THIRD DIVISION

[G.R. No. 117056. February 24, 1998]

ABD OVERSEAS MANPOWER CORPORATION, *Petitioner, vs*. NATIONAL LABOR RELATIONS COMMISSION, MARS INTERNATIONAL MANPOWER, INC. and MOHMINA MACARAYA, *Respondents*.

D E C I S I O N

ROMERO, *J*.:

Can an accredited transferee recruitment agent of a foreign employer/recruitment office be held liable under POEA Rules and Regulations (POEA Rules) for the illegal dismissal of an overseas worker who filed the case prior to the transferee agents accreditation?

In December 1989, respondent Mohmina Macaraya applied for employment as a dressmaker with respondent Mars International Manpower, Inc. (MARS). After paying MARS the amount of P12,000.00 as processing or recruitment fee, she signed a two-year employment contract whereby she would earn a monthly salary of US$250.00. Without her knowledge, however, MARS submitted to the POEA an overseas contract worker information sheet stating that she would be employed as a domestic helper for two years with a monthly salary of US$200.00.

On January 30, 1990, Macaraya was deployed to Riyadh, Saudi Arabia. Her employer took the only copy of her employment contract and never returned it to her. She was made to work as a domestic helper over her objections and in violation of the contract she signed in Manila. After working for three months and thirteen days, Macaraya was dismissed by her employer, paid merely 700.00 Saudi riyals, and repatriated to the Philippines on May 13, 1990.

Immediately upon her arrival in the Philippines, Macaraya filed with the POEA a complaint[1] for illegal dismissal and salary underpayment/ nonpayment against MARS, M.S. Al Babtain Recruitment Office and Times Surety and Insurance Co. Later, in her position paper, she included claims for overtime pay and attorneys fees. MARS filed an answer to the complaint on July 5, 1990, through its president and general manager, Adelaida Manabat.

After several hearings, with hopes of an amicable settlement getting more remote, the case was submitted for decision. On January 9, 1992, MARS filed a manifestation and motion praying that petitioner ABD Overseas Manpower Corporation be impleaded in the case, because the latter apparently became the accredited recruitment agency in this country of M.S. Al Babtain Recruitment Office on September 8, 1990. Thus, after being summoned, petitioner filed an answer alleging affirmative and special defenses,

notably, that MARS had no cause of action against it. Petitioner also filed a cross-claim against MARS which the latter never answered.

On January 12, 1993, the POEA, ruling that Macaraya had been illegally dismissed as both her foreign employer and recruitment agency failed to prove that the dismissal was for a just and valid cause, rendered a decision,[ii][2] the dispositive portion of which reads as follows:

WHEREFORE, judgment is hereby rendered in favor of the complainant Mohmina Macaraya and against respondents ABD Overseas Manpower Corporation and M.S. Al Babtain Recruitment Office, ordering the latter to pay, jointly and severally, to complainant the following amounts:

1. FOUR THOUSAND ONE HUNDRED THIRTEEN & 39/100 US DOLLARS (US$4,113.39) or its equivalent in Philippine Currency at the time of payment, representing the salaries corresponding to the unexpired portion of complainants contract; and

2. SIX HUNDRED EIGHTY SIX & 71/100 US DOLLARS (US$686.71) less SEVEN HUNDRED SAUDI RIYALS (SR 700.00), or its equivalent in Philippine Currency, at the time of actual payment, representing the salary differentials.

All other claims are dismissed for lack of merit.

The Complaint and the Cross-claim against Mars International Manpower Inc. is (sic) likewise dismissed for lack of merit.

SO ORDERED.

On the issue of whether or not petitioner should be liable with her foreign employer for the monetary awards, the POEA, relying on Section 6, Rule I, Book III, of the POEA Rules, declared that:

(The r)ecords undisputably show that the foreign principal and now co-respondent M.S. Al Babtain Recruitment Office of Saudi Arabia is presently accredited to ABD which is valid up to 06 August 1992. This fact was established by a Certification dated 07 November 1991 issued by the Accreditation Branch, this Administration.

The Office is convinced that respondent ABD was not fully aware of the import and consequences of transfer of accreditation it entered into and between the other respondents, which transfer was duly registered with and approved by the Accreditation Branch. But ignorance of the same does not serve as a valid excuse in defeating its liability or obligation to the complainant.

As a consequence, the transferee agency, ABD, now assumes full and complete responsibility to the contractual obligation of the principal, M.S. Al Babtain Recruitment

Office(,) to herein complainant originally recruited and processed by the former agency, MARS.[iii][3]

On appeal to the National Labor Relations Commission, petitioner prayed for the reversal of the POEAs decision and the invalidation of Section 6, Rule I, Book III of the POEA Rules, citing the rule against unjust enrichment. Thus, it alleged:

14.1 Macaraya was deployed January 30, 1990 by MARS; she stayed and worked in Riyadh only for three (3) months and 13 days and was repatriated on May 13, 1990. She filed the complaint against MARS on May 14, 1990. Hence, her cause of action ripened and/or accrued as of that early date as against MARS, her placement agency. Further, it is significant to state here that MARS filed its answer to the complaint on July 5, 1990 wherein it made admissions and averred its affirmative defenses by way of confession and avoidance of liability. How then could ABD be made to `assume full and complete responsibility to all contractual obligations under the aforecited Rule when the accreditation of M.S. Al Babtain in its favor was made only on September 3, 1990 per POEA records, and was only `impleaded in this case by motion of MARS on January 9, 1992?

14.2 When MARS filed its answer on July 5, 1990, long before ABD was made a party respondent, it caused a joinder of issues in the case. Under the well-settled principle of estoppel, it cannot (after filing such answer) now be heard to say one and a half years later (on January 9, 1992 when it impleaded ABD in the case) that ABD must `be summoned to answer for the claims of herein Complainant. x x x. That late, and in filing its answer to the complaint, MARS is certainly estopped from shifting to ABD whatever liability it had under the contract it entered into with Macaraya, or for any violations thereof by its principal, or any POEA rules/regulations - - which all accrued/occurred when accreditation was NOT yet transferred to ABD. Ignoring these facts/ circumstances constitute a clear case of grave abuse of discretion on the part of the Hon. Administrator.[iv][4] (Underscoring supplied)

By resolution dated March 21, 1994,[v][5] the NLRC dismissed the appeal. Petitioners motion for reconsideration met the same fate on August 10, 1994.[vi][6] Hence, this petition for certiorari.

Petitioner alleges that in the assailed resolution of March 21, 1994, the NLRC merely quoted the findings of the POEA Administrator and concluded that it should assume full and complete responsibility to the contractual obligation of the foreign principal to Macaraya. Petitioner questions the failure of the NLRC to make categorical rulings on the issues it had raised in its memorandum on appeal and, therefore, the NLRC should be charged with evasion of positive duty or a virtual refusal to perform the duty enjoined by law. MARS had allegedly already answered the complaint when petitioner became the transferee recruitment agency. Petitioner was impleaded in the case one-and-a-half years after the filing of MARS answer to the complaint. Hence, the failure of MARS to prove the legality of Macarayas dismissal from employment should not mean that the same burden should fall upon petitioner who was not even privy to Macarayas

employment contract. If it were to be held liable for the monetary awards in favor of Macaraya, then it would result in undue enrichment on the part of MARS. It must be noted that none of these allegations was mentioned in the March 21, 1994, resolution.

Thus, after stating the facts that are clearly culled from the POEA decision, the questioned resolution of March 21, 1994, quotes the discussion of the POEA on the liabilities for monetary awards of petitioner and its foreign principal. Consequently, in the nine-page resolution, the NLRC merely contributed two pages, including its conclusions, *viz*.:

After a careful perusal of the records of the case, We agree with the POEA Administrator findings and conclusion th(a)t the transferee agency, ABD must assume full and complete responsibility to the contractual obligation of the principal, M.S. Al Babtain Recruitment Office to the complainant who was recruited by MARS.

Section 6, Rule I, Book III of the POEA Rules and Regulation provides:[vii][7] x x x

It is clear from the aforementioned provision of the POEA Rules and Regulation that the transferee agency shall assume full and complete responsibility to all contractual obligations of the principals to its workers originally recruited and processed by its former agency.

In the case at bar, respondent ABD Overseas Manpower Corporation(,) being the transferee agency(,) must assume (the) full liability of the principal, M.S. Al Babtain(,) to the complainant originally recruited and process(ed) by its former agency(,) Mars International Manpower Inc.

We find no grave abuse of discretion on the part of the POEA Administrator.

WHEREFORE, in view of the foregoing considerations, the Motion for Reconsideration[viii][8] is dismissed for lack of merit.

SO ORDERED.

Section 13, Rule VII of the New Rules of Procedure of the NLRC provides as follows:

SEC. 13. *Form of Decision/Resolution/Order*. The Decision/ Resolution shall state clearly and distinctly the findings of facts, issues and conclusions of law on which it is based and the relief granted, if any. If the decision or resolution involves monetary awards, the same shall contain the specific amount awarded as of the date the decision is rendered.

This provision of the Rules is obviously in consonance with Section 14, Article VIII of the Constitution providing that (n)o decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based.

Interpreting this constitutional provision, in Nicos Industrial Corporation v. Court of Appeals,[ix][9] the Court said:

It is a requirement of due process that the parties to a litigation be informed of how it was decided, with an explanation of the factual and legal reasons that led to the conclusions of the court. The court cannot simply say that judgment is rendered in favor of X and against Y and just leave it at that without any justification whatsoever for its action. The losing party is entitled to know why he lost, so he may appeal to a higher court, if permitted, should he believe that the decision should be reversed. A decision that does not clearly and distinctly state the facts and the law on which it is based leaves the parties in the dark as to how it was reached and is especially prejudicial to the losing party, who is unable to pinpoint the possible errors of the court for review by a higher tribunal.

In this case, the NLRC left petitioner in the dark by its failure to discuss why the facts it pointed out in its memorandum on appeal would not affect the unqualified application of Section 6, Rule I, Book III of the POEA Rules. It is possible that the NLRC fully believed that said rule should be applied literally. This should not, however, have given premium to brevity in its resolution[x][10] to the point that the very underpinnings for a partys appeal to it would be completely disregarded and left unresolved. As this Court declared, (b)revity is doubtless an admirable trait, but it should not and cannot be substituted for substance.[xi][11] The need for a clear dissertation on the issues raised on appeal was underscored in Francisco v. Permskul.[xii][12] In said case, although the Court upheld the validity of Section 40 of *Batas Pambansa Blg*. 120, allowing the rendition of memorandum decisions, especially in appealed cases, it nevertheless stated that:

Despite the convenience afforded by the memorandum decision, it is still desirable that the appellate judge exert some effort in restating in his own words the findings of fact of the lower court and presenting his own interpretation of the law instead of merely parroting the language of the court *a quo* as if he cannot do any better. There must be less intellectual indolence and more pride of authorship in the writing of a decision, especially if it comes from an appellate court.

It ill becomes an appellate judge to write his rulings with a pair of scissors and a pot of paste as if he were a mere researcher. He is an innovator, not an echo. The case usually becomes progressively simpler as it passes through the various levels of appeal and many issues become unimportant or moot and drop along the way. The appellate judge should prune the cluttered record to make the issues clearer. He cannot usually do this by simply mimicking the lower court. He must use his own perceptiveness in unraveling the rollo and his own discernment in discovering the law. No less importantly, he must use his own language in laying down his judgment. And in doing so, he should also guard against torpidity lest his pronouncements excite no more fascination than a technical tract on the values of horse manure as a fertilizer. A little style will help liven the opinion trapped in the tortuous lexicon of the law with all its whereases and wherefores. A judicial decision does not have to be a bore.

We should add that much more than being stylish, a decision or resolution, especially one resolving an appeal, should directly meet the issues for resolution; otherwise, the appeal would be pointless. It is immaterial that the NLRC is a quasi-judicial body and not a regular court. In any controversy, the appellant needs enlightenment on the issues that befuddle him. Accordingly, assuming that petitioner should indeed be liable to Macaraya, the NLRC should have discussed why Section 6, Rule I, Book III of the POEA Rules should be applied notwithstanding the factual circumstances pointed out by petitioner. As it was, petitioners theory that the case does not merit the application of Section 6, Rule I, Book III of the POEA Rules was merely glossed over, such that it was left with no other recourse but to file a motion for reconsideration and, after its denial, the instant petition.

Worth stressing is the fact that petitioner does not question the validity of the monetary awards to Macaraya. The basic issue here is: As between petitioner and MARS, who should be held liable for such awards? This can only be resolved by interpreting Section 6, Rule I, Book III of the POEA Rules which states as follows:

SEC. 6. *Transfer of Accreditation*. The accreditation of a principal or a project may be transferred to another agency provided that transfer shall not involve any diminution of wages and benefits of workers.

The transferee agency in these instances shall comply with the requirements for accreditation and shall assume full and complete responsibility for all contractual obligations of the principals to its workers originally recruited and processed by the former agency. Prior to the transfer of accreditation, the Administration shall notify the previous agency and principal of such application.

A cursory reading of this provision lends the impression that an accreditation transferee assumes the contractual responsibility of the transferor under all circumstances, without qualification. We find, however, that a strict application of said *proviso* in this case may result in a grave injustice to petitioner which became liable only when it stepped into the shoes, as it were, of its predecessor after the issues had been met in the illegal dismissal case filed against the latter, and after the POEA had failed to discharge its duty of deciding the simple illegal dismissal case with dispatch.

The rule on transfer of accreditation was prescribed under the general policies of the POEA to establish the environment conducive to the continued operations of legitimate, responsible and professional private agencies and to afford protection to Filipino workers and their families, promote their interests and safeguard their welfare.[xiii][13] In line with these policies, Book III of the same rules provides for the accreditation of a principal or any foreign person, partnership or corporation hiring Filipino workers through an agency.[xiv][14] Principals may be accredited in this country only through licensed local agencies.[xv][15] A land-based principal shall be accredited to only one agency but the POEA may grant accreditation to a second agent as may be deemed necessary.[xvi][16] In the same manner, the accreditation of a principal may be transferred to another agency under the aforequoted Section 6, Rule I, Book III of the POEA Rules.

In the case at bar, petitioner became the accredited recruitment agency of the principal, M.S. Al Babtain Recruitment Office, on September 3, 1990, after MARS had filed on July 5, 1990, its answer to Macarayas complaint for illegal dismissal. Petitioner got involved only on January 9, 1992, when it was impleaded in the case upon MARS motion. The case having been submitted for decision long before it became a party, petitioner naturally filed an answer alleging its own claims against MARS.

Under the Rules of Court which were then in effect and applicable to the case at bar, when MARS failed to file an answer to petitioners cross-claim, it should have been declared in default with respect to such claim.[xvii][17] In labor cases, however, technical rules of procedure are not applicable,[xviii][18] but may apply only by analogy or in a suppletory character, for instance, when there is a need to attain substantial justice and an expeditious, practical and convenient solution to a labor problem.[xix][19] Hence, when the POEA opted to overlook petitioners cross-claim against MARS, petitioner

was denied substantial justice.

MARS impleaded petitioner in the case after it had been submitted for decision and *one-and-a-half years* after it had filed its answer. During this hiatus, the case lay dormant in the POEA. It should be noted that petitioner became the accredited recruitment agency on September 3, 1990, two months *after* MARS had filed its answer to the complaint. The POEAs inaction *ad interim* provided MARS with an opportunity to escape liability.

Basic principles of justice and equity, however, dictate that MARS should not be totally cleared of its liability to Macaraya under the peculiar circumstances of this case. Section 6, Rule II, Book III of the POEA Rules may not be used as a shield against liability by a recruitment agency that has been substituted by a foreign principal as its local recruitment agency after it has clearly incurred liability in favor of an overseas worker. After all, the POEA is presumed by law to have intended right and justice to prevail[xx][20] in promulgating its rules. Consequently, considering that it was MARS with whom Macaraya entered into a contract and that it had been accorded due process at the proceedings before the POEA, it is but meet and just that MARS be the one to be held accountable for her claims.

In so ruling, the Court is not in any way invalidating Section 6, Rule II, Book III of the POEA Rules. The presumption of its validity remains. Its application in this case should, however, be an exception to the rule. Petitioner shall pay Macaraya the amount due her under the assailed POEA decision, without prejudice to its right to be reimbursed by MARS under the provision of the Civil Code that (w)hoever pays for another may demand from the debtor what he has paid.[xxi][21]

WHEREFORE, the resolutions of the NLRC dated March 21, 1994, and August 10, 1994, are hereby AFFIRMED, subject to the modification that respondent Mars International Manpower, Inc. shall reimburse petitioner ABD Overseas Manpower

Corporation the amount awarded therein to respondent Mohmina Macaraya. This Decision is immediately executory. No costs.

SO ORDERED.

Narvasa, C.J., (Chairman), Kapunan, and Purisima, JJ., concur.

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i[1] *Rollo*, pp. 40-47.

ii[2] Docketted as POEA Case No. (L) 90-05-551.

iii[3] *Rollo*, pp. 46-47.

iv[4] *Ibid*., pp. 54-55.

v[5] *Id*., pp. 24-32.

vi[6] *Id*., p. 33.

vii[7] *Infra*.

viii[8] Petitioners appeal was originally dismised for late-filing by the NLRC on September 14, 1993, but was reconsidered upon a finding that the appeal was filed by registered mail.

ix[9] 206 SCRA 127 (1992).

x[10] In Icasiano *v*. Office of the President, 209 SCRA 25 (1992), the Court held that the NLRC could not have a clear-cut basis for its ruling that the petitioner should be dismissed from employment as it did not set out its findings of facts upon which it could base its decision.

xi[11] Nicos, *supra*., at p. 134.

xii[12] 173 SCRA 324 (1989).

xiii[13] Rule I (b) and (c), Book I.

xiv[14] Rule II (gg), Book I,

xv[15] Sec. 1, Rule I, Book III.

xvi[16] *Ibid*., Sec. 5.

xvii[17] Sec. 10, Rule 6 provides as follows:

Answer to counterclaim or cross-claim required.- A counterclaim or cross-claim must be answered, and failure to do so will constitute a default under Rule 18. The party filing

such answer may plead therein a counterclaim or cross-claim. (N.B. This provision is no longer found in the 1997 Rules of Civil Procedure, as amended.)

xviii[18] Sec. 9, Rule II, Book VI of the POEA Rules provides that technicalities of law and procedure and the rules obtaining in the courts of law shall not strictly apply to proceedings before the POEA.

xix[19] General Baptist Bible College *v*. NLRC, 219 SCRA 549 (1993).

xx[20] Art. 10, Civil Code.

xxi[21] Art. 1236, Civil Code.