Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

RADIO PHILIPPINES NETWORK, INC., and/or MIA CONCIO, President, LEONOR LINAO, General Manager, LOURDES ANGELES, HRD Manager, and IDA BARRAMEDA, AGM-Finance, **Petitioners,**	**G.R. No. 187713**
	Present:
	CARPIO, *J.*, *Chairperson,*
	ABAD,*
	VILLARAMA,**
- versus -	PEREZ, and
	REYES, *JJ*,
RUTH F. YAP, MA. FE DAYON, MINETTE BAPTISTA, BANNIE EDSEL SAN MIGUEL, and MARISA LEMINA, **Respondents.**	Promulgated:
	AUG 0 1 2012

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D E C I S I O N

REYES, *J*:

Before us is a petition for review of the Resolutions of the Court of Appeals (CA) dated November 14, 2008[1] and March 9, 2009,[2] respectively, dismissing the petition for *certiorari* and denying the motion for reconsideration thereof for petitioners' failure to attach certain pleadings in CA-G.R. SP No. 105945.

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* Additional member per Special Order No. 1278 dated August 1, 2012 *vice* Associate Justice Arturo B. Brion.

** Additional member per Special Order No. 1274 dated July 30, 2012 *vice* Associate Justice Maria Lourdes P. A. Sereno.

1 Penned by Associate Justice Romeo F. Barza, with Associate Justices Mariano C. Del Castillo (now a member of this Court) and Arcangelita M. Romilla-Lontok, concurring, *rollo*, pp. 33-35.

2 Id. at 38-41.

The Antecedent Facts

Petitioner Radio Philippines Network, Inc. (RPN), represented by the Office of the Government Corporate Counsel (OGCC), is a government sequestered corporation with address at Broadcast City, Capitol Hills Drive, Quezon City, while petitioners Mia Concio (Concio), Leonor Linao (Linao), Ida Barrameda (Barrameda) and Lourdes Angeles (Angeles) were the President, General Manager, Assistant General Manager (AGM) for Finance, and Human Resources Manager, respectively, of RPN who were impleaded and charged with indirect contempt, the subject matter of the present petition. Respondents Ruth F. Yap (Yap), Bannie Edsel B. San Miguel (San Miguel), Ma. Fe G. Dayon (Dayon), Marisa Lemina (Lemina) and Minette Baptista (Baptista) were employees of RPN and former members of the Radio Philippines Network Employees Union (RPNEU), the bargaining agent of the rank-and-file employees of the said company.

On November 26, 2004, RPN and RPNEU entered into a Collective Bargaining Agreement (CBA) with a union security clause providing that a member who has been expelled from the union shall also be terminated from the company. The CBA had a term of five (5) years, commencing on July 1, 2004 and expiring on June 30, 2009.

A conflict arose between the respondents and other members of RPNEU. On November 9, 2005, the RPNEU's Grievance and Investigation Committee recommended to the union's board of directors the expulsion of the respondents from the union. On January 24, 2006, the union wrote to RPN President Concio demanding the termination of the respondents' employment from the company.

On February 17, 2006, RPN notified the respondents that their employment would be terminated effective March 20, 2006,[3] whereupon the respondents filed with the Labor Arbiter (LA) a complaint for illegal dismissal and non-payment of benefits.

On September 27, 2006, the LA rendered a decision[4] ordering the reinstatement of the respondents with payment of backwages and full benefits and without loss of seniority rights after finding that the petitioners failed to establish the legal basis of the termination of respondents' employment. The LA also directed the company to pay the respondents certain aggregate monetary benefits.

On October 27, 2006, the petitioner, through counsel submitted a Manifestation and Compliance dated October 25, 2006 to the LA stating that:

> "In compliance with the decision of the Labor Arbiter dated September 27, 2006, Respondent RPN9 most respectfully manifests that **it has complied** with the reinstatement of the complainants, namely: Ruth Yap, Ma. Fe Dayon, Bannie Edsel San Miguel, Marisa Lemina and Minette Baptista by way of payroll reinstatement."[5]

A copy of the said Manifestation was sent to the respondents by registered mail on even date.[6]

Alleging that there was no compliance yet as aforestated and that no notice was received, respondents filed with the LA a Manifestation and Urgent Motion to Cite for Contempt[7] dated November 3, 2006.

Therein, they narrated that on October 27, 2006, they went to RPN to present themselves to the petitioners for actual reinstatement to their former

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3 Id. at 43.
4 Under LA Eduardo G. Magno; id. at 42-47.
5 Id. at 49.
6 Id.
7 Id. at 49-57.

positions. They arrived while a mass was being celebrated at the lobby, at which they were allowed to attend while waiting for RPN General Manager Linao to meet them. Linao informed them that they had been reinstated, but only in the payroll, and that the company would endeavour to pay their salaries regularly despite its precarious financial condition. Four (4) days later, on October 31, 2006 at 11 a.m., the respondents returned to RPN to collect their salaries, it being a payday; but they were barred entry upon strict orders of Concio and Linao. The respondents returned in the afternoon but were likewise stopped by eight (8) guards now manning the gate. Respondents nonetheless tried to push their way in, but the guards manhandled them, pulled them by the hair and arms and pushed them back to the street. Some even endured having their breasts mashed, their blouses pulled up and their bags grabbed away. This incident was reported to the police for the filing of charges. Later that afternoon, the respondents somehow managed to enter the RPN lobby. It was AGM for Finance Barrameda who came out, but instead of meeting them, Barrameda ordered the guards to take them back outside the gate, where she said they would be paid their salaries. Their removal was so forcible and violent that they sustained physical injuries and had to be medically treated. Claiming that RPNEU President Reynato Sioson also assisted the guards in physically evicting them, they concluded from their violent ouster that Concio and Linao played a direct role in their expulsion from RPNEU.

The respondents prayed that the LA issue an order finding Concio and Linao liable for contempt after hearing; that the respondents be reinstated with full benefits, or in case of payroll reinstatement, that they be paid every 15th and 30th of the month as with all regular employees; that their salaries shall be paid at the Cashier's Office, and finally, that the respondents shall not be prevented from entering the premises of RPN.[8]

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[8] Id. at 55.

On November 14, 2006, the respondents filed a Motion for the Issuance of Writ of Execution/Garnishment,[9] alleging that in addition to the violent events of October 31, 2006, the respondents were again forcibly denied entry into RPN to collect their 13th month pay on November 10, 2006. They prayed that a writ of execution/garnishment be issued in order to implement the decision of the LA.[10]

In their joint Opposition[11] to the respondents' Manifestation and Urgent Motion to Cite for Contempt, as well as the Motion for the Issuance of Writ of Execution/Garnishment, the petitioners denied any liability for the narrated incidents, insisting that the respondents had been duly informed through a letter dated November 10, 2006 of their payroll reinstatement. The petitioners explained that because of the intra-union dispute between the respondents and the union leaders, they deemed it wise not to allow the respondents inside the company premises to prevent any more untoward incidents, and to release their salaries only at the gate. For this reason, the respondents were asked to open an ATM account with the Land Bank, Quezon City Circle Branch, where their salaries would be deposited every 5th and 20th day of the month, rather than on the 15th and 30th along with the other employees. "This measure was for the protection not only of complainants [herein respondents] but also for the other employees of RPN9 as well," according to the petitioners.[12]

On January 19, 2007, the respondents moved for the issuance of an alias writ of execution[13] covering their unpaid salaries for January 1-15, 2007, claiming that the petitioners did not show up at the agreed place of payment, and reiterating their demand to be paid on the 15th and 30th of the month at RPN, along with the rest of the employees. In their Opposition[14] dated January 30, 2007, the petitioners insisted that they could only pay the

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9 Id. at 58-60.
10 Id. at 60.
11 Id. at 61-67.
12 Id. at 63.
13 Id. at 68.
14 Id. at 69-73.

respondents' salaries on the 5th and 20th of the month, conformably with the company's cash flows.

On February 20, 2007, the petitioners manifested to the LA that the respondents could collect their salaries at the Bank of Commerce in Broadcast City Branch, Quezon City.[15] On March 9, 2007, the petitioners manifested that the respondents' salaries for the second half of February 2007 were ready for pick-up since March 5, 2007.[16] On March 15, 2007, the petitioners informed the LA that the respondents refused to collect their salaries. To prove their good faith, they stated that the respondents' salaries shall, henceforth, be deposited at the National Labor Relations Commission (NLRC)-Cashier on the 5th and 20th of every month.

Unswayed by these manifestations, the LA in his assailed Order[17] dated May 3, 2007, cited the petitioners for indirect contempt for "committing disobedience to lawful order." The *fallo* reads as follows:

> **WHEREFORE**, let a writ of execution be issued. [RPN] is ordered to reinstate the [respondents] in the payroll, pay their unpaid salaries computed above with deductions for SSS, income tax, union dues and other statutory deductions. [RPN] is also ordered to have the payment of the salaries of the [respondents] at the company's premises. [RPN] are (sic) also guilty of committing disobedience to the lawful order of this court and are (sic) therefore cited for indirect contempt and hereby ordered to pay the amount of [₱]700 for committing indirect contempt in every payroll period.
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> **SO ORDERED**.[18]

On appeal, the NLRC dismissed the same in a Resolution dated May 27, 2008, and on August 15, 2008 it also denied the petitioners' motion for reconsideration.[19]

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15 Id. at 74-75.
16 Id. at 76-77.
17 Id. at 92-96.
18 Id. at 95.
19 Id. at 113-115.

Thus, on November 3, 2008, the petitioners filed with the CA a petition for *certiorari* with prayer for a temporary restraining order and/or writ of preliminary injunction, docketed as CA-G.R. SP No. 105945. In its Resolution[20] dated November 14, 2008, the CA dismissed the petition for failure to attach copies of pertinent pleadings mentioned in the petition, namely: (a) respondents' Motion for the Issuance of an Alias Writ of Execution (Annex "H"); (b) petitioners' Opposition to said motion (Annex "I"); (c) petitioners' Manifestation dated February 20, 2007 (Annex "J"); (d) petitioners' Manifestation dated March 9, 2007 (Annex "K"); and (e) petitioners' Manifestation dated March 15, 2007 (Annex "L").

In their motion for reconsideration,[21] the petitioners pleaded with the CA not to "intertwine" the LA's contempt order with the main case for illegal dismissal, now subject of a separate petition for *certiorari* in the said court. They contended that the respondents' Urgent Motion to Cite for Contempt[22] and Motion for the Issuance of Writ of Execution/Garnishment,[23] and the petitioners' Opposition[24] thereto, suffice to resolve the charge of indirect contempt against the petitioners.

On March 9, 2009,[25] the CA denied the petitioners' motion for reconsideration, citing again the failure to submit the documents it enumerated in its Resolution dated November 14, 2008. The CA stated that the petitioners should have attached these supporting documents to the petition for *certiorari*. Without them, the allegations contained in the petition are nothing but bare assertions.[26]

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20 Id. at 33-35.
21 Id. at 130-133.
22 Id. at 49-57.
23 Id. at 58-60.
24 Id. at 61-67.
25 Id. at 38-41.
26 Id. at 41.

Issues

Hence, this petition for review, upon the following grounds:

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THE HONORABLE COURT OF APPEALS ACTED NOT IN ACCORD WITH LAW AND SETTLED JURISPRUDENCE WHEN IT DISMISSED THE PETITION *A QUO* ON A MERE TECHNICALITY, CONSIDERING THAT:

A.

PETITIONER HAS SUBSTANTIALLY COMPLIED AND INTENDS TO FULLY COMPLY WITH THE RULES CONCERNING THE ATTACHMENT OF PERTINENT DOCUMENTS AND PLEADINGS TO A PETITION FOR *CERTIORARI*.

B.

PETITIONER HAS A MERITORIOUS CASE AS PETITIONER HAS ACTUALLY FULLY COMPLIED WITH THE DECISION OF THE LABOR ARBITER. HENCE, THERE IS NO CAUSE OF ACTION TO HOLD PETITIONER IN INDIRECT CONTEMPT FOR ALLEGED NON-COMPLIANCE WITH THE AFORESAID DECISION.[27]

Discussion

Section 3 of Rule 46 of the Rules of Court authorizes the dismissal of a petition for failure to attach relevant, not merely incidental, pleadings.

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[27] Id. at 22-23.

The requirement in Section 1 of Rule 65 of the Rules of Court to attach relevant pleadings to the petition is read in relation to Section 3, Rule 46, which states that failure to comply with any of the documentary requirements, such as the attachment of relevant pleadings, "shall be sufficient ground for the dismissal of the petition."[28] Section 3 of Rule 46 provides:

> SEC. 3. *Contents and filing of petition; effect of non-compliance with requirements.* —
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> x x x x
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> [The petition] shall be filed in seven (7) clearly legible copies together with proof of service thereof on the respondent with the original copy intended for the court indicated as such by the petitioner, and shall be accompanied by a clearly legible duplicate original or certified true copy of the judgment, order, resolution, or ruling subject thereof, such material portions of the record as are referred to therein, and other documents relevant or pertinent thereto. The certification shall be accomplished by the proper clerk of court or by his duly authorized representative, or by the proper officer of the court, tribunal, agency or office involved or by his duly authorized representative. The other requisite number of copies of the petition shall be accompanied by clearly legible plain copies of all documents attached to the original.
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> x x x x
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> The failure of the petitioner to comply with any of the foregoing requirements shall be sufficient ground for the dismissal of the petition.

In relation to the above section, Section 1 of Rule 65 provides:

> SECTION 1. *Petition for certiorari*. —
> The petition shall be accompanied by a certified true copy of the judgment, order or resolution subject thereof, copies of all pleadings and documents relevant and pertinent thereto, and a sworn certification of non forum shopping as provided in the third paragraph of section 3, Rule 46.

The court is given discretion to dismiss the petition outright for failure of the petitioner to comply with the requirement to attach relevant pleadings, and generally such action cannot be assailed as constituting either grave abuse of discretion or reversible error of law. But if the court takes cognizance of the petition despite such lapses, the phrasing of Section 3, Rule 46 sufficiently justifies such adjudicative recourse.[29]

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[28] *Phil. Agila Satellite, Inc. v. Usec. Trinidad-Lichauco*, 522 Phil. 565, 582 (2006).

[29] Id.

In their Comment[30] to the petition, the respondents harp on the technicalities invoked by the CA. Invoking the third paragraph of Section 3 of Rule 46, they insist that the petitioners failed to comply with Section 1 of Rule 65, giving sufficient ground for the dismissal of their petition. They cite the Resolution of the CA dated November 14, 2008 stating that "a careful perusal of the instant petition reveals that copies of pertinent and relevant pleadings and documents x x x were not attached therein in violation of Section 1, Rule 65 of the Rules of Court, as amended."[31] The court specifically enumerated the five (5) documents described below, all mentioned in the petition for *certiorari*, without which "the allegations in the petition are nothing but bare assertions":

> a. In their Motion for the Issuance of An Alias Writ of Execution (Annex "H") filed with the Labor Arbiter, respondents alleged that they were unpaid of their salaries for January 1-15, 2007 because the petitioners' representatives failed to appear at the place and time for the payment which the parties agreed on at the conciliation proceedings.
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> b. In the petitioners' Opposition (Annex "I") to the above motion, they claimed that the respondents lied concerning the payment of their salaries for January 1-15, 2007, since they were in fact paid on January 19, 2007, as agreed to at the conference held on January 5, 2007, and as attested to by the Labor Arbiter. They also asserted that releasing respondents' salaries on the 5th and 20th of the month is the most feasible for the company in view of its "financial limitations and near distress as a sequestered corporation."
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> c. In the petitioners' Manifestation dated February 20, 2007 (Annex "J"), they claimed that the respondents' salaries for the first half of February 2007 were ready for pick-up at the Bank of Commerce, Broadcast City branch.
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> d. In the petitioners' Manifestation dated March 9, 2007 (Annex "K"), they claimed that the respondents' salaries for the second half of February were ready for pick-up at the Bank of Commerce, Broadcast City branch.

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30 *Rollo*, pp. 222-233.

31 Id. at 226.

> e. Lastly, in the petitioners' Manifestation dated March 15, 2007 (Annex "L"), they informed the LA that the respondents' paychecks for March 1-15, 2007 would be deposited with the NLRC's cashier, and that thenceforth, their fortnightly salaries would be deposited with the NLRC on the 5th and 20th of the month.

The motion to cite the petitioners for indirect contempt was filed on November 3, 2006, but a cursory perusal of the above documents reveals that they deal with events which are at best merely incidental to the complaint, since they pertain to salaries which fell due after the alleged contumacious acts first complained of, which the LA even said should be the subject of separate complaints. The petitioners cannot, therefore, be faulted for insisting that they have submitted to the appellate court in good faith those documents which were "relevant and pertinent" to the resolution of the issue of indirect contempt. Moreover, we agree that the respondents' Urgent Motion to Cite for Contempt[32] and Motion for the Issuance of Writ of Execution/Garnishment,[33] and the petitioners' joint Opposition[34] thereto, suffice to resolve the issue of indirect contempt.

This Court invariably sustains the appellate court's dismissal of a petition on technical grounds, unless considerations of equity and substantial justice present cogent reasons to hold otherwise.[35] Leniency cannot be accorded absent valid and compelling reasons for such procedural lapse.[36] We are not unmindful of exceptional cases where this Court has set aside procedural defects to correct a patent injustice, provided that concomitant to a liberal application of the rules of procedure is an effort on the part of the party invoking liberality to at least explain its failure to comply with the rules.[37] We find that an adequate justification has been proffered by the petitioners for their supposed procedural shortcoming.

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32 Id. at 49-57.
33 Id. at 58-60.
34 Id. at 61-67.
35 *Villamor v. Heirs of Tolang*, 499 Phil. 24, 32 (2005).
36 *Daikoku Electronics Phils., Inc. v. Raza*, G.R. No. 181688, June 5, 2009, 588 SCRA 788, 795.
37 *Ramirez v. Court of Appeals*, G.R. No. 182626, December 4, 2009, 607 SCRA 752, 769.

The manner of reinstating a dismissed employee in the payroll generally involves an exercise of management prerogative.

In the case of *Pioneer Texturizing Corp. v. NLRC*,[38] it was held that an order reinstating a dismissed employee is immediately self-executory without need of a writ of execution, in accordance with the third paragraph of Article 223 of the Labor Code.[39] The article states that the employee entitled to reinstatement "shall either be admitted back to work under the same terms and conditions prevailing prior to his dismissal or separation or, at the option of the employer, merely reinstated in the payroll." Thus, even if the employee is able and raring to return to work, the option of payroll reinstatement belongs to the employer.[40]

The new NLRC Rules of Procedure, which took effect on January 7, 2006, now requires the employer to submit a report of compliance within ten (10) calendar days from receipt of the LA's decision, disobedience to which clearly denotes a refusal to reinstate.[41] The employee need no longer file a motion for issuance of a writ of execution, since the LA shall thereafter *motu proprio* issue the writ. With the new rules, there will be no difficulty in determining the employer's intransigence in immediately complying with the order.[42]

The general policy of labor law is to discourage interference with an employer's judgment in the conduct of his business. Even as the law is solicitous of the welfare of the employees, it must also protect the right of an employer to exercise what are clearly management prerogatives. As long as

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[38] 345 Phil. 1057 (1997), cited in *Pfizer, Inc. v. Velasco*, G.R. No. 177467, March 9, 2011, 645 SCRA 135, 144.

[39] Article 223. In any event, the decision of the Labor Arbiter reinstating a dismissed or separated employee, insofar as the reinstatement aspect is concerned, shall immediately be executory, even pending appeal. The employee shall either be admitted back to work under the same terms and conditions prevailing prior to his dismissal or separation or, at the option of the employer, merely reinstated in the payroll. The posting of a bond by the employer shall not stay the execution for reinstatement provided herein.

[40] Id.

[41] Revised Rules of Procedure of the NLRC, Rule V, Sec. 14 and Rule XI, Sec. 6.

[42] *Garcia v. Philippine Airlines, Inc.*, G.R. No. 164856, January 20, 2009, 576 SCRA 479, 495.

the company's exercise of judgment is in good faith to advance its interest and not for the purpose of defeating or circumventing the rights of employees under the laws or valid agreements, such exercise will be upheld.[43] Neither does labor law authorize the substitution of judgment of the employer in the conduct of his business, unless it is shown to be contrary to law, morals, or public policy.[44] The only condition is that the exercise of management prerogatives should not be done in bad faith or with abuse of discretion.[45]

It has been held that in case of strained relations or non-availability of positions, the employer is given the option to reinstate the employee merely in the payroll, precisely in order to avoid the intolerable presence in the workplace of the unwanted employee.[46] The Court explained in *Maranaw Hotel Resort Corporation v. NLRC*,[47] thus:

> This option [to reinstate a dismissed employee in the payroll] is based on practical considerations. The employer may insist that the dismissal of the employee was for a just and valid cause and the latter's presence within its premises is intolerable by any standard; or such presence would be inimical to its interest or would demoralize the co-employees. Thus, while payroll reinstatement would in fact be unacceptable because it sanctions the payment of salaries to one not rendering service, it may still be the lesser evil compared to the intolerable presence in the workplace of an unwanted employee.[48]

The circumstances of the present case have more than amply shown that the physical restoration of the respondents to their former positions would be impractical and would hardly promote the best interest of both parties. Respondents have accused the petitioners of being directly complicit in the plot to expel them from the union and to terminate their

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43 *Association of Integrated Security Force of Bislig (AISFB)-ALU v. Court of Appeals*, 505 Phil. 10, 25 (2005); *San Miguel Corporation v. Layoc, Jr.*, G.R. No. 149640, October 19, 2007, 537 SCRA 77, 95, citing *San Miguel Brewery Sales Force Union (PTGWO) v. Hon. Ople*, 252 Phil. 27, 31 (1989).

44 *Abbot Laboratories (Phils.), Inc. v. NLRC*, 238 Phil. 699 (1987). See also *PNOC-EDC v. Abella*, 489 Phil. 515, 537 (2005).

45 *Sagales v. Rustan's Commercial Corporation*, G.R. No. 166554, November 27, 2008, 572 SCRA 89, 103, citing *Aparente, Sr. v. NLRC*, 387 Phil. 96 (2000).

46 Supreme Court Resolution dated July 12, 2006 in G.R. No. 144885 entitled *Kimberly Clark (Phils.), Inc. v. Facundo*.

47 G.R. No. 110027, November 16, 1994, 238 SCRA 190.

48 Id. at 199-200.

employment, while petitioners have charged the respondents with trying to sabotage the peace of the workplace in "furthering their dispute with the union." The resentment and enmity between the parties have so strained their relationship and even provoked antipathy and antagonism, as amply borne out by the physical clashes that had ensued every time the respondents attempted to enter the RPN compound, that respondents' presence in the workplace will not only be distracting but even disruptive, to say the least.

This Court has long recognized the management's right to formulate reasonable rules to regulate the conduct of its employees for the protection of its interests.[49] *Maranaw Hotel* recognizes that the management's option to reinstate a dismissed employee in the payroll is precisely so that the intolerable presence of an unwanted employee in the workplace can be avoided or prevented. The records have shown how violent incidents have attended the respondents' every attempt to enter the company compound. While security guards were posted at the gate with strict orders to bar their entry, there is no belittling what provocation the respondents unleashed by their militant persistence to enter, and even willingness to engage the guards in physical tussle. It can hardly be considered unreasonable and arbitrary, therefore, for the company to allow respondents go nearer than at the gate.

The proposal to pay the respondents' salaries through ATM cards, now a wide practice cannot be said to be prejudicial or oppressive since it would not entail any unusual effort by the respondents to collect their money. As to the respondents' demand to be paid their salaries on the 15th and 30th of the month along with the other employees, instead of on the 5th and 20th days, petitioners reason that the salaries must be staggered due to RPN's erratic cash flows. The law only requires that the fortnightly intervals be observed.

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[49] *San Miguel Brewery Sales Force Union (PTGWO) v. Hon. Ople*, 252 Phil. 27 (1989); *San Miguel Corporation v. NLRC*, 255 Phil. 302 (1989). See also *First Dominion Resources Corp. v. Peñaranda*, 516 Phil. 291, 297 (2006).

Petitioners have substantially complied in good faith with the terms of payroll reinstatement.

The petitioners insist that the respondents were immediately reinstated, albeit in the payroll, in compliance with the order of the LA, and their salaries have since been regularly paid without fail. And granting that there were occasional delays, the petitioners assert that the respondents in their combative hostility toward the petitioners were partly to blame for their recalcitrant demands as to the place and schedule of payment, and their refusal to cooperate in the opening of their ATM accounts.

In its Consolidated Reply[50] dated September 7, 2010 to the respondents' comments, RPN noted that the LA, in its Order[51] dated January 12, 2010, denied the respondents' motion to execute the Order dated May 3, 2007, for the reason that *there was no more legal basis to execute his order* because the matter had been mooted by the petitioners' compliance therewith by paying the respondents' salaries from September 2008 to April 2009, including all benefits in arrears. The LA clarified that any subsequent violations of RPN's obligation to pay the respondents' salaries would have to be the subject of a new complaint for indirect contempt, and concluded that "the judgment award has been fully paid."[52]

The LA mentioned another motion for execution by the respondents dated July 23, 2009, which he also denied for lack of merit. It was also mentioned in the subsequent Order dated January 12, 2010 that the question of whether the respondents were still members of the RPNEU was still pending with the Supreme Court.

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50 *Rollo*, pp. 366-370.
51 Id. at 373-377.
52 Id. at 375.

On April 22, 2009, the respondents executed a quitclaim and release covering the period from March to September 2006.[53] It also appears that the salaries for October 2006 to January 2007 were already delivered, as stated in the Order of the LA dated May 3, 2007.[54] As also claimed by the petitioners, the salary checks for February to May 15, 2007 were deposited with the NLRC's cashier.[55] Meanwhile, RPN has been asking the respondents to open ATM accounts to facilitate the deposit of their salaries, but they have refused.

RPN also attached to its petition photocopies of the biweekly cash vouchers for the individual salaries of the respondents from January to August 2010.[56] The vouchers show in detail their gross individual monthly salaries, withholdings for income tax and member's premiums for SSS, Pag-IBIG and Philhealth, and net salaries for the period September 2008 to April 2009.[57] The salaries were also shown to have been ready for release on the 15th and 30th of the month.

All these clearly show that the petitioners have substantially complied with the LA's Decision dated September 27, 2006 ordering the respondents' payroll reinstatement.

Petitioners are not guilty of indirect contempt.

Indirect contempt[58] refers to contumacious or stubbornly disobedient acts perpetrated outside of the court or tribunal and may include misbehaviour of an officer of a court in the performance of his official duties or in his official transactions; disobedience of or resistance to a lawful writ, process, order, judgment, or command of a court, or injunction granted by a

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53 Id. at 210-211.
54 Id. at 92.
55 Id. at 98-99.
56 Id. at 379-454.
57 Id. at 135-209.
58 See 1997 Rules of Civil Procedure, Rule 71, Section 3.

court or a judge; any abuse or any unlawful interference with the process or proceedings of a court not constituting direct contempt; or any improper conduct tending directly or indirectly to impede, obstruct or degrade the administration of justice.[59] To be considered contemptuous, an act must be clearly contrary to or prohibited by the order of the court or tribunal. A person cannot, for disobedience, be punished for contempt unless the act which is forbidden or required to be done is *clearly and exactly defined*, so that there can be no reasonable doubt or uncertainty as to what specific act or thing is forbidden or required.[60]

The power to punish for contempt should be exercised on the preservative, not on the vindictive, principle. Only occasionally should a court invoke this inherent power in order to retain that respect, without which the administration of justice will falter or fail. Only in cases of clear and contumacious refusal to obey should the power be exercised. Such power, being drastic and extraordinary in its nature, should not be resorted to unless necessary in the interest of justice.[61]

It is not denied that after the order of reinstatement of the respondents, RPN forthwith restored them in its payroll without diminution of their benefits and privileges, or loss of seniority rights. They retained their entitlement to the benefits under the CBA. Respondents regularly received their salaries and benefits, notwithstanding that the company has been in financial straits. Any delays appear to have been due to misunderstandings as to the exact place and time of the fortnightly payments, or because the respondents were tardy in collecting them from the Bank of Commerce at Broadcast City Branch or from the NLRC cashier. The petitioners tried proposing opening an ATM accounts for them, but the respondents rejected the idea.

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59 Id.; see also *Patricio v. Hon. Suplico*, 273 Phil. 353, 363 (1991); *Tokio Marine Malayan Insurance Company, Incorporated v. Valdez*, G.R. No. 150107, January 28, 2008, 542 SCRA 455, 467.

60 *Regalado v. Go*, G.R. No. 167988, February 6, 2007, 514 SCRA 616.

61 *Inonog v. Ibay*, A.M. No. RTC-09-2175, July 28, 2009, 594 SCRA 168, 177-178; *Lu Ym v. Atty. Mahinay*, 524 Phil. 564, 572-573 (2006).

We are convinced under the circumstances that there was no sufficient basis for the charge of indirect contempt against the petitioners, and that the same was made without due regard for their right to exercise their management prerogatives to preserve the viability of the company and the harmony of the workplace. Indeed, the LA in the Order dated January 12, 2010 found no more legal basis to execute his Order dated May 3, 2007, and declared that the said order has been mooted by the petitioners' compliance.

WHEREFORE, premises considered, the petition is **GRANTED**. The Resolutions of the Court of Appeals dated November 14, 2008 and March 9, 2009 in CA-G.R. SP No. 105945 are **SET ASIDE**. The Order dated May 3, 2007 of the Labor Arbiter in NLRC-NCR Case Nos. 00-03-01908-06, 00-04-03488-06, 00-03-02042-06, 00-03-01920-06 and 00 03-01922-06, finding petitioners Mia Concio, Leonor Linao, Ida Barrameda and Lourdes Angeles, guilty of indirect contempt is **REVERSED**.

SO ORDERED.

BIENVENIDO L. REYES
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Senior Associate Justice
Chairperson, Second Division

ROBERTO A. ABAD
Associate Justice

MARTIN S. VILLARAMA, JR.
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

CERTIFICATION

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.

ANTONIO T. CARPIO
Senior Associate Justice
(Per Section 12, R.A. 296,
The Judiciary Act of 1948, as amended)