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FIRST DIVISION

[G.R. No. L-48979. March 26, 1979]

IN THE MATTER OF VOLUNTARY ARBITRATION BETWEEN — ASSOCIATED LABOR UNIONS, *petitioners, vs.* **GENERAL MILLING CORPORATION (FEED MILLS),** *respondent.*

SYLLABUS

REMEDIAL LAW; CIVIL PROCEDURE; ACTIONS; DISMISSAL; PROPER IN CASE OF AMICABLE SETTLEMENT. — Where during the pendency of a case before the Supreme Court, the parties thereto with the assistance of their counsels submitted a compromise agreement praying for the dismissal of the case on the ground that they have amicably settled the case thereby rendering it moot and academic, the Court will approve the agreement if the same is not contrary to law, morals, public policy or public interest and the parties will be enjoined to comply with its terms and stipulations.

APPEARANCES OF COUNSEL

Abraham B. Drapiza for petitioner.
Iñigo S. Fojas for respondent.

D E C I S I O N

MAKASIAR, *J.*:

The parties herein filed on February 22, 1979 a joint manifestation dated December 8, 1978 praying that this case be dismissed for being moot and academic on the ground that on December 6, 1978, the parties, assisted by their respective counsels, executed the following Compromise Agreement:

"This COMPROMISE AGREEMENT, made and executed on this 20th day of December, 1978, at the City of Manila, by and between the —

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"ASSOCIATED LABOR UNIONS, a legitimate labor organization duly registered with the Department of Labor pursuant to Presidential Decree No. 442, and existing under the laws of the Philippines, with office address at 2357 Leon Guinto Sr. Street, Malate, Manila, represented herein by its National President, Mr. DEMOCRITO T. MENDOZA and hereinafter referred to as the FIRST PARTY,

– and –

"GENERAL MILLING CORPORATION (Feed Mills), likewise a duly organized corporate entity existing under the laws of the Philippines, with office address at Pioneer Street, Pasig, Metro Manila, represented herein by its Plant Manager, Mr. EDUARDO PE, and hereinafter referred to as the SECOND PARTY.

– W I T N E S S E T H –

"1. THAT, WHEREAS, there exists presently between the First Party and the Second Party a labor case pending resolution in the Supreme Court, entitled 'In the matter of voluntary arbitration between the *Associated Labor Unions*, Petitioner, *versus the General Milling Corporation (Feed Mills),* Respondent' and docketed as Case No. SC. G.R. No. L-48979, O.P. Case No. 0441, which case pertains to the petition of the First Party for review by *certiorari* the DECISION rendered by the Office of the President of the Philippines (O.P. Case No. 0441) on August 29, 1978, reversing the decisions of the Voluntary Arbitrator, the NLRC and the Minister of Labor in NLRC Case UNNUMBERED;

"2. THAT, WHEREAS, the subject matter of this litigation concerns the pending grievance by the First Party on the non-payment by the Second Party of the 1975 alleged mid-year bonus to all covered rank-and-file employees who are union members in accordance with the Grievance Procedure under Section 1, Article VIII of their former CBA that expired last November 1977, as well as the additional issue that the same was never certified for arbitration;

"3. THAT, WHEREAS, the Sheriff of the Commission, by virtue of the WRIT OF EXECUTION issued by Executive Labor Arbiter Guillermo C. Medina on September 5, 1977, was able to garnish from the Bank of America the security deposited made by the Second Party in the sum of ₱78,000.00 which amount allegedly represented the accountabilities of the Second Party as per decision of Voluntary Arbitrator Manuel Dia and affirmed by the First Division of the NLRC,

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and which sum of ₱78,000.00 was roughly broken down by the Labor Analyst as follows:

"Mid-Year bonus for 1975	₱58,000.00
Backwages of 11 complainants	20,000.00
T o t a l	₱78,000.00

"4. THAT, WHEREAS, after a long, thorough and careful deliberation made by the parties herein, bearing in mind the promotion of industrial peace and the lasting harmonious relationship between labor and capital, they have finally come into a decision to amicably settle this case *ex curia* (out of court). On its part, the First Party hereby manifests its intention to voluntarily withdraw as it hereby withdraws its Petition for review by *certiorari* now pending before the Supreme Court without, however, admitting that its petition is unmeritorious. On its part, the Second Party, likewise, agree that the sum of ₱78,000.00 which was garnished by the Sheriff of the NLRC in favor of the Second Party, would be considered as delivered to the First Party by way of an '*ex-gratia*' settlement and not as a matter of right on the part of the First Party but resting in the exercise of sound discretion on the party of the Second Party; and, provided further, that in no way should the sum herein mentioned be either construed as an admission by the Second Party of its liability to the First Party or would it set as precedent for future claims by the First Party on similar issues. And, provided finally, that the First Party waives forever whatever claims it may have against the Second Party for the years 1976, 1977 and 1978;

"5. THAT, WHEREAS, the Second Party as a consequence of this amicable settlement, has agreed to pay the eleven (11) female individual claimants in the instant case who were laid off for their job as a separation pay equivalent to one (1) month pay.

"NOW, THEREFORE, for and in consideration of the above premises, the First Party and the Second Party hereby enter and execute the foregoing COMPROMISE AGREEMENT and hereby bind themselves to observe strictly and faithfully all the terms and conditions herein set forth."

THE AFOREQUOTED COMPROMISE AGREEMENT BEING NOT CONTRARY TO LAW, GOOD MORALS, PUBLIC POLICY OR PUBLIC INTEREST, IS HEREBY

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APPROVED AND THE PARTIES ARE HEREBY ENJOINED TO COMPLY WITH ITS TERMS AND STIPULATIONS. THIS CASE IS HEREBY DECLARED CLOSED AND TERMINATED.

NO COSTS.

Teehankee (Chairman), Fernandez, Guerrero, De Castro, and *Melencio Herrera, JJ.*, concur.

SECOND DIVISION

[G.R. No. L-24347. March 27, 1979]

COMMUNITY SAWMILL COMPANY, *petitioner, vs.* **COURT OF INDUSTRIAL RELATIONS, and COMMUNITY EFFORT LABOR UNION,** *respondents.*

SYLLABUS

1. LABOR AND SOCIAL LEGISLATION; TERMINATION OF EMPLOYMENT; CESSATION OF BUSINESS; NOT ESTABLISHED IN CASE AT BAR. — The imputation of arbitrariness, allegedly consisting of imposing a liability for back wages on petitioner even after it had ceased business operation is devoid of support in the evidence. Records disclosed that after the alleged stoppage of operation of the Community Sawmill its manager continued some activities and had something to do with the business of Mindoro Eastern Sawmill, the alleged lessee, whose sawmill permit indicated that it is the same enterprise as the former. Under the circumstance; it did require a certain degree of temerity on the part of petitioner to seek a reduction of its liability to pay back wages on the ground that its responsibility to pay compensation ought to have ceased when it closed shop, an issue that it ought to have known would be disproved by the very actuation of its officials. It was indicative of the stubbornness on its part to refuse compliance