Republic of the Philippines
SUPREME COURT
Manila

THIRD DIVISION

NERIE C. SERRANO,
Petitioner,

- versus -

AMBASSADOR HOTEL, INC. and YOLANDA CHAN,
Respondents.

G.R. No. 197003

Present:

VELASCO, JR., *J.*, Chairperson,
PERALTA,
ABAD,
MENDOZA, and
LEONEN, *JJ.*

Promulgated:

February 11, 2013

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DECISION

VELASCO, JR., *J.*:

Before Us is a Petition for Review on Certiorari under Rule 45 assailing and seeking to set aside the Decision[1] and Resolution[2] dated March 26, 2010 and May 19, 2011, respectively, of the Court of Appeals (CA) in CA-G.R. SP No. 100612, affirming with modification the May 24, 2007 Resolution[3] of the National Labor Relations Commission (NLRC), Third Division, in NLRC Case No. 040480-04 (NCR Case No. 00-04-04580-03).

Records yield the following facts:

Petitioner Nerie C. Serrano (Serrano) was hired by respondent Ambassador Hotel, Inc. (AHI) in 1969 as an accountant[4] when the hotel was still under construction. When hotel operations began in 1971, AHI installed Serrano as the head of the accounting department.[5] In 1972, Serrano was tasked to assist in the canvass and purchase of merchandise, as well as handle the random checking of foodstuff and bar stock inventories, as additional duties.[6]

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[1] *Rollo*, pp. 60-69. Penned by Associate Justice Stephen C. Cruz and concurred in by Associate Justices Celia C. Librea-Leagogo and Ramon R. Garcia.

[2] Id. at 70-73.

[3] Id. at 39-46. Penned by Presiding Commissioner Lourdes C. Javier and concurred in by Commissioners Tito F. Genilo and Gregorio O. Bilog III.

[4] Id. at 61.

[5] Id. at 9.

[6] Id. at 10, 40.

Sometime in 1998, an intra-corporate controversy erupted within AHI. At the time, respondent Yolanda Chan (Chan), then the general cashier of AHI, brought to the attention of AHI's President, her father Simeon Nicolas Chan (Simeon), the alleged commission by Serrano of acts of misappropriation.[7] Thereafter, the AHI board met and passed several resolutions, namely: (1) Resolution No. 6, Series of 1998, dismissing Simeon as the President and declaring all executive positions vacant and abolished; (2) Resolution No. 7, Series of 1998, designating Chan as the new president of AHI; and (3) Resolution No. 10, Series of 1998, dismissing Serrano for insubordination and loss of trust and confidence.[8]

Simeon, however, refused to honor the foregoing resolutions and instead barred Yolanda Chan from entering the hotel premises.[9] Chan, in turn, invoked her right as a stockholder of AHI and demanded to be given the right to inspect the books and records of the hotel. Upon the order of Simeon, Serrano resisted Chan's demand,[10] prompting the latter to file a case before the Securities and Exchange Commission (SEC). Chan's right to inspect the books was sustained by the SEC and finally by this Court in G.R. No. 156574, entitled *Nerie Serrano v. Yolanda Chan*, on March 17, 2003.[11] In the meantime, the Regional Trial Court of Manila, Branch 46, issued a Decision sustaining the legality of AHI's Board Resolutions.[12]

On April 10, 2001, Chan assumed the presidency of, and brought her own staff to work in AHI. Soon after, she issued Memo No. YCC-2001-2002 dated April 16, 2001, directing Serrano to prepare a detailed account report of AHI's assets, to turn over all of AHI's cash and bank accounts to Chan, and to stop dealing and/or transacting for and in behalf of the hotel.[13] Other than the preparation of the account report, Serrano alleged that she was not given any job assignment but was told to report directly and daily to Chan. Due to this new working arrangement, Serrano, so she claimed, was forced to file her retirement on July 31, 2001, 30 days before its effectivity. Thereafter, she prepared all the necessary accounting documents for a smooth turnover.[14]

On August 7, 2001, Serrano received a letter from Chan stating that the former can no longer avail of her retirement pay from AHI, since she had already received a lump sum amount of PhP 137,205.07, and has been receiving monthly pensions, from the Social Security System (SSS) for retiring in May 2000.[15] Serrano claimed that she was not paid her 13th month pay for the years 1999, 2000, and 2001.[16] Even her salary from March 1, 2000 up to August 31, 2001, she added, was not paid, together with

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[7] Id. at 40.
[8] Id. at 41.
[9] Id.
[10] Id. at 10-11.
[11] Id. at 41.
[12] Id. at 42.
[13] Id.
[14] Id. at 11.
[15] Id. at 11, 42.
[16] Id. at 11.

allowances from May 16, 2000 to February 28, 2001, service charge from August 2000 to April 2001, and service incentive leave pay for the year 2001.[17]

It is upon the foregoing factual backdrop that Serrano had filed a complaint against AHI and/or Chan for the nonpayment of salaries, 13th month pay, separation pay, retirement benefits, and damages before the labor arbiter.[18]

Finding that AHI failed to discharge the burden to prove that Serrano had been paid her salaries and other monetary benefits[19] inclusive of her retirement pay,[20] Labor Arbiter Fatima Jambaro-Franco ruled for Serrano. By a Decision dated April 28, 2004, the labor arbiter awarded Serrano the total amount of PhP 1,323,693.36 representing her retirement benefits and other monetary awards,[21] viz:

> **WHEREFORE**, premises considered, judgment is hereby rendered ordering the respondents **Ambassador Hotel, Inc.** and/or **Yolanda Chan** to jointly and severally pay complainant **Nerie C. Serrano** the amount of **ONE MILLION THREE HUNDRED TWENTY THREE THOUSAND SIX HUNDRED NINETY THREE PESOS & 36/100 (P1,323,693.36)** representing her retirement benefits and other monetary award as earlier computed plus attorney's fees.

On appeal, the NLRC modified the labor arbiter's Decision by deleting the award representing Serrano's retirement pay, thereby reducing the award to only PhP 324,680.40. The NLRC gave credence to respondents' claim that the SSS had already paid Serrano her retirement pay so that she is no longer entitled to receive the same monetary benefit awarded by the labor arbiter. [22] The dispositive portion of the NLRC Decision provided, thus:

> PREMISES CONSIDERED, the Decision of May 7, 2004 is hereby MODIFIED by deletion of the award representing retirement pay. Respondents are directed to pay complainant the following:
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> | | | |
> |---|---|---|
> | 13th month pay | | |
> | 1999 | | |
> | 2000 | | |
> | 2001 | | P98,388.00 |
> | Unpaid salary | | |
> | 3/1/01 – 8/31//01 = 6 months | | |
> | P32,796 x 6 mos. | - | 196,776.00 |
> | | | P295,164.00 |
> | 10% attorney's fees | - | 29,516.40 |
> | | - | P324,680.40[23] |

[17] Id.
[18] Id. at 20.
[19] Id. at 34.
[20] Id. at 35-36.
[21] Id. at 32-37.
[22] Id. at 44-45.
[23] Id. at 45.

Petitioner Serrano and respondents AHI and Chan interposed separate petitions for certiorari assailing the NLRC Decision, after their respective motions for reconsideration were denied.[24] At the CA, Serrano's petition docketed as CA-G.R. SP No. 100569, entitled *Nerie Serrano v. National Labor Relations Commission (Third Division), Ambassador Hotel, Inc. and Yolanda Chan*, was raffled to the CA's Special Eighth (8th) Division, while that of respondents AHI and Chan's, docketed as CA-G.R. SP No. 100612, entitled *Ambassador Hotel, Inc. and Yolanda Chan in her capacity as President of Ambassador Hotel, Inc. v. NLRC and Nerie C. Serrano*, went to the CA's Special Fourth (4th) Division.

On November 4, 2008 in CA-G.R. SP No. 100569, **the appellate court's Special 8th Division issued a Decision[25] reversing the NLRC's Decision and reinstating and affirming the labor arbiter's Decision**. The CA Special 8th Division declared the deletion of the retirement pay award by the NLRC erroneous, the retirement pay under Article 287 of the Labor Code, as amended, being separate from the retirement benefits claimable by a qualified employee under the Social Security Law. It explained that respondents Chan and AHI failed to prove that Serrano already received all her salaries and benefits.[26] Thus, the CA Special 8th Division disposed:

> WHEREFORE, the decision of the NLRC is hereby ***REVERSED*** and that of the Labor Arbiter dated 28 April 2004 is ***REINSTATED and AFFIRMED***.[27]

In its August 24, 2009 Resolution,[28] the former CA Special 8th Division denied respondents' motion for reconsideration. Hence, respondents Chan and AHI filed before this Court a Petition for Review on Certiorari dated October 15, 2009, docketed as G.R. No. 189313, praying that the November 4, 2008 and August 24, 2009 Decision and Resolution of the CA Special 8th Division be annulled and set aside.[29]

In a Resolution dated December 16, 2009,[30] this Court dismissed respondents' petition stating that:

> Acting on the petition for review on certiorari assailing the Decision dated 04 November 2008 and Resolution dated 24 August 2009 of the Court of Appeals in CA-G.R. SP No. 100569, the Court resolves to ***DENY*** the petition for failure to sufficiently show that the appellate court committed any reversible error in the challenged decision and resolution as to warrant the exercise by this Court of its discretionary appellate jurisdiction.[31]

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[24] Id. at 48-49.

[25] Id. at 50-56. Penned by Associate Justice Bienvenido L. Reyes (now a member of this Court) and concurred in by Associate Justices Mariflor Punzalan Castillo and Apolinario D. Bruselas, Jr.

[26] Id. at 54-55; citing *G&M (Phil.), Inc. v. Batomalaque*, G.R. No. 151849, June 23, 2005, 461 SCRA 111, 118.

[27] Id. at 55-56.

[28] Id. at 57-58.

[29] *Rollo* (G.R. No. 189313), pp. 14-51.

[30] Id. at 303-304.

[31] Id. at 303.

In its March 17, 2010 Resolution,[32] the Court denied with finality respondents Chan and AHI's motion for reconsideration.[33] On May 14, 2010, the Resolution of this Court in G.R. No. 189313 became final and executory,[34] thereby effectively **reinstating with finality the Decision of the labor arbiter**.

Meanwhile, in their petition for certiorari under consideration by the appellate court's Special 4th Division, respondents AHI and Chan argued against Serrano's entitlement to any monetary award and, thus, faulted the NLRC for granting her the reduced amount of PhP 324,680.40.

Sustaining for the most part the respondents' arguments, **the CA Special 4th Division issued the presently assailed Decision dated March 26, 2010, which affirms with modification the NLRC Decision** by deleting the award of unpaid salaries and thereby further reducing the monetary award to PhP 27,376.80. The CA Special 4th Division tagged Serrano's unilateral computation of her salaries and benefits as self-serving. To the CA Special 4th Division, the NLRC should have considered the Bureau of Internal Revenue documents and payslips presented by respondents AHI and Chan, which proved that Serrano's monthly salary was only PhP 12,444, and not PhP 32,796.[35] As for the claimed unpaid salaries from March 1, 2001 to August 1, 2001, the CA Special 4th Division was of the position that there is no dispute that Serrano already retired in 2000 and she failed to prove her allegation that she rendered services for AHI thereafter. Hence, the appellate court found that NLRC's grant of unpaid salary is erroneous.[36] The *fallo* of the CA Special 4th Division assailed Decision declared, thus:

> **WHEREFORE**, premises considered, the NLRC's Decision dated May 24, 2007 is hereby **MODIFIED** in that Ambassador Hotel is directed to pay private respondent the following:
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> a.) 13th month pay: x x x
> b.) Attorney's fees equivalent to 10% of the judgment award in the amount of P2,488.80.
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> The award of unpaid salaries representing six months, from 3/1/01 to 8/31/01 at P32,796.00 or a total of P196,776.00 is hereby deleted for lack of merit.[37]

Petitioner's motion for reconsideration having been denied, she now comes to this Court via the instant petition praying, in the main, that the Decision in CA-G.R. SP No. 100612 of the Special 4th Division be declared without legal effect for effectively contradicting a final and executory Decision of this Court in G.R. No. 189313.

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[32] Id. at 324.
[33] Id. at 305-323.
[34] Id. at 324; *rollo*, p. 59.
[35] *Rollo*, pp. 66-67.
[36] Id. at 67.
[37] Id. at 67-68.

The petition is meritorious.

This Court's December 16, 2009[38] Resolution and March 17, 2010 Resolution[39] denying the motion for reconsideration with finality in G.R. No. 189313 should have immediately written finis to the controversy between the parties regarding the benefits of petitioner Serrano. The appellate court's Special 4th Division ought to have immediately dismissed respondents' certiorari petition docketed as CA-G.R. SP No. 100612 in view of this Court's final pronouncements in G.R. No. 189313. The principle of "bar by prior judgment," one of the two concepts embraced in the doctrine of *res judicata*, the other being labeled as "conclusiveness of judgment," demands such action. Section 47(b), Rule 39 of the Rules of Court on the effect of a former judgment is clear:

> SEC. 47. *Effect of final judgments or final orders.* – The effect of a judgment or final order rendered by a court of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:
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> x x x x
>
> (b) x x x **[T]he judgment or final order is, with respect to the matter directly adjudged** or as to any other matter that could have been raised in relation thereto, **conclusive between the parties** and their successors in interest by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity x x x. (Emphasis supplied.)

By the doctrine of *res judicata*, "a final judgment or decree on the merits by a court of competent jurisdiction is conclusive of the rights of the parties or their privies in all later suits on all points and matters determined in the former suit."[40] To apply this doctrine in the form of a "bar by prior judgment," there must be identity of parties, subject matter, and causes of action as between the first case where the first judgment was rendered and the second case that is sought to be barred.[41] All these requisites are present in the case at bar:

First, the parties in both G.R. No. 189313 and CA-G.R. SP No. 100612, which is the subject of Our present review, are petitioner Serrano and respondents Chan and AHI.

Second, G.R. No. 189313 and CA-G.R. SP No. 100612 both deal with the same subject matter: Serrano's entitlement to monetary benefits under the pertinent labor laws as an employee of respondents AHI and Chan.

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[38] *Rollo* (G.R. No. 189313), p. 303.
[39] Id. at 324.
[40] *Taganas v. Emulsan*, G.R. No. 146980, September 2, 2003, 410 SCRA 237, 241-242.
[41] *Antonio v. Sayman Vda. de Monje*, G.R. No. 149624, September 29, 2010, 631 SCRA 471, 480; *Hacienda Bigaa, Inc. v. Chavez*, G.R. No. 174160, April 20, 2010, 618 SCRA 559, 576-577; *Agustin v. Delos Santos*, G.R. No. 168139, January 20, 2009, 576 SCRA 576, 585; *Chris Garments Corporation v. Sto. Tomas*, G.R. No. 167426, January 12, 2009, 576 SCRA 13, 21-22; *Heirs of Abadilla v. Galarosa*, 527 Phil. 264, 277 (2006).

Lastly, both G.R. No. 189313 and CA-G.R. SP No. 100612 originated from one and the same complaint lodged before the labor arbiter where Serrano alleged the nonpayment of her salaries, 13th month pay, and retirement benefits as the cause of action.

Our ruling in G.R. No. 189313 affirming in essence the Decision of the labor arbiter that granted Serrano's claimed unpaid salary, 13th month pay, and retirement benefits, among others, is, therefore, **conclusive** on Serrano and respondents Chan and AHI on the matter of the former's entitlement or non-entitlement to the benefits thus awarded. As a necessary corollary, it was a grave error on the part of the appellate court to render a decision in CA-G.R. SP No. 100612 that runs counter to the final ruling in G.R. No. 189313. Said CA Decision offends the principle of *res judicata*—a basic postulate to the end that controversies and issues once decided on the merits by a court of competent jurisdiction shall remain in repose. As it were, the decision in G.R. No. 189313, the prior judgment, constitutes in context an absolute bar to any subsequent action not only as to every matter which was offered to sustain or defeat Serrano's demand or claim but also as to any other admissible matter which might have been offered.[42]

It need not be stressed that a final judgment may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law.[43] In *Gallardo-Corro v. Gallardo*, We explained that this principle of the immutability of final judgments is an important aspect of the administration of justice as it ensures an end to litigations:

> **Nothing is more settled in law than that once a judgment attains finality it thereby becomes immutable and unalterable**. It may no longer be modified in any respect, even if the modification is meant to correct what is perceived to be an erroneous conclusion of fact or law, and regardless of whether the modification is attempted to be made by the court rendering it or by the highest court of the land. Just as the losing party has the right to file an appeal within the prescribed period, the winning party also has the correlative right to enjoy the finality of the resolution of his case. The doctrine of finality of judgment is grounded on fundamental considerations of public policy and sound practice, and that, at the risk of occasional errors, the judgments or orders of courts must become final at some definite time fixed by law; otherwise, there would be no end to litigations, thus setting to naught the main role of courts of justice which is to assist in the enforcement of the rule of law and the maintenance of peace and order by settling justiciable controversies with finality.[44] (Emphasis supplied.)

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[42] See *Tiongson v. Court of Appeals*, No. L-35059, February 27, 1973, 49 SCRA 429, 434.
[43] *Ramos v. Ramos*, 447 Phil. 114, 119 (2003).
[44] G.R. No. 136228, January 30, 2001, 350 SCRA 568, 578.

This precept has been reiterated, time and again, in countless cases.[45] Hence, to ensure against judicial confusion and the seeming conflict in the judiciary's decisions, courts must be constantly vigilant in extending their judicial gaze to cases related to the matters submitted for their resolution. Certainly, to ignore the concept of judicial notice and disregard a finding previously made by this Court and/or by a court of equal rank in a related case on the same issue, as here, is ridiculous and illogical.[46] Not only will it add to the clogged dockets of the courts, but worse, it will cause the cruel and unnecessary repeated vexation of a person on the same cause[47] that could have otherwise been avoided by the simple expedience of consolidating the cases.[48]

The Court has observed that in some instances, two separate petitions brought before it arose from two (2) conflicting decisions rendered by two (2) divisions of the CA when said decisions arose from one case or actually involve the same parties and cause of action or common questions of facts or law. This is a bane to the efficient, effective and expeditious administration of justice which should be addressed at the earliest possible time.

The procedure on consolidation of cases in the CA is embodied in Sec. 3, Rule III of the Internal Rules of the CA which reads:

> Sec. 3. *Consolidation of Cases*.—When related cases are assigned to different Justices, they shall be consolidated and assigned to one Justice.
>
> (a) Upon motion of a party with notice to the other party/ies, or at the instance of the Justice to whom any of the related cases is assigned, upon notice to the parties, consolidation shall ensue when the cases involve the same parties and/or related questions of fact and/or law.
>
> (b) Consolidated cases shall pertain to the Justice –
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> (1) To whom the criminal case with the lowest docket number is assigned, if they are of the same kind;
> (2) To whom the criminal case with the lowest docket number is assigned, if two or more of the cases are criminal and the others are civil or special;
> (3) To whom the criminal case is assigned and the others are civil or special; and
> (4) To whom the civil case is assigned, or to whom the civil case with the lowest docket number is assigned, if the cases involved are civil and special.

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[45] See *Montemayor v. Millora*, G.R. No. 168251, July 27, 2011, 654 SCRA 580, 587-588; citing *Bongcac v. Sandiganbayan*, G.R. Nos. 156687-88, May 21, 2009, 588 SCRA 64, 71. See also *Land Bank of the Philippines v. Arceo*, G.R. No. 158270, July 21, 2008, 559 SCRA 85, 94-95.

[46] *Marcelo Steel Corporation v. Court of Appeals*, No. L-35851, October 8, 1974, 60 SCRA 167, 171.

[47] *Villarica Pawnshop, Inc. v. Gernale*, G.R. No. 163344, March 20, 2009, 582 SCRA 67, 78.

[48] Id. at 84; see also *People v. Antonio*, 339 Phil. 519 (1997); *Active Wood Products Co. v. CA*, 260 Phil. 825, 828-829 (1990).

While Sec. 3(a) above appears to be a sound rule, perhaps a better and more effective system can be set up to preclude the recurrence of conflicting decisions involving the same case or parties and cause of action emanating from two CA divisions. It is suggested that the CA consider the procedure in this Court that the duty to determine whether consolidation is necessary or mandatory falls on the shoulders of the Clerk of Court (COC) and the Division Clerks of Courts. Rather than rely on the interested party to register a motion to consolidate or the Justice to whom the case is assigned, it is best that it should be the Clerk of Court and the Division Clerks of Court of the CA who should be responsible for the review and consolidation of similarly intertwined cases. The *rollo*s of cases are initially transmitted to them for verification of the requirements of the petition, more particularly the certification against forum shopping where parties state the pendency of related cases and are in a better position to identify and determine if consolidation of cases is proper. Once there exists two related cases, the Division Clerk of Courts shall immediately inform the COC of such fact. The COC, in turn, shall posthaste inform the two Justices of the need for consolidation and that said cases shall be referred to the Justice who was assigned the lower numbered case. This will hopefully prevent a Division from deciding a case which has already been decided by another division.

WHEREFORE, the Court **GRANTS** the petition and **SETS ASIDE** the Decision and Resolution dated March 26, 2010 and May 19, 2011, respectively, of the CA in CA-G.R. SP No. 100612. The CA is ordered to adopt immediately a more effective system in its Internal Rules to avoid two (2) divisions independently and separately deciding two (2) cases which originated from a case decided by a court *a quo* or which involved the same parties and cause of action or common questions of law or facts to prevent the rendition of conflicting decisions by two divisions which should otherwise have been consolidated in the first place.

SO ORDERED.

PRESBITERO J. VELASCO, JR.
Associate Justice

WE CONCUR:

DIOSDADO M. PERALTA
Associate Justice

ROBERTO A. ABAD
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

MARVIC MARIO VICTOR F. LEONEN
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.

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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