Republic of the Philippines
Supreme Court
Manila

EN BANC

DARIO NACAR,
Petitioner,

- *versus* -

GALLERY FRAMES and/or FELIPE BORDEY, JR.,
Respondents.

G.R. No. 189871

Present:

SERENO, *C.J.*,
CARPIO,
VELASCO, JR.,
LEONARDO-DE CASTRO,
BRION,
PERALTA,
BERSAMIN,
DEL CASTILLO,
ABAD,
VILLARAMA, JR.,
PEREZ,
MENDOZA,
REYES,
BERNABE, and
LEONEN, *JJ.*

Promulgated:

AUGUST 13, 2013

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DECISION

PERALTA, *J.*:

This is a petition for review on *certiorari* assailing the Decision[1] dated September 23, 2008 of the Court of Appeals (CA) in CA-G.R. SP No. 98591, and the Resolution[2] dated October 9, 2009 denying petitioner's motion for reconsideration.

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[1] Penned by Associate Justice Vicente S. E. Veloso, with Associate Justices Rebecca De Guia-Salvador and Ricardo R. Rosario, concurring; *rollo*, pp. 33-48.

[2] *Id.* at 32.

The factual antecedents are undisputed.

Petitioner Dario Nacar filed a complaint for constructive dismissal before the Arbitration Branch of the National Labor Relations Commission (NLRC) against respondents Gallery Frames (GF) and/or Felipe Bordey, Jr., docketed as NLRC NCR Case No. 01-00519-97.

On October 15, 1998, the Labor Arbiter rendered a Decision[3] in favor of petitioner and found that he was dismissed from employment without a valid or just cause. Thus, petitioner was awarded backwages and separation pay in lieu of reinstatement in the amount of ₱158,919.92. The dispositive portion of the decision, reads:

> With the foregoing, we find and so rule that respondents failed to discharge the burden of showing that complainant was dismissed from employment for a just or valid cause. All the more, it is clear from the records that complainant was never afforded due process before he was terminated. As such, we are perforce constrained to grant complainant's prayer for the payments of separation pay in lieu of reinstatement to his former position, considering the strained relationship between the parties, and his apparent reluctance to be reinstated, computed ***only up to promulgation of this decision*** as follows:
>
> SEPARATION PAY
>
> Date Hired = August 1990
> Rate = ₱198/day
> Date of Decision = Aug. 18, 1998
> Length of Service = 8 yrs. & 1 month
> ₱198.00 x 26 days x 8 months = ₱41,184.00
>
> BACKWAGES
>
> Date Dismissed = January 24, 1997
> Rate per day = ₱196.00
> Date of Decisions = Aug. 18, 1998
>
> a) 1/24/97 to 2/5/98 = 12.36 mos.
> ₱196.00/day x 12.36 mos. = ₱62,986.56
>
> b) 2/6/98 to 8/18/98 = 6.4 months
> Prevailing Rate per day = ₱62,986.00
> ₱198.00 x 26 days x 6.4 mos. = ₱32,947.20
> T O T A L = ₱95.933.76
>
> x x x x

[3] *Id*. at 79-84.

> WHEREFORE, premises considered, judgment is hereby rendered finding respondents guilty of constructive dismissal and are therefore, ordered:
>
> 1. To pay jointly and severally the complainant the amount of sixty-two thousand nine hundred eighty-six pesos and 56/100 (₱62,986.56) Pesos representing his separation pay;
>
> 2. To pay jointly and severally the complainant the amount of nine (sic) five thousand nine hundred thirty-three and 36/100 (₱95,933.36) representing his backwages; and
>
> 3. All other claims are hereby dismissed for lack of merit.
>
> SO ORDERED.[4]

Respondents appealed to the NLRC, but it was dismissed for lack of merit in the Resolution[5] dated February 29, 2000. Accordingly, the NLRC sustained the decision of the Labor Arbiter. Respondents filed a motion for reconsideration, but it was denied.[6]

Dissatisfied, respondents filed a Petition for Review on *Certiorari* before the CA. On August 24, 2000, the CA issued a Resolution dismissing the petition. Respondents filed a Motion for Reconsideration, but it was likewise denied in a Resolution dated May 8, 2001.[7]

Respondents then sought relief before the Supreme Court, docketed as G.R. No. 151332. Finding no reversible error on the part of the CA, this Court denied the petition in the Resolution dated April 17, 2002.[8]

An Entry of Judgment was later issued certifying that the resolution became final and executory on May 27, 2002.[9] The case was, thereafter, referred back to the Labor Arbiter. A pre-execution conference was consequently scheduled, but respondents failed to appear.[10]

On November 5, 2002, petitioner filed a Motion for Correct Computation, praying that his backwages be computed from the date of his dismissal on January 24, 1997 up to the finality of the Resolution of the Supreme Court on May 27, 2002.[11] Upon recomputation, the

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4 *Id*. at 82-84. (Emphasis supplied.)
5 *Id*. at 85-93.
6 Resolution dated July 24, 2000, *id*. at 94-96.
7 *Rollo*, p. 35.
8 *Id*. at 35-36.
9 *Id*. at 36.
10 *Id.* at 100.
11 *Id*.

Computation and Examination Unit of the NLRC arrived at an updated amount in the sum of ₱471,320.31.[12]

On December 2, 2002, a Writ of Execution[13] was issued by the Labor Arbiter ordering the Sheriff to collect from respondents the total amount of ₱471,320.31. Respondents filed a Motion to Quash Writ of Execution, arguing, among other things, that since the Labor Arbiter awarded separation pay of ₱62,986.56 and limited backwages of ₱95,933.36, no more recomputation is required to be made of the said awards. They claimed that after the decision becomes final and executory, the same cannot be altered or amended anymore.[14] On January 13, 2003, the Labor Arbiter issued an Order[15] denying the motion. Thus, an Alias Writ of Execution[16] was issued on January 14, 2003.

Respondents again appealed before the NLRC, which on June 30, 2003 issued a Resolution[17] granting the appeal in favor of the respondents and ordered the recomputation of the judgment award.

On August 20, 2003, an Entry of Judgment was issued declaring the Resolution of the NLRC to be final and executory. Consequently, another pre-execution conference was held, but respondents failed to appear on time. Meanwhile, petitioner moved that an Alias Writ of Execution be issued to enforce the earlier recomputed judgment award in the sum of ₱471,320.31.[18]

The records of the case were again forwarded to the Computation and Examination Unit for recomputation, where the judgment award of petitioner was reassessed to be in the total amount of only ₱147,560.19.

Petitioner then moved that a writ of execution be issued ordering respondents to pay him the original amount as determined by the Labor Arbiter in his Decision dated October 15, 1998, pending the final computation of his backwages and separation pay.

On January 14, 2003, the Labor Arbiter issued an Alias Writ of Execution to satisfy the judgment award that was due to petitioner in the amount of ₱147,560.19, which petitioner eventually received.

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12 *Id*. at 101.
13 *Id*. at 97-102.
14 *Id*. at 37.
15 *Id.* at 103-108.
16 *Id*. at 109-113.
17 *Id*. at 114-117.
18 *Id*. at 101.

Petitioner then filed a Manifestation and Motion praying for the re-computation of the monetary award to include the appropriate interests.[19]

On May 10, 2005, the Labor Arbiter issued an Order[20] granting the motion, but only up to the amount of ₱11,459.73. The Labor Arbiter reasoned that it is the October 15, 1998 Decision that should be enforced considering that it was the one that became final and executory. However, the Labor Arbiter reasoned that since the decision states that the separation pay and backwages are computed only up to the promulgation of the said decision, it is the amount of ₱158,919.92 that should be executed. Thus, since petitioner already received ₱147,560.19, he is only entitled to the balance of ₱11,459.73.

Petitioner then appealed before the NLRC,[21] which appeal was denied by the NLRC in its Resolution[22] dated September 27, 2006. Petitioner filed a Motion for Reconsideration, but it was likewise denied in the Resolution[23] dated January 31, 2007.

Aggrieved, petitioner then sought recourse before the CA, docketed as CA-G.R. SP No. 98591.

On September 23, 2008, the CA rendered a Decision[24] denying the petition. The CA opined that since petitioner no longer appealed the October 15, 1998 Decision of the Labor Arbiter, which already became final and executory, a belated correction thereof is no longer allowed. The CA stated that there is nothing left to be done except to enforce the said judgment. Consequently, it can no longer be modified in any respect, except to correct clerical errors or mistakes.

Petitioner filed a Motion for Reconsideration, but it was denied in the Resolution[25] dated October 9, 2009.

Hence, the petition assigning the lone error:

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WITH DUE RESPECT, THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED, COMMITTED GRAVE ABUSE OF

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19 *Id*. at 40.
20 *Id.* at 65-69.
21 *Id*. at 70-74.
22 *Id*. at 60-64.
23 *Id*. at 58-59.
24 *Id.* at 33-48.
25 *Id*. at 32.

> DISCRETION AND DECIDED CONTRARY TO LAW IN UPHOLDING THE QUESTIONED RESOLUTIONS OF THE NLRC WHICH, IN TURN, SUSTAINED THE MAY 10, 2005 ORDER OF LABOR ARBITER MAGAT MAKING THE DISPOSITIVE PORTION OF THE OCTOBER 15, 1998 DECISION OF LABOR ARBITER LUSTRIA SUBSERVIENT TO AN OPINION EXPRESSED IN THE BODY OF THE SAME DECISION.[26]

Petitioner argues that notwithstanding the fact that there was a computation of backwages in the Labor Arbiter's decision, the same is not final until reinstatement is made or until finality of the decision, in case of an award of separation pay. Petitioner maintains that considering that the October 15, 1998 decision of the Labor Arbiter did not become final and executory until the April 17, 2002 Resolution of the Supreme Court in G.R. No. 151332 was entered in the Book of Entries on May 27, 2002, the reckoning point for the computation of the backwages and separation pay should be on May 27, 2002 and not when the decision of the Labor Arbiter was rendered on October 15, 1998. Further, petitioner posits that he is also entitled to the payment of interest from the finality of the decision until full payment by the respondents.

On their part, respondents assert that since only separation pay and limited backwages were awarded to petitioner by the October 15, 1998 decision of the Labor Arbiter, no more recomputation is required to be made of said awards. Respondents insist that since the decision clearly stated that the separation pay and backwages are "computed only up to [the] promulgation of this decision," and considering that petitioner no longer appealed the decision, petitioner is only entitled to the award as computed by the Labor Arbiter in the total amount of ₱158,919.92. Respondents added that it was only during the execution proceedings that the petitioner questioned the award, long after the decision had become final and executory. Respondents contend that to allow the further recomputation of the backwages to be awarded to petitioner at this point of the proceedings would substantially vary the decision of the Labor Arbiter as it violates the rule on immutability of judgments.

The petition is meritorious.

The instant case is similar to the case of *Session Delights Ice Cream and Fast Foods v. Court of Appeals (Sixth Division)*,[27] wherein the issue submitted to the Court for resolution was the propriety of the computation of the awards made, and whether this violated the principle of immutability of judgment. Like in the present case, it was a distinct feature of the judgment

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[26] *Id.* at 27.

[27] G.R. No. 172149, February 8, 2010, 612 SCRA 10.

of the Labor Arbiter in the above-cited case that the decision already provided for the computation of the payable separation pay and backwages due and did not further order the computation of the monetary awards up to the time of the finality of the judgment. Also in *Session Delights*, the dismissed employee failed to appeal the decision of the labor arbiter. The Court clarified, thus:

> In concrete terms, the question is whether a re-computation in the course of execution of the labor arbiter's original computation of the awards made, pegged as of the time the decision was rendered and confirmed with modification by a final CA decision, is legally proper. The question is posed, given that the petitioner did not immediately pay the awards stated in the original labor arbiter's decision; it delayed payment because it continued with the litigation until final judgment at the CA level.
>
> A source of misunderstanding in implementing the final decision in this case proceeds from the way the original labor arbiter framed his decision. The decision consists essentially of two parts.
>
> The *first* is that part of the decision that cannot now be disputed because it has been confirmed with finality. This is the finding of the illegality of the dismissal and the awards of separation pay in lieu of reinstatement, backwages, attorney's fees, and legal interests.
>
> The *second* part is the computation of the awards made. On its face, the computation the labor arbiter made shows that it was time-bound as can be seen from the figures used in the computation. This part, being merely a computation of what the first part of the decision established and declared, can, by its nature, be re-computed. This is the part, too, that the petitioner now posits should no longer be re-computed because the computation is already in the labor arbiter's decision that the CA had affirmed. The public and private respondents, on the other hand, posit that a re-computation is necessary because the relief in an illegal dismissal decision goes all the way up to reinstatement if reinstatement is to be made, or up to the finality of the decision, if separation pay is to be given in lieu reinstatement.
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> That the labor arbiter's decision, at the same time that it found that an illegal dismissal had taken place, also made a computation of the award, is understandable in light of Section 3, Rule VIII of the then NLRC Rules of Procedure which requires that a computation be made. This Section in part states:
>
> > [T]he Labor Arbiter of origin, in cases involving monetary awards and at all events, as far as practicable, shall embody in any such decision or order the detailed and full amount awarded.
>
> Clearly implied from this original computation is its currency up to the finality of the labor arbiter's decision. As we noted above, this implication is apparent from the terms of the computation itself, and no

> question would have arisen had the parties terminated the case and implemented the decision at that point.
>
> However, the petitioner disagreed with the labor arbiter's findings on all counts - *i.e.*, on the finding of illegality as well as on all the consequent awards made. Hence, the petitioner appealed the case to the NLRC which, in turn, affirmed the labor arbiter's decision. By law, the NLRC decision is final, reviewable only by the CA on jurisdictional grounds.
>
> The petitioner appropriately sought to nullify the NLRC decision on jurisdictional grounds through a timely filed Rule 65 petition for *certiorari*. The CA decision, finding that NLRC exceeded its authority in affirming the payment of 13th month pay and indemnity, lapsed to finality and was subsequently returned to the labor arbiter of origin for execution.
>
> It was at this point that the present case arose. Focusing on the core illegal dismissal portion of the original labor arbiter's decision, the implementing labor arbiter ordered the award re-computed; he apparently read the figures originally ordered to be paid to be the computation due had the case been terminated and implemented at the labor arbiter's level. Thus, the labor arbiter re-computed the award to include the separation pay and the backwages due up to the finality of the CA decision that fully terminated the case on the merits. Unfortunately, the labor arbiter's approved computation went beyond the finality of the CA decision (July 29, 2003) and included as well the payment for awards the final CA decision had deleted - specifically, the proportionate 13th month pay and the indemnity awards. Hence, the CA issued the decision now questioned in the present petition.
>
> We see no error in the CA decision confirming that a re-computation is necessary as it essentially considered the labor arbiter's original decision in accordance with its basic component parts as we discussed above. To reiterate, the first part contains the finding of illegality and its monetary consequences; the second part is the computation of the awards or monetary consequences of the illegal dismissal, computed as of the time of the labor arbiter's original decision.[28]

Consequently, from the above disquisitions, under the terms of the decision which is sought to be executed by the petitioner, no essential change is made by a recomputation as this step is a necessary consequence that flows from the nature of the illegality of dismissal declared by the Labor Arbiter in that decision.[29] A recomputation (or an original computation, if no previous computation has been made) is a part of the law – specifically, Article 279 of the Labor Code and the established jurisprudence on this provision – that is read into the decision. By the nature of an illegal dismissal case, the reliefs continue to add up until full satisfaction, as expressed under Article 279 of the Labor Code. The recomputation of the

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[28] *Session Delights Ice Cream and Fast Foods v. Court of Appeals (Sixth Division), supra,* at 21-23.

[29] *Id*. at 25.

consequences of illegal dismissal upon execution of the decision does not constitute an alteration or amendment of the final decision being implemented. The illegal dismissal ruling stands; only the computation of monetary consequences of this dismissal is affected, and this is not a violation of the principle of immutability of final judgments.[30]

That the amount respondents shall now pay has greatly increased is a consequence that it cannot avoid as it is the risk that it ran when it continued to seek recourses against the Labor Arbiter's decision. Article 279 provides for the consequences of illegal dismissal in no uncertain terms, qualified only by jurisprudence in its interpretation of when separation pay in lieu of reinstatement is allowed. When that happens, the finality of the illegal dismissal decision becomes the reckoning point instead of the reinstatement that the law decrees. In allowing separation pay, the final decision effectively declares that the employment relationship ended so that separation pay and backwages are to be computed up to that point.[31]

Finally, anent the payment of legal interest. In the landmark case of *Eastern Shipping Lines, Inc. v. Court of Appeals*,[32] the Court laid down the guidelines regarding the manner of computing legal interest, to wit:

> II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:
>
> > 1. When the obligation is breached, and it consists in the payment of a sum of money, *i.e*., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% *per annum* to be computed from default, *i.e*., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.
> >
> > 2. When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the *discretion of the court* at the rate of 6% *per annum*. No interest, however, shall be adjudged on unliquidated claims or damages except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made

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30 *Id*. at 25-26.
31 *Id*. at 26.
32 G.R. No. 97412, July 12, 1994, 234 SCRA 78.

> judicially or extrajudicially (Art. 1169, Civil Code) but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.
>
> 3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 12% *per annum* from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.[33]

Recently, however, the Bangko Sentral ng Pilipinas Monetary Board (BSP-MB), in its Resolution No. 796 dated May 16, 2013, approved the amendment of Section 2[34] of Circular No. 905, Series of 1982 and, accordingly, issued Circular No. 799,[35] Series of 2013, effective July 1, 2013, the pertinent portion of which reads:

> The Monetary Board, in its Resolution No. 796 dated 16 May 2013, approved the following revisions governing the rate of interest in the absence of stipulation in loan contracts, thereby amending Section 2 of Circular No. 905, Series of 1982:
>
> **Section 1**. The rate of interest for the loan or forbearance of any money, goods or credits and the rate allowed in judgments, in the absence of an express contract as to such rate of interest, shall be six percent (6%) *per annum.*
>
> **Section 2**. In view of the above, Subsection X305.1[36] of the Manual of Regulations for Banks and Sections 4305Q.1,[37] 4305S.3[38] and 4303P.1[39] of the

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[33] *Eastern Shipping Lines, Inc. v. Court of Appeals, supra*, at 95-97. (Citations omitted; italics in the original).

[34] SECTION 2. The rate of interest for the loan or forbearance of any money, goods or credits and the rate allowed in judgments, in the absence of express contract as to such rate of interest, shall continue to be twelve percent (12%) per annum.

[35] Rate of interest in the absence of stipulation; Dated June 21, 2013.

[36] **§ X305.1** ***Rate of interest in the absence of stipulation***. The rate of interest for the loan or forbearance of any money, goods or credits and the rate allowed in judgments, in the absence of expressed contract as to such rate of interest, shall be twelve percent (12%) per annum.

[37] The Section is under Q Regulations or Regulations Governing Non-Bank Financial Institutions Performing Quasi-Banking Functions. It reads:

> ***§* 4305Q.1** ***(2008 - 4307Q.6) Rate of interest in the absence of stipulation***. The rate of interest for the loan or forbearance of any money, goods or credit and the rate allowed in judgments, in the absence of express contract as to such rate of interest, shall be twelve percent (12%) per annum.

[38] The Section is under S Regulations or Regulations Governing Non-Stock Savings and Loan Associations. It reads:

> Manual of Regulations for Non-Bank Financial Institutions are hereby amended accordingly.
>
> This Circular shall take effect on 1 July 2013.

Thus, from the foregoing, in the absence of an express stipulation as to the rate of interest that would govern the parties, the rate of legal interest for loans or forbearance of any money, goods or credits and the rate allowed in judgments shall no longer be twelve percent (12%) *per annum* − as reflected in the case of *Eastern Shipping Lines*[40] and Subsection X305.1 of the Manual of Regulations for Banks and Sections 4305Q.1, 4305S.3 and 4303P.1 of the Manual of Regulations for Non-Bank Financial Institutions, before its amendment by BSP-MB Circular No. 799 − but will now be six percent (6%) *per annum* effective July 1, 2013. It should be noted, nonetheless, that the new rate could only be applied prospectively and not retroactively. Consequently, the twelve percent (12%) *per annum* legal interest shall apply only until June 30, 2013. Come July 1, 2013 the new rate of six percent (6%) *per annum* shall be the prevailing rate of interest *when applicable*.

Corollarily, in the recent case of *Advocates for Truth in Lending, Inc. and Eduardo B. Olaguer v. Bangko Sentral Monetary Board,*[41] this Court affirmed the authority of the BSP-MB to set interest rates and to issue and enforce Circulars when it ruled that "the BSP-MB may prescribe the maximum rate or rates of interest for all loans or renewals thereof or the forbearance of any money, goods or credits, including those for loans of low priority such as consumer loans, as well as such loans made by pawnshops, finance companies and similar credit institutions. It even authorizes the BSP-MB to prescribe different maximum rate or rates for different types of borrowings, including deposits and deposit substitutes, or loans of financial intermediaries."

Nonetheless, with regard to those judgments that have become final and executory prior to July 1, 2013, said judgments shall not be disturbed and shall continue to be implemented applying the rate of interest fixed therein.

> **§ 4305S.3** ***Interest in the absence of contract***. In the absence of express contract, the rate of interest for the loan or forbearance of any money, goods or credit and the rate allowed in judgment shall be twelve percent (12%) per annum.

39 The Section is under P Regulations or Regulations Governing Pawnshops. It reads:
> **§ 4303P.1** ***Rate of interest in the absence of stipulation***. The rate of interest for a loan or forbearance of money in the absence of an expressed contract as to such rate of interest, shall be twelve percent (12%) per annum. *(Circular No. 656 dated 02 June 2009)*

40 *Supra* note 32, at 95-97.

41 G.R. No. 192986, January 15, 2013, 688 SCRA 530, 547.

To recapitulate and for future guidance, the guidelines laid down in the case of *Eastern Shipping Lines*[42] are accordingly modified to embody BSP-MB Circular No. 799, as follows:

I. When an obligation, regardless of its source, *i.e.*, law, contracts, quasi-contracts, delicts or quasi-delicts is breached, the contravenor can be held liable for damages. The provisions under Title XVIII on "Damages" of the Civil Code govern in determining the measure of recoverable damages.

II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:

1. When the obligation is breached, and it consists in the payment of a sum of money, *i.e.*, a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 6% *per annum* to be computed from default, *i.e.*, from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.

2. When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the *discretion of the court* at the rate of 6% *per annum*. No interest, however, shall be adjudged on unliquidated claims or damages, except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code), but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.

3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 6% *per annum* from such finality until its satisfaction, this

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42 *Supra* note 32.

interim period being deemed to be by then an equivalent to a forbearance of credit.

And, in addition to the above, judgments that have become final and executory prior to July 1, 2013, shall not be disturbed and shall continue to be implemented applying the rate of interest fixed therein.

WHEREFORE, premises considered, the Decision dated September 23, 2008 of the Court of Appeals in CA-G.R. SP No. 98591, and the Resolution dated October 9, 2009 are **REVERSED** and **SET ASIDE**. Respondents are **ORDERED to PAY** petitioner:

(1) backwages computed from the time petitioner was illegally dismissed on January 24, 1997 up to May 27, 2002, when the Resolution of this Court in G.R. No. 151332 became final and executory;

(2) separation pay computed from August 1990 up to May 27, 2002 at the rate of one month pay per year of service; and

(3) interest of twelve percent (12%) *per annum* of the total monetary awards, computed from May 27, 2002 to June 30, 2013 and six percent (6%) *per annum* from July 1, 2013 until their full satisfaction.

The Labor Arbiter is hereby **ORDERED** to make another recomputation of the total monetary benefits awarded and due to petitioner in accordance with this Decision.

SO ORDERED.

DIOSDADO M. PERALTA
Associate Justice

WE CONCUR:

MARIA LOURDES P. A. SERENO
Chief Justice

ANTONIO T. CARPIO
Associate Justice

PRESBITERO J. VELASCO, JR.
Associate Justice

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

ARTURO D. BRION
Associate Justice

LUCAS P. BERSAMIN
Associate Justice

MARIANO C. DEL CASTILLO
Associate Justice

ROBERTO A. ABAD
Associate Justice

MARTIN S. VILLARAMA, JR.
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

BIENVENIDO L. REYES
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

MARVIC MARIO VICTOR F. LEONEN
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified 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.

MARIA LOURDES P. A. SERENO
Chief Justice