Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

DIONISIO F. AUZA, JR., ADESSA F. OTARRA, and ELVIE JEANJAQUET, *Petitioners,*	**G.R. No. 175481**
	Present:
- versus -	CARPIO, *Chairperson,* BRION, DEL CASTILLO, PEREZ, *and* PERLAS-BERNABE, *JJ.*
MOL PHILIPPINES, INC. and CESAR G. TIUTAN, *Respondents.*	Promulgated: NOV 2 1 2012

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DECISION

DEL CASTILLO, *J.*:

"[J]ustice is in every case for the deserving, to be dispensed in the light of the established facts and the applicable law and doctrine."[1] Although we are committed to protect the working class, it behooves us to uphold the rights of management too if only to serve the interest of fair play. As applied in this case, the employees who voluntarily resigned and executed quitclaims are barred from instituting an action or claim against their employer.

By this Petition for Review on *Certiorari,*[2] petitioners Dionisio F. Auza, Jr. (Auza), Adessa F. Otarra (Otarra) and Elvie Jeanjaquet (Jeanjaquet) assail the August 17, 2006 Decision[3] and November 15, 2006 Resolution[4] of the Court of Appeals (CA) in CA-G.R. SP No. 01375, which reversed the July 22, 2005

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[1] *Sime Darby Pilipinas Inc. v. National Labor Relations Commission (2nd Div.),* 351 Phil. 1013, 1020 (1998).
[2] *Rollo* pp. 26-68.
[3] CA *rollo,* pp. 652-663; penned by Associate Justice Pampio A. Abarintos and concurred in by Associate Justices Marlene Gonzales-Sison and Priscilla Baltazar-Padilla.
[4] Id. at 730-731.

Decision[5] and November 30, 2005 Resolution[6] of the National Labor Relations Commission (NLRC) and consequently dismissed their Complaints for illegal dismissal against respondents MOL (Mitsui O.S.K Lines) Philippines, Inc. (MOL) and Cesar G. Tiutan (Tiutan), in his capacity as its President.

Factual Antecedents

Respondent MOL is a common carrier engaged in transporting cargoes to and from the different parts of the world. On October 1, 1997, it employed Auza and Jeanjaquet as Cebu's Branch Manager and Administrative Assistant, respectively. It also employed Otarra as its Accounts Officer on November 1, 1997.

On October 14, 2002, Otarra tendered her resignation[7] letter effective November 15, 2002 while Auza and Jeanjaquet submitted their resignation letters[8] on October 30, 2002 to take effect on November 30, 2002. Petitioners were then given their separation pay and the monetary value of leave credits, 13th month pay, MOL cooperative shares and unused dental/optical benefits as shown in documents entitled "Remaining Entitlement Computation,"[9] which documents were signed by each of them acknowledging receipt of such benefits. Afterwhich, they executed Release and Quitclaims[10] and then issued Separation Clearances.[11]

In February 2004 or almost 15 months after their severance from employment, petitioners filed separate Complaints[12] for illegal dismissal before the Arbitration Branch of the NLRC against respondents and MOL's Manager for Corporate Services, George Dolorfino. These complaints were later consolidated.

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5 Id. at 59-79; penned by Commissioner Aurelio D. Menzon and concurred in by Commissioner Oscar S. Uy and Presiding Commissioner Gerardo C. Nograles.
6 Id. at 80-92.
7 Id. at 100.
8 Id. at 96 and 104.
9 Id. at 97, 101 and 105.
10 Id. at 98, 102 and 106.
11 Id. at 99, 103 and 107.
12 Id. at 93-95.

Proceedings before the Labor Arbiter

In an Order[13] dated May 26, 2004, Labor Arbiter Ernesto F. Carreon directed the parties to submit their respective Position Papers within 10 days from receipt of notice. Petitioners' counsel of record, Atty. Narciso C. Boiser (Atty. Boiser), received the same on June 22, 2004.

In their Position Paper,[14] respondents alleged that petitioners were not dismissed but voluntarily resigned from employment. In fact, separation benefits were paid to them for which quitclaims were duly executed. Hence, petitioners are effectively barred from instituting any action or claim in connection with their employment. They likewise posited that petitioners are guilty of laches by estoppel considering that they filed their complaints only after the lapse of 15 months from their severance from employment. To support these allegations, respondents submitted together with the said Position Paper, documentary evidence, affidavit of witnesses and a formal offer of exhibits.

Instead of promptly filing their Position Paper, petitioners, on the other hand, wrote the Labor Arbiter on July 7, 2004 requesting for additional time as they were looking for another lawyer because Atty. Boiser was frequently out of town.[15] They were able to secure the services of Atty. Amorito V. Cañete (Atty. Cañete), who filed on July 29, 2004 an Entry of Appearance with Motion for Extension of Time to File Complainants' Position Paper.[16] However, in an Order[17] of even date, the Labor Arbiter refused to recognize Atty. Cañete's appearance without the corresponding withdrawal of appearance of Atty. Boiser. Nevertheless, petitioners were given 10 days from date to submit their Position Paper. The next day, Atty. Boiser filed a Manifestation that Atty. Cañete had been engaged by petitioners as a co-counsel.

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13 Id. at 152.
14 Id. at 110-126.
15 See p. 3 of the July 22, 2005 NLRC Decision, id. at 64.
16 Id. at 140-141.
17 Id. at 161.

Subsequently and notwithstanding the earlier refusal of the Labor Arbiter to recognize the appearance of Atty. Cañete, petitioners filed on August 11, 2004 a verified Position Paper[18] signed by the said counsel. They averred in said pleading that their consent to resign was not voluntarily given but was instead obtained through mistake and fraud. They claimed that they were led to believe that MOL's Cebu branch would be downsized into a mere skeletal force due to alleged low productivity and profitability volume. Pressured into resigning prior to the branch's closure as they might be denied separation pay, petitioners were constrained to resign.

Petitioners further averred that their separation from employment amounts to constructive dismissal due to the shabby treatment they received from Tiutan at the time they were being compelled to quit employment. Aside from Tiutan's incessant imputations that the Cebu branch is overstaffed, manned by incompetent employees, and is heavily losing money, Auza was stripped of his authority to sign checks for the branch's expenditures; his and Otarra's assigned company cars, cellphones and landline phones were recalled; representation expenses were cut-off; and travel and hotel expenses were drastically reduced. These were done to them despite the fact that the Cebu branch had consistently surpassed the performance goal set by the Manila office as shown by documentary evidence submitted. Later, they discovered that the planned downsizing of the Cebu branch was a mere malicious scheme to oust them and to accommodate Tiutan's own people. This is because after they were duped to resign, additional employees were hired by the management as their replacement; they moved to a bigger office; and more telephone lines were installed. In view of their illegal dismissal, petitioners thus prayed for reinstatement plus backwages as well as for damages and attorney's fees.

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[18] Id. at 370-387.

Petitioners also filed a Supplemental Position Paper[19] to show an itemized computation of backwages due them and to further reiterate that their signatures in the resignation letters and quitclaims were conditioned upon respondents' misrepresentation that the Cebu office will eventually be manned by a skeletal force, which, however, did not take place.

Subsequently, respondents filed a Motion to Expunge and/or Strike Out Position Paper for Complainants Dated August 9, 2004 Filed by Atty. Amorito V. Cañete.[20] They pointed out the belated filing of petitioners' Position Paper and the lack of authority of Atty. Cañete to file and sign the same, among others. The Labor Arbiter granted the Motion in an Order[21] dated November 12, 2004 ratiocinating that a Position Paper must be filed within the inextendible 10-day period as provided under Section 4, Rule V of the NLRC Rules of Procedure. In this case, petitioners' counsel of record, Atty. Boiser, received on June 22, 2004 the May 26, 2004 Order requiring the parties to file position papers within 10 days from receipt thereof. However, petitioners were only able to file their Position Paper on August 11, 2004, way beyond the said 10-day period. And for being filed late, said pleading must be stricken off the records. Consequently, the Labor Arbiter dismissed the Complaints without prejudice for failure to prosecute pursuant to Section 3, Rule 17 of the Rules of Court.

Proceedings before the National Labor Relations Commission

Petitioners appealed to the NLRC[22] claiming that the Labor Arbiter defied judicial pronouncements that the failure to submit a Position Paper on time is not a ground for dismissing a complaint. Moreover, considering their dilemma at the time when Atty. Boiser could hardly be reached and the unfortunate non-recognition order by the Labor Arbiter of their new counsel, Atty. Cañete,

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19 Id. at 421-436.
20 Id. at 142-151.
21 Id. at 162-163.
22 See petitioners' Appeal Memorandum, id. at 164-180.

petitioners prayed for the relaxation of the rules to admit their Position Paper which, they contended, was filed only two days late since they were given an extension of 10 days from July 29, 2004 to file the same in an Order of even date.

In their Reply,[23] respondents countered that petitioners' Position Paper was filed more than 60 days late from receipt by Atty. Boiser (who remained petitioners' counsel of record) of the Labor Arbiter's May 26, 2004 Order. They insisted that this inexcusable delay should not be allowed. The Labor Arbiter should have dismissed the Complaints with prejudice in the first place; *a fortiori*, the NLRC should also dismiss the appeal for want of merit. Moreover, petitioners' appeal deserves outright dismissal as no appeal may be taken from an order dismissing an action without prejudice, the remedy being only to revive or re-file the case with the Labor Arbiter.

In its Decision[24] dated July 22, 2005, the NLRC set aside the Labor Arbiter's ruling that petitioners' Position Paper was filed late. It held that the 10-day period given to petitioners for filing their Position Paper should be reckoned from Atty. Cañete's receipt on August 9, 2004 of the July 29, 2004 Order of the Labor Arbiter. The filing, therefore, of petitioners' Position Paper on August 11, 2004 is well within the allowed period, hence, there was no basis in dismissing the Complaints for failure to prosecute.

Also, instead of remanding the case to the Labor Arbiter, the NLRC opted to decide the same on the merits, in consonance with its mandate to speedily dispose of cases. In so doing, it found that petitioners' resignation letters and quitclaims are invalid and were signed under duress. The NLRC noted that contrary to the representations made to petitioners, the Cebu branch was not actually closed but merely transferred to another location with a bigger office space and with new employees hired as petitioners' replacements. Further, the

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23 Id. at 181-194.
24 Id. at 59-79.

NLRC noted that under MOL's employment manual, an employee who voluntarily resigns shall only be entitled to benefits if he/she has rendered 10 years of continuous service. Hence, the grant of benefits to petitioners is questionable considering that each of them rendered only five years of service. It therefore opined that petitioners' receipt of benefits is just part of respondents' plan to secure their resignations.

The NLRC concluded that petitioners were illegally dismissed and thus granted them the relief of reinstatement, full backwages computed in accordance with the computation presented by petitioners in their Supplemental Position Paper, and attorney's fees. For Tiutan's bad faith in pressuring both Auza and Otarra to resign, moral and exemplary damages were likewise awarded to the two. The dispositive portion of the NLRC Decision reads:

> **WHEREFORE,** we find respondents guilty of illegally dismissing complainants consequently they are ordered to reinstate complainants to their positions without loss of seniority rights with full backwages from the time they were illegally dismissed until their actual reinstatement, the backwages are computed as of June 30, 2005 as follows: Dionisio F. Auza, Jr. – ₱2,106,165.90; ₱1,203,705.13 for Adessa F. Otarra and ₱685,027.68 for Elvie Jeanjaquet, subject to further recomputation. In addition, respondents are ordered to pay moral and exemplary damages of ₱500,000.00 to Dionisio F. Auza, Jr. and ₱100,000.00 to Adessa F. Otarra. Further, respondents are ordered to pay complainants equivalent to 10% of the total amount awarded as attorney's fees.
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> **SO ORDERED.**[25]

Both parties filed their respective Motions for Reconsideration.[26] With respect to petitioners, they moved that their entitlement to 27 sacks of rice, which was discussed in the body of the NLRC Decision but omitted in the dispositive portion thereof, be declared. For their part, respondents alleged that the NLRC has no jurisdiction to entertain petitioners' appeal; hence, it usurped the jurisdiction and function of the Labor Arbiter to hear and decide the case which had been dismissed without prejudice. Reiterating this argument, respondents also

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25 Id. at 78-79.

26 *Rollo*, pp. 219-220 and 222-246.

subsequently filed An Urgent Motion to Dismiss Instant Appeal for Lack of Jurisdiction.[27]

The NLRC, in its Resolution[28] dated November 30, 2005, granted petitioners' motion by awarding 27 sacks of rice to each of them in addition to the monetary awards. On the other hand, it denied respondents' motions by upholding its jurisdiction to entertain petitioners' appeal in line with its authority to correct errors made by the Labor Arbiter and in order to prevent delays in the disposition of labor cases.

Proceedings before the Court of Appeals

A Petition for *Certiorari* with Prayer for the Issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction[29] was filed by respondents with the CA. In a Resolution[30] dated January 13, 2006, the CA issued a temporary restraining order to prevent the enforcement of the NLRC Decision of July 22, 2005 upon respondents' posting of a bond. A writ of preliminary injunction[31] was then issued to further restrain the implementation of the assailed Decision.

On August 17, 2006, the CA rendered its Decision[32] annulling and setting aside the Decision of the NLRC. The CA did not find any element of coercion and force in petitioners' separation from employment but rather upheld the voluntary execution of their resignation letters as gleaned from the tenor thereof. It opined that petitioners were aware of the consequences of their acts in voluntarily resigning and executing quitclaims. Notably, however, the CA did not

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27 CA *rollo*, pp. 261-265.
28 Id. at 80-92.
29 Id. at 2-58.
30 Id. at 278-279.
31 Id. at 528-531.
32 Id. at 652-663.

touch upon the issue raised by respondents regarding the NLRC's lack of jurisdiction. The dispositive portion of the CA's Decision reads:

> **WHEREFORE**, the petition for certiorari filed by the petitioners is hereby **GRANTED**. Accordingly, the assailed decision of the public respondent National Labor Relations Commission (NLRC) 4th Division of Cebu City dated 22 July 2005 in NLRC Case No. V-000079-2005 (RAB-VII-02-0342-04 and RAB-VII-02-0418-04) as well as the Resolution of the public respondent Commission dated 30 November 2005 are **REVERSED** and **SET ASIDE**. A new decision is entered dismissing the complaints filed by private respondents for illegal dismissal against petitioners.
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> SO ORDERED.[33]

A motion for reconsideration[34] was filed by the petitioners but the same was denied by the CA in a Resolution[35] dated November 15, 2006.

Hence, this petition.

Issues

Petitioners ascribe upon the CA the following errors:

1. THE HONORABLE COURT OF APPEALS ACTED WITHOUT JURISDICTION AND GRAVELY ERRED WHEN IT REVERSED AND SET ASIDE THE NLRC DECISION RENDERED ON THE BASIS OF FACTUAL FINDINGS WHICH WERE NOT CONTROVERTED BY HEREIN PRIVATE RESPONDENTS[;]

2. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT RULING THAT THE RESPONDENTS CONSTRUCTIVELY DISMISSED PETITIONERS[;]

3. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN FINDING THAT PETITIONERS WERE NOT DISMISSED BUT VOLUNTARILY RESIGNED FROM THEIR JOBS[;]

4. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT RULING THAT THE RELEASES AND QUITCLAIMS WERE

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33 Id. at 662-663.
34 Id. at 664-674.
35 Id. at 73-731.

INVALID AND THEREFORE NOT A BAR TO THE FILING OF A COMPLAINT FOR ILLEGAL DISMISSAL[;]

5. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN CONCLUDING THAT THE TENOR OF THE LETTERS OF RESIGNATIONS IS PROOF THAT PETITIONERS WERE NOT FORCED TO RESIGN[;]

6. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT DISMISSING THE PETITION FOR CERTIORARI FOR THE FAILURE OF THE PRIVATE RESPONDENTS TO ATTACH THE PETITIONERS' POSITION PAPER AND SUPPLEMENTAL POSITION OR EVEN THE PRO-FORMA COMPLAINTS[;]

7. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT ORDERING THE REINSTATEMENT OF PETITIONERS TO THEIR FORMER POSITIONS WITH FULL BACKWAGES [FROM] THE DATES THEY WERE ILLEGALLY DISMISSED UNTIL THEIR ACTUAL REINSTATEMENT[; and]

8. THE HONORABLE COURT OF APPEALS COMMITTED A GRAVE ABUSE OF DISCRETION IN NOT AWARDING DAMAGES AND ATTORNEYS FEES.[36]

Petitioners insist that they were not given any choice but to resign after respondents informed them of the impending closure of the branch and that they would not receive any separation pay if the closure would precede their resignation. They claim that they had no personal reasons to forego their employment from which they were receiving huge salaries and benefits. Thus, the CA gravely erred in holding that their resignations were voluntarily made and in not dismissing respondents' Petition for *Certiorari* despite their failure to attach thereto petitioners' Position Paper and Supplemental Position Paper.

In their Comment,[37] respondents assert that the CA's finding of petitioners' voluntary resignation from employment is based on substantial evidence and is final and conclusive on this Court. Further, the CA was correct in giving due course to their petition since they have attached all the pleadings and documents required for sufficient compliance with the rules. They counter that it is this instant petition which should be dismissed as its certification of non-forum

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36 *Rollo*, pp. 43-44.
37 Id. at 390-437.

shopping was signed only by Auza without authority to sign in behalf of the other petitioners. Finally, respondents ask this Court to resolve the issue regarding the NLRC's jurisdiction over petitioners' appeal filed before it.

Our Ruling

This Court finds no merit in the petition.

On Procedural Issues:

The NLRC has jurisdiction to entertain petitioners' appeal filed before it.

To settle the issue of the NLRC's jurisdiction over petitioners' appeal, we quote in part Article 223 of the Labor Code concerning the appellate jurisdiction of the NLRC:

> ART. 223. APPEAL. – Decisions, awards, or orders of the Labor Arbiter are final and executory unless appealed to the Commission by any or both parties within ten (10) calendar days from receipt of such decisions, awards, or orders. Such appeal may be entertained only on any of the following grounds:
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> (a) If there is prima facie evidence of abuse of discretion on the part of the Labor Arbiter;
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> x x x x

and Section 2, Rule VI of the NLRC Rules of Procedure[38] which provides:

> Section 2. *Grounds.* – The appeal may be entertained only on any of the following grounds:
>
> (a) If there is *prima facie* evidence of abuse of discretion on the part of the Labor Arbiter x x x;
>
> x x x x

[38] As amended by Resolution No. 01-12, Series of 2002.

Clearly, the NLRC is possessed of power to rectify any abuse of discretion committed by the Labor Arbiter. Here, the NLRC, in taking cognizance of petitioners' appeal and in resolving it on the merits, merely exercised such power. This is because the Labor Arbiter, in not admitting petitioners' Position Paper (albeit filed late) and in dismissing petitioners' Complaints for failure to prosecute, acted with grave abuse of discretion as hereinafter explained.

First, "the failure to submit a Position Paper on time is not a ground for striking out the paper from the records, much less for dismissing a complaint in the case of the complainant."[39] As mandated by law, the Labor Arbiter is enjoined "to use every reasonable means to ascertain the facts of each case speedily and objectively, without technicalities of law or procedure, all in the interest of due process."[40]

Next, the Labor Arbiter committed grave error in dismissing the Complaints on the ground of failure to prosecute under Section 3, Rule 17 of the Rules of Court.[41] Under this rule, a case may be dismissed on the ground of *non-prosequitur*, if, under the circumstances, the "plaintiff is chargeable with want of due diligence in failing to proceed with reasonable promptitude."[42] In the case at bench, no negligence can be attributed to petitioners in pursuing their case. The records show that petitioners themselves wrote the Labor Arbiter on July 7, 2004 to request for additional time to submit a Position Paper since their counsel, Atty. Boiser, was frequently out of town and so they had to secure the services of an additional counsel to prepare and file their Position Paper. Unfortunately, the Labor Arbiter refused to recognize the appearance of their new counsel, Atty.

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39 *University of the Immaculate Concepcion v. University of the Immaculate Concepcion Teaching & Non-Teaching Personnel and Employees Union,* 414 Phil. 522, 533 (2001).

40 *Aldeguer & Co., Inc./Loalde Boutique v. Tomboc,* G.R. No. 147633, July 28, 2008, 560 SCRA 49, 56-57.

41 SEC 3. *Dismissal due to fault of plaintiff.* – If, for no justifiable cause, the plaintiff fails to appear on the date of the presentation of his evidence in chief on the complaint, or to prosecute his action for an unreasonable length of time, or to comply with these Rules or any order of the court, the complaint may be dismissed upon motion of the defendant or upon the court's own motion, without prejudice to the right of the defendant to prosecute his counterclaim in the same or in a separate action. This dismissal shall have the effect of an adjudication upon the merits, unless otherwise declared by the court.

42 *Producers Bank of the Philippines v. Court of Appeals,* 396 Phil. 497, 505-506 (2000).

Cañete. Under the circumstances, petitioners should be given consideration for their vigilance in pursuing their causes. As aptly held by the NLRC, the delay in the filing of their Position Paper cannot be interpreted as failure to prosecute on their part. "Failure to prosecute" is akin to lack of interest.[43] Here, petitioners did not sleep on their rights and obligations as party litigants.

In view of these, it is clear that the NLRC did not err in entertaining petitioners' appeal and in considering their Position Paper in resolving the same. It merely liberally applied the rules to prevent a miscarriage of justice in accord with the provisions of the Labor Code. As it is, "[t]echnicality should not be allowed to stand in the way of equitably and completely resolving the rights and obligations of the parties."[44]

Petitioners' subsequent and substantial compliance with the rules on verification and certification of non-forum shopping calls for the relaxation of technical rules.

Respondents assail this Court's authority to entertain the instant petition despite the defective verification and certification of non-forum shopping attached to it.

True, the verification and certification of non-forum shopping was executed and signed solely by Auza without proof of any authority from his co-petitioners. Thence, in a Minute Resolution[45] dated February 26, 2007, this Court required petitioners to submit such proof of authority. In compliance therewith, petitioners thereafter submitted a Verification and Certification of Non-Forum Shopping[46] this time executed and signed by Auza, Otarra and Jeanjaquet.

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43 *De Knecht v. Court of Appeals*, 352 Phil. 833, 848 (1998).
44 *ABS-CBN Broadcasting Corporation v. Nazareno*, 534 Phil. 306, 325 (2006).
45 *Rollo*, p. 386.
46 Id. at 470-472.

Ample jurisprudence provides that subsequent and substantial compliance may call for the relaxation of the rules.[47] Indeed, "imperfections of form and technicalities of procedure are to be disregarded, except where substantial rights would otherwise be prejudiced."[48] Due to petitioners' subsequent and substantial compliance, we thus apply the rules liberally in order not to frustrate the ends of justice.

The CA did not err in giving due course to respondents' petition for certiorari despite failure to attach petitioners' Position Paper and Supplemental Position Paper.

Petitioners deplore the CA's refusal to dismiss respondents' Petition for *Certiorari* for deliberately failing to attach a copy of petitioners' Position Paper as well as their Supplemental Position Paper, pleadings which are relevant in rendering a decision.

This contention fails to impress.

It is within the CA's determination whether the documents attached by a petitioner are sufficient to make out a *prima facie* case since the acceptance of a petition as well as the grant of due course thereto are addressed to the sound discretion of the appellate court. The Rules of Court, aside from the judgment, final order or resolution being assailed, do not specify the documents, pleadings or parts of the records that should be appended to the petition but only those that are relevant or pertinent to such judgment, final order or resolution.[49] As such, the CA has discerned to judiciously resolve the merits of the petition based on what have been submitted by the parties. At any rate, the subject Position Paper and Supplemental Position Paper were submitted by petitioners themselves in their

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47 *Security Bank Corporation v. Indiana Aerospace University*, 500 Phil. 51, 60 (2005).
48 *The Bases Conversion and Development Authority v. Uy*, 537 Phil. 18, 30 (2006).
49 *Velez v. Shangri-la's Edsa Plaza Hotel*, 535 Phil. 12, 24-25 (2006).

Comment to the Petition for *Certiorari* and, hence, had also been brought to the attention of the CA.

On the Substantive Issues:

Petitioners voluntarily resigned from employment.

After a careful scrutiny and review of the records of the case, this Court is inclined to affirm the findings of the CA that petitioners voluntarily resigned from MOL.

"Resignation is the formal pronouncement or relinquishment of an office."[50] The overt act of relinquishment should be coupled with an intent to relinquish, which intent could be inferred from the acts of the employee before and after the alleged resignation.[51]

It appears that petitioners, on their own volition, decided to resign from their positions after being informed of the management's decision that the Cebu branch would eventually be manned by a mere skeletal force. As proven by the email correspondences presented, petitioners were fully aware and had, in fact, acknowledged that Cebu branch has been incurring losses and was already unprofitable to operate.[52] Note that there was evidence produced to prove that indeed the Cebu branch's productivity had deteriorated as shown in a Profit and Loss Statement[53] for the years 2001 and 2002. Also, there was a substantial reduction of workforce as all of the Cebu branch staff and personnel, except one, were not retained. On the other hand, petitioners' assertions that the Cebu branch was performing well are not at all substantiated. What they presented was a

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50 *Go v. Court of Appeals,* G.R. No. 158922, May 28, 2004, 430 SCRA 358, 367.

51 *San Miguel Properties Philippines, Inc. v. Gucaban,* G.R. No. 153982, July 18, 2011, 654 SCRA 18, 28-29.

52 Annexes "J","K","L","M","N","O","P" and "Q" of petitioners' Position Paper before the Labor Arbiter, *rollo,* pp. 110-125.

53 Id. at 115-116.

document entitled "1999 Performance Standards",[54] which only provides for performance objectives but tells nothing about the branch's progress. Likewise, the Cebu Performance Reports[55] submitted which showed outstanding company performance only pertained to the year 1999 and the first quarter of year 2000. No other financial documents were submitted to show that such progress continued until year 2002.

Contrary to their assertions, petitioners were not lured by any misrepresentation by respondents. Instead, they themselves were convinced that their separation was inevitable and for this, they voluntarily resigned. As aptly observed by the CA, no element of force can be deduced from their letters of resignation as the same even contained expressions of gratitude and thus contradicting their allegations that same were prepared by their employer. In *Globe Telecom v. Crisologo*,[56] we held that allegations of coercion are belied by words of gratitude coming from an employee who is just forced to resign.

Petitioners aver that right after receiving their separation pay, they found out that the Cebu branch was not closed but merely transferred to a bigger office and staffed by newly hired employees. Notably, however, despite such knowledge, petitioners did not immediately contest their resignations but waited for more than a year or nearly 15 months before contesting them. This negates their claim that they were victims of deceit.[57] Moreover, no adequate proof was presented to show that the planned downsizing of Cebu branch did not take place. Similarly, petitioners' allegations of bad faith on the part of respondents are unsupported by records. No proof whatsoever was advanced to show that there was threat of withholding their separation pay unless their resignation letters were submitted prior to the actual closure of the Cebu branch or that they were

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54 Annex "A" of petitioners' Position Paper before the Labor Arbiter, id. at 98-99.
55 Annexes "D" and "E", id. at 104-105.
56 G.R. No. 174644, August 10, 2007, 529 SCRA 811, 820.
57 *Shie Jie Corporation v. National Federation of Labor*, 502 Phil. 143, 150 (2005).

subjected to ill treatment and unpalatable working conditions immediately prior to their resignation.

In addition, it is well to note that Auza and Otarra are managerial employees and not ordinary workers who cannot be easily coerced or intimidated into signing something against their will.[58] As borne out by the records, Auza was the Local Chairman of International Shipping Lines Association for five years, president of their Homeowner's Association and an active member of his community. Otarra, on the other hand, was officer of various church organizations and a college professor at the University of the Visayas.[59] Their standing in society depicts how highly educated and intelligent persons they are as to know fully well the consequences of their acts in executing and signing letters of resignation and quitclaims. Although quitclaims are generally against public policy, voluntary agreements entered into and represented by a reasonable settlement are binding on the parties which may not be later disowned simply because of a change of mind.[60] "It is only where there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or the terms of the settlement are unconscionable, that the law will step in to bail out the employee."[61] Hence, we uphold the validity of the quitclaims signed by petitioners in exchange for the separation benefits they received from respondents.

All told, the Court affirms the finding of the CA that petitioners were not illegally dismissed from employment but instead voluntarily resigned therefrom.

WHEREFORE, the petition is **DENIED**. The Decision dated August 17, 2006 and Resolution dated November 15, 2006 of the Court of Appeals in CA-G.R. SP No. 01375, are **AFFIRMED.**

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58 *Samaniego v. National Labor Relations Commission,* G.R. No. 93059, June 3, 1991, 198 SCRA 111, 119.

59 See petitioners' Supplemental Position Paper before the Labor Arbiter, *rollo*, pp.142-143.

60 *Alfaro v. Court of Appeals,* 416 Phil. 310, 319 (2001).

61 *Asian Alcohol Corporation v. National Labor Relations Commission,* 364 Phil. 912, 933 (1999).

SO ORDERED.

MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

ARTURO D. BRION
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

ESTELA M. PERLAS-BERNABE
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.

ANTONIO T. CARPIO
Associate Justice
Chairperson

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.

MARIA LOURDES P. A. SERENO
Chief Justice