attached therein as annex their *sinumpaang salaysay*. They averred in the said *sinumpaang salaysay*, among others, that they were unaware of the Court's final judgment at the time they entered into a compromise agreement with Coca-Cola and that it was impressed upon them that no resolution of the case is yet forthcoming. In view of these crucial allegations and the other above-mentioned circumstances allegedly surrounding the execution of the Compromise Agreement, it is incumbent upon the Labor Arbiter concerned to first determine whether there is *prima facie* evidence that the settlement was obtained through fraud or misrepresentation, and corollarily, if the Compromise Agreement is valid or not. Suffice it to say that it is only then that the Labor Arbiter concerned can

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[27] 497 Phil. 511, 515 (2005) (emphasis supplied).

properly act on the Motion for Issuance of an Alias Writ of Execution, which as alleged by respondents in their letter and based on the records at hand,[28] still remains pending resolution.

Hence, the Court cannot, as prayed for by Samalca, Latina, Manuel, Renato and Munar, issue an order directing the enforcement of the June 4, 2007 Resolution of this case since there are still issues that need to be resolved first by the Labor Arbiter concerned. What the Court can do at the most is to direct the Labor Arbiter concerned to proceed with the determination of whether there is *prima facie* evidence that the Compromise Agreement entered into by the parties in this case was obtained through fraud or misrepresentation so that he/she may ascertain whether to assume jurisdiction upon the issues raised respecting the validity of the said Compromise Agreement, and to thereupon resolve the Motion for Issuance of Alias Writ of Execution, all with reasonable dispatch, taking into account the above discussions.

WHEREFORE, the Labor Arbiter concerned is directed to proceed with the determination of whether there exists *prima facie* evidence that the December 28, 2007 Compromise Agreement was obtained through fraud or misrepresentation, thereby warranting his/her assumption of jurisdiction over the issues raised by respondents Roque C. Samalca, Jr., Danilo Latina, Manuel G. Moste, Renato G. Moste and Reynaldo Munar respecting the validity thereof, and to thereupon resolve their Motion for Issuance of Alias Writ of Execution, all with reasonable dispatch, taking into consideration the discussions made in this Resolution. *(Brion, J., on official leave, Reyes, J., designated acting member per Special Order No. 1763 dated August 26, 2014 in relation to Special Order No. 1776 dated August 28, 2014; Mendoza, J., on official leave, Villarama, Jr., J., designated acting member per Special Order No. 1767 dated August 27, 2014)*

SO ORDERED.

Very truly yours,

MA. LOURDES C. PERFECTO
Division Clerk of Court

[28] The records bear mere copies of the Minutes (*rollo*, p. 872) of the hearing held on February 12, 2009 which resets the hearing on February 26, 2009, and the Notice of Hearing (id. at 873) on March 10, 2010. Aside from these, there is nothing more to show that the hearing for the same continued or that the said motion has been resolved.

LAGUESMA MAGSALIN CONSULTA & GASTARDO LAW OFFICES (reg)
Counsel for Petitioner
705 Prestige Tower, F. Ortigas Jr. Road
Ortigas Center, 1605 Pasig City

LEGAL ADVOCATES FOR WORKERS' INTEREST (reg)
(ATTY. ERNESTO R. ARELLANO, ESQ.)
Counsel for Respondents
Rooms 206 & 400, Jiao Building
2 Timog Avenue, 1100 Quezon City

NATIONAL LABOR RELATIONS COMMISSION (reg)
PPSTA Building, Banawe Street
corner Quezon Boulevard
Quezon City
(NLRC NCR Case Nos. 07-07856-99; 08-08606-99; 09-09252-99)

ERNESTO OSTANI (reg)
Respondent
1130 Penafrancia Street
Paco, Manila

ROQUE C. SAMALCA, JR., ET AL. (reg)
Respondents
c/o Room 400, Jiao Building
2 Timog Avenue, 1100 Quezon City

COURT OF APPEALS (x)
Ma. Orosa Street
Ermita, 1000 Manila
CA-G.R. SP No. 84524

OFFICE OF THE CHIEF ATTORNEY (x)
OFFICE OF THE REPORTER (x)
Supreme Court, Manila

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