



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NIPPON EXPRESS PHILIPPINES
CORPORATION,

Petitioner,

G.R. No. 217970

Present:

PERALTA, C.J., Chairperson,
CAGUIOA,
REYES, J., JR.,
LAZARO-JAVIER, and
LOPEZ, JJ.

- versus -

Promulgated:

MARIE JEAN DAGUIISO,

Respondent.

JUN 17 2020 *mtf/abls*

X-----X

DECISION

PERALTA, C.J.:

This is a petition for review on *certiorari*, under Rule 45 of the Rules of Court, assailing the Decision¹ dated January 5, 2015 and the Resolution² dated April 20, 2015 of the Court of Appeals, which nullified and set aside the Resolutions dated December 28, 2012³ and February 6, 2013⁴ of the National Labor Relations Commission (NLRC) insofar as it awarded separation pay to respondent Marie Jean Daguiso due to strained relations with petitioner Nippon Express Philippines Corporation (NEPC), and ordered petitioner to immediately reinstate respondent.

The facts are as follows:

Petitioner NEPC is a domestic corporation located in Parañaque City, Metro Manila. On September 26, 2005, NEPC hired respondent Daguiso as

¹ *Rollo*, pp. 41-57; penned by Associate Justice Ramon M. Bato, Jr., and concurred in by Associate Justices Rodil V. Zalameda (now an Associate Justice of the Supreme Court) and Maria Elisa Sempio Diy.

² *Id.* at 59-60.

³ *Id.* at 138-143.

⁴ *Id.* at 167-168.

Corporate Human Resource Specialist. She was later promoted to the position of Corporate Human Resource Supervisor with a monthly salary of ₱30,384.90 and an allowance of ₱3,000.00 per month.⁵

On June 1, 2012, at about 8:22 a.m., Human Resource Specialist Diane Aguirre, who was a subordinate of Daguiso, sent the department heads an electronic mail (*e-mail*), informing them that “all attendance monitoring and other DTR concern shall be directed to Ms. Honeylet Suaiso x x x effective June 01, 2012.” Daguiso asked Aguirre why she sent the said e-mail implementing the new assignment of Suaiso without furnishing her and Suaiso a copy thereof. Aguirre replied that Senior Manager Yolanda G. De Vera ordered her to send the e-mail. Daguiso allegedly lost her temper and shouted at Aguirre, and it led to a shouting match between the two. The commotion stopped when NEPC’s General Manager Yoshitomo Omori went out of his office and intervened.⁶

At around 10:00 a.m. of the same day, Daguiso sent an e-mail to Senior Manager De Vera, apologizing for what happened between her and Aguirre, thus:

Good morning.

My apology for being IGNORANT in your direct instruction (according to her this morning) to Ms. Diana C. Aguirre, HR Specialist (which so happen (sic) to be my immediate subordinate) informing the department heads that ‘all attendance monitoring and other DTR concern shall be directed to Ms. Honeylet Suaiso effective June 01, 2012.’ This was the main reason of the conflict that happened this morning.

Ms. Honeylet Suaiso and myself were not aware on the email below and when Ms. Honeylet received emails from the department heads she asked Ms. Aguirre about it (sic) she said she sent an email and it was your instruction. That’s the time they began exchanging words explaining their own opinions (sic) regarding your direction of exchanging tasks. As their immediate superior, I interrupted them trying to explain to Ms. Aguirre that we did not received (sic) a copy of her email.

During our meeting last May 29, 2012, I made it clear to Ms. Suaiso and Ms. Aguirre that you and myself MUST be copied (sic) in all their communications internal and external because the complain/concern of Ms. Sherlie Sabelita (Cebu-HR/Fin. Manager) was due to the private email of Ms. Aguirre to her staff, Ms. Joan Marie Pancho.

I am not demanding the management to inform me of all the transactions/instructions of the management or company. What I am asking only is that if that transactions/informations affects (sic) me and my section (compben/attendance), I believe as their immediate superior I have the right to know before it is being implemented.



⁵ *Id.* at 41-42.

⁶ *Id.* at 42.

For management (sic) proper action.⁷

At the time of the incident, Senior Manager De Vera was on a business trip in Subic, Zambales. She ordered Executive Assistant Eunice P. Nerez to send an e-mail to all employees of NEPC in her behalf and instructed them to stop discussing the conflict between Daguiso and Aguirre through e-mail and instead focus on their duties and responsibilities.⁸ Thus, Nerez sent this e-mail:

Dear All,

Good afternoon po!

I am replying in behalf of Mam Yolly. In connection to the concern above and the previous subject *Subordinate Concern (Ms. Aguirre)*, please be advised that Mam Yolly indicated to STOP THIS E-MAIL DISCUSSION because of the CUT-OFF. Please prioritize all your duties and respo[n]sibilities which are vital for your routinary work schedules. There are more important tasks that are needed to accomplish and; these matters will augment the widening gap and detest (sic) within your section.

As of the moment, Mam Yolly is still on her official business trip. Nevertheless, she will discuss with these matters as soon as she arrives in the office later.

Mam Yolly would appreciate if you would adhere and respect her request.

Your consideration and your regard for these concerns are greatly needed in this certain circumstance.

From,

Eunice P. Nerez
Executive Assistant
OPGM-GAAD⁹

Thereafter, Daguiso sent an e-mail to Nerez, to wit:

Your message have been noted Ma'am Eunice.

I am assuring the management that the tasks and responsibilities as indicated in our employment contracts and discussed in our PMS (performance management system) is being handled without delay and no major irregularities. I replied to your message in my breaktime, so that the I (sic) am not wasting the company's time.

We are giving due respect to the management and the company that supports us and our family in terms of salary but this petty matters (as you mentioned/categorize though), needs legal & proper action. We can not solve this kind of issue/concern if we kept on avoiding them.

⁷ *Id.* at 42-43.

⁸ *Id.* at 43.

⁹ *Id.* at 71.



My due respect to the management especially to Sir Yoshinori Kikuchi and Yoshitomo Omori.¹⁰

At around 5:00 p.m. of the same day, Senior Manager De Vera called Daguiso for a meeting and informed her of NEPC's decision to terminate her employment. De Vera instructed her to turn over her accountabilities to the Head of Security, James Oliver, and handed to Daguiso a termination letter,¹¹ which reads:

TO: MARIE JEAN A. DAGUISO
FROM: YOSHITOMO OMORI
RE: Notice of Termination Due to Infractions of Company Policy on Conduct and Discipline
DATE: 01 JUNE 2012

We write to inform you that you have committed repeated infractions that are in violation of the Company's Policy on Conduct and Discipline, specifically:

- a) Par. B, 1.1 Discourtesy towards other and/or use of indecent language;
- b) Par. B, 1.7 Use of coercion, intimidation or assault (whether verbal [or physical]) regardless of purpose; and
- c) Par. B, 1.8 Refusal to carry out official instructions - whether verbal or written by any NEPC officer.

In view of the foregoing, and after due consideration and review of your personnel records, we are constrained to terminate your employment on the ground of your repeated commission of Grave Offenses as defined under our Company's Policy on Conduct and Discipline and "Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work" (Article 282 (a) of the Labor Code). Said termination shall be effective at the close of business hours on June 01, 2012.

You are thus required to surrender any records or documents in your possession that is considered company property.

Very truly yours,

(Signed)
YOSHITOMO OMORI
General Manager

Approved by:

(Signed)

¹⁰ *Id.* at 73.

¹¹ *Id.* at 43.



YOSHINORI KIKUCHI

President

Received by:

(No signature¹²)

(Name of Employee)

Date: _____¹³

On June 4, 2012, Daguiso filed a complaint¹⁴ for illegal dismissal against NEPC and its officers: President Yoshinori Kikuchi, General Manager Yoshitomo Omori and Senior Manager Yolanda G. De Vera.

In her Position Paper,¹⁵ Daguiso stated that she was illegally terminated from her employment because she was dismissed without just cause and without due process. She was not served a written notice to explain and no formal hearing was conducted where she could defend herself against the accusations levelled against her and thereafter receive a written notice of the decision of management. Senior Manager De Vera just called her for a sudden meeting on June 1, 2012 and told her that her employment was terminated effective 5:00 p.m. of that day. Daguiso said that the violation of her rights caused her mental anguish and wounded feelings. She prayed for reinstatement, and payment of backwages, 13th month pay and other monetary benefits from the time of her illegal dismissal until the finality of this decision, as well as nominal, moral and exemplary damages.

In their Position Paper,¹⁶ NEPC countered that Daguiso's dismissal was for a just cause and it merely exercised its management prerogative in dismissing Daguiso due to serious misconduct and willful disobedience. NEPC alleged that Daguiso has been a constant source of discord and disruption in the workplace. NEPC often received complaints about Daguiso's combative behavior towards her co-employees. Nevertheless, NEPC merely reprimanded Daguiso until she was involved in a shouting match with Aguirre on June 1, 2012; and Daguiso disregarded Senior Manager De Vera's order to cease the e-mail discussion regarding the incident, as she still sent an e-mail to Nerez. NEPC contended that an employee's "attitude problem," as manifested by Daguiso's failure to get along with her co-employees and being a constant source of disagreement between employees, is a valid analogous just cause to terminate Daguiso's employment. Moreover, Daguiso's repeated infractions against company policies allegedly amount to serious misconduct under Section 282 (a) of the Labor Code. Daguiso also allegedly violated NEPC's Policy on Conduct and Discipline, namely: (a) discourtesy towards others and/or use of indecent language; (b) use of coercion, intimidation or assault regardless of purpose; and (c) refusal to carry out official instructions,

¹² James Oliver noted at the side of the letter that Daguiso refused to sign.

¹³ *CA rollo*, p. 153.

¹⁴ *Id.* at 58.

¹⁵ *Id.* at 59-66.

¹⁶ *Id.* at 88-114.

whether verbal or written, by any of NEPC's officers. The aforementioned violations are considered grave offenses under NEPC's policies. NEPC contended that because Daguiso had a negative attitude and committed serious misconduct in the workplace, it had a just cause to terminate her.

Further, NEPC contended that Daguiso was terminated with due process. It asserted that the notice of termination given to Daguiso was sufficient compliance with the requirements of due process because a formal hearing is not necessary when the employee already admitted his/her responsibility for the act he/she was accused of;¹⁷ and all that is needed is to inform the employee of the findings of the management.¹⁸ NEPC argued that in an analogous manner, there was no need for Daguiso to admit her guilt because she was caught in the act of instigating and engaging in a shouting match with Aguirre and she also immediately sent an e-mail after the incident, which sought to undermine the management's authority. Thus, NEPC asserted that there was no need for a hearing to determine Daguiso's liability; all that was left was for management to decide and inform her of their decision on the said incident and her past infractions.


NEPC contended that since Daguiso was terminated for a just cause and with due process, Daguiso is not entitled to reinstatement, and an award of moral and exemplary damages. Moreover, reinstatement is not feasible because strained relations already exist between her and the respondents, and Daguiso occupies a position of trust and confidence as Corporate Human Resource Supervisor; hence, reinstatement would cause further disharmonious relationship with the management and other employees.

In a Decision¹⁹ dated September 28, 2012, the Labor Arbiter held that Daguiso was illegally dismissed and ordered NEPC to pay Daguiso full backwages, separation pay and nominal damages.

The Labor Arbiter ruled in favor of Daguiso based on these findings:

A reading of respondent's position paper, reply and rejoinder readily shows that their position hangs solely on their bare allegation.

Respondents contend that complainant was dismissed because of the following:

- a. Discourtesy towards other and/or use of indecent language;
 - b. Use of coercion, intimidation or assault (whether verbal or physical) regardless of purpose; and
 - c. Refusal to carry out official instruction.
- 

¹⁷ Citing *Bernardo v. NLRC*, 325 Phil. 371 (1996).

¹⁸ Citing *China Banking Corp. v. Borromeo*, 483 Phil. 643 (2004).

¹⁹ *Rollo*, pp. 75-91.

On the first ground, there is nothing on record that would show that complainant was discourteous. As to how she was discourteous, respondents have not shown.

The Office does not see complainant's inquiry on why old time employees are not given the same privilege (in regards the length of leave granted) to new employees as discourtesy. Even assuming that she committed some discourtesy, the same should not amount to a forfeiture of [her] employment.

This also holds true with the charge of coercion, intimidation and assault. Who did complainant coerce, intimidate or coerce? The Office does not see on record. Nor does it see how such coercion or intimidation was executed by complainant. Coercion means to compel by use of force or intimidation. Is the expression of an opinion over a subordinate considered coercion?

If respondents are referring to the alleged shouting incident where complainant, together with Mesdames Aguirre and Suaiso was allegedly involved, there is no evidence on record that there was such a shouting match. No complaint or statement was ever made that such occurred. While respondents may have alleged the same in their position paper, it is noted that the said position paper was verified by respondent De Vera who was admittedly in Subic, Pampanga at the time of the alleged incident.

Nevertheless, even assuming that there was such a shouting incident, it is not stated on record who shouted at who (sic) or what were the utterances made during the same. It is totally irresponsible for respondents to simply point at complainant as the culprit who made unsavory statements without any basis at all.

As to the claim that she refused to carry out official instruction, the same must similarly fail.

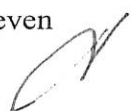
Respondents contend that when complainant e-mailed respondent De Vera despite the latter's instructions not to discuss further the matter of transferring authority to Ms. Aguirre, she (complainant) violated their instruction.

A reading of complainant's e-mail (Annex "3" of respondents' position paper), however, shows that complainant did not discuss the incident with respondent De Vera or anybody else. In said e-mail, complainant merely assured respondent De Vera that her tasks and responsibilities with the company are well handled without delay. She also clearly stated her obedience to De Vera's desire not to discuss the matter further but, nevertheless, stressed the need to resolve the problem.

Finally, the Office notes respondents' inability to prove their allegation that complainant was a constant source of discord, that she had an attitude problem being unable to get along with her co-employee and failed or refused to reform despite repeated reprimands.

First, complainant vehemently denies the foregoing. She relegates said accusations as mere fabricated lies.

Second, respondents failed to present even one memorandum issued against complainant showing that she was previously reprimanded or even



warned of her alleged bad behavior or attitude. This is despite respondents' allegation that complainant was repeatedly reprimanded.

Third, it is undisputed that complainant has never been subjected to any disciplinary action by respondents.

As it appears, respondents again rely on their bare allegation. Time and again, it has been said that allegations are not evidence. At their bare state, they cannot be the basis in "axing" an employee no matter how convincing they may sound. Respondents' allegation, being shown to be unfounded, might as well be disregarded as "barbershop talk."

Even assuming that complainant is a confidential employee. She may not be dismissed on the bare assumption that her employer has lost trust and confidence in her. There must be a valid and proven basis for the loss of confidence. Alas, the Office does not find any on record.

Lastly, the Office notes the total lack of procedural due process in the termination of complainant. She was simply called to an informal meeting where she was told, point blank, of her dismissal. She was stripped of her pass codes and company properties and unceremoniously led out of the premises. She was not furnished a copy of the charges made against her nor was she given an opportunity to explain.²⁰

The dispositive portion of the Labor Arbiter's decision reads:

WHEREFORE, respondent Nippon Express Philippines Inc., is hereby found guilty of illegal dismissal and is ordered to pay complainant the provisional sum of Php394,362.20 representing:

1. Full backwages computed from the date of dismissal up to finality of this decision;
2. Separation pay equivalent to one month pay for every year of service computed up to finality of this decision a fraction of six months being considered one full month; and
3. The sum of P50,000.00 by way of nominal damages[.]

All other claims are dismissed for lack of merit.

SO ORDERED.²¹

Dissatisfied, Daguiso appealed the decision of the Labor Arbiter before the NLRC, contending that the Labor Arbiter gravely abused his discretion in (1) not ordering her reinstatement; (2) not holding De Vera solidarily liable with NEPC for her illegal dismissal despite the fact that she was the one who directly committed the acts of illegal dismissal; and (3) not awarding her moral and exemplary damages.

NEPC did not appeal the Labor Arbiter's decision.

²⁰ *Id.* at 85-90.

²¹ *Id.* at 90-91.

In a Resolution dated December 28, 2012, the NLRC affirmed the Labor Arbiter's decision.

The NLRC held that the Labor Arbiter's award of separation pay in lieu of reinstatement was appropriate. Having gone over the records of the case, the NLRC said that it could discern that there already exists an atmosphere of antagonism and antipathy between the parties, especially between Daguiso and her immediate superior De Vera. Daguiso's resentment toward De Vera is apparent as she continues to insist in her appeal that De Vera should be held solidarily liable with NEPC for her wrongful dismissal. Moreover, Daguiso did not deny that the shouting match transpired between her and Aguirre on June 1, 2012. Under such circumstances, Daguiso's continuance in her employment would not foster a harmonious workplace. Further, Daguiso is not an ordinary rank-and-file employee. The nature of her work entails a substantial amount of trust and confidence of her employer. As a Corporate Human Resource Supervisor, she handled sensitive documents such as daily time records of employees. The NLRC stated that it would be unjust to compel NEPC and its officers to maintain in their employ Daguiso in whom they have already lost their trust and confidence.

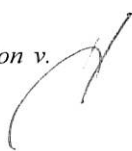
The NLRC also ruled that De Vera, as senior manager, cannot be held solidarily liable with NEPC. Officers of a corporation are not personally liable for their official acts unless it is shown that they have exceeded their authority,²² and bad faith or wrongdoing of the director must be established clearly and convincingly.²³ In this case, there is no clear and convincing evidence that De Vera was driven by malice or bad faith in terminating Daguiso. Although De Vera may have acted erroneously in failing to comply with the due process requirements of the law in terminating Daguiso, nevertheless, such bad judgment will not automatically make De Vera liable for Daguiso's monetary awards. In the absence of proof of malice or bad faith, De Vera's act must be deemed to be a corporate act, within the scope of her authority.

Lastly, the NLRC held that the Labor Arbiter was correct in not awarding Daguiso moral and exemplary damages. As a rule, moral and exemplary damages cannot be justified solely on the premise that an employee was terminated without just cause or due process. To be awarded moral damages, it must additionally be shown that the dismissal of the employee was attended by bad faith or constituted an act oppressive to labor or was done in a manner contrary to morals, good customs or public policy. Exemplary damages are recoverable only where the dismissal was effected in a wanton and oppressive manner.²⁴ None of these circumstances were adequately established by Daguiso.

²² Citing *Pabalan v. National Labor Relations Commission*, 263 Phil. 434 (1990).

²³ See *Carag v. National Labor Relations Commission*, 548 Phil. 581 (2007).

²⁴ Citing *Mayon Hotel & Restaurant v. Adana*, 497 Phil. 892 (2005); and *Acesite Corporation v. National Labor Relations Commission*, 490 Phil. 249 (2005).



The *fallo* of the NLRC's resolution reads:

WHEREFORE, premises considered, the appeal is DISMISSED. The 28 September 2012 Decision of the Labor Arbiter Raymund M. Celino is hereby AFFIRMED.

SO ORDERED.²⁵

Daguiso filed a motion for reconsideration, which was denied by the NLRC in a Resolution dated February 6, 2013.

Daguiso appealed the NLRC's decision to the Court of Appeals, which stated that the main issues for resolution were: (1) whether the NLRC gravely abused its discretion in not ordering the reinstatement of Daguiso; (2) whether Daguiso should be paid moral and exemplary damages; and (3) whether De Vera can be held solidarily liable with NEPC.

The Court of Appeals found the petition partly impressed with merit. It stated that an illegally dismissed employee is entitled to backwages and reinstatement.²⁶ In instances where reinstatement is no longer feasible because of strained relations between the employee and the employer, separation pay is granted. Reinstatement is the rule, and for the exception of strained relations to apply, it should be proved that it is likely that if reinstated, an atmosphere of antipathy and antagonism would be generated as to adversely affect the efficiency and productivity of the employee concerned.²⁷

The Court of Appeals found that, in this case, the NLRC gravely abused its discretion in not ordering the reinstatement of Daguiso. As found by the Labor Arbiter and impliedly affirmed by the NLRC, there is no legal ground for the termination of Daguiso's employment. Notably, NEPC and its officers impliedly admitted the factual findings of the labor tribunals that Daguiso was illegally terminated from employment when they did not appeal the Labor Arbiter's decision to the NLRC. As Daguiso was illegally dismissed, pursuant to the mandate of Article 279²⁸ of the Labor Code, she should be reinstated to her position as Corporate Human Resource Supervisor.

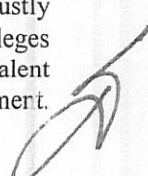
The Court of Appeals held that the NLRC gravely abused its discretion in ruling that because of Daguiso's insistence that De Vera be held personally liable, there exists an "atmosphere of antagonism and antipathy between the

²⁵ Rollo, p. 143.

²⁶ Citing *Golden Ace Builders, et al. v. Talde*, 634 Phil. 364 (2010).

²⁷ Citing *Tenazas, et al. v. R. Villegas Taxi Transport, et al.*, 731 Phil. 217 (2014).

²⁸ Art. 279. Security of Tenure. In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges and to his full backwages, inclusive of allowances, and to his other benefits or their monetary equivalent computed from the time his compensation was withheld from him up to the time of his actual reinstatement. (As amended by Section 34, Republic Act No. 6715, March 21, 1989)



parties” that would justify the granting of separation pay instead of reinstatement. The NLRC also erred in concluding that the continuance of Daguiso's employment would not foster a harmonious workplace because she was involved in a “shouting match” with Aguirre. The appellate court stressed that these are insufficient to deny reinstatement to Daguiso because the altercation between Daguiso and Aguirre transpired due to the fact that Senior Manager De Vera bypassed Daguiso when she directly ordered Aguirre, the immediate subordinate of Daguiso, to send an e-mail to all department heads to inform them that “all attendance monitoring and other DTR concern shall be directed to Ms. Honeylet Suaiso x x x effective June 01, 2012.” Daguiso had a legitimate grievance against Aguirre and De Vera, so that to deny Daguiso reinstatement due to “strained relations” between her and De Vera would result in rewarding NEPC and its officers, and penalizing Daguiso, the one bypassed. This is injustice to Daguiso because NEPC and its officers should not be allowed to profit from their own misdeeds.²⁹

The Court of Appeals also disagreed with the NLRC's ruling that Daguiso's insistence on De Vera's solidary liability with NEPC showed resentment and existence of strained relations. It found such reasoning insufficient to warrant the award of separation pay in lieu of reinstatement because no strained relations should arise from Daguiso's act of asserting that De Vera be held solidarily liable with NEPC.³⁰ Otherwise, reinstatement can never be possible simply because some hostility is invariably engendered between the parties as a result of litigation.³¹ In other words, litigation may engender a certain degree of hostility, but it would not necessarily rule out reinstatement which would, otherwise, become the rule rather the exception in illegal dismissal cases.³²

The Court of Appeals agreed with the NLRC that Daguiso is not entitled to moral and exemplary damages, and that Senior Manager De Vera cannot be held solidarily liable with NEPC for Daguiso's dismissal.

Lastly, the Court of Appeals held that the NLRC gravely abused its discretion in affirming the award of nominal damages despite the factual finding that Daguiso was illegally dismissed. It held that Daguiso is not entitled to nominal damages because it is awarded only by way of indemnity when the termination of the employment is based on a just or an authorized cause but without observance of due process.³³

The dispositive portion of the decision of the Court of Appeals reads:

²⁹ *Rollo*, p. 53.

³⁰ Citing *Tenazas, et al. v. R. Villegas Taxi Transport, et al.*, 731 Phil. 217 (2014).

³¹ Citing *Gabriel v. Bilon*, 543 Phil. 710 (2007).

³² *Id.*

³³ Citing *Agabon v. NLRC*, 485 Phil. 248 (2004).

WHEREFORE, the instant petition is PARTLY GRANTED. The Resolutions dated 28 December 2012 and 06 February 2013 of the National Labor Relations Commission are NULLIFIED and SET ASIDE. Respondent Nippon Express Philippines Corporation is ORDERED TO IMMEDIATELY REINSTATE MARIE JEAN A. DAGUISO to her previous position without loss of seniority rights and pay her full backwages, inclusive of allowances, and other benefits computed from the time her compensation was withheld from her up to the time of her actual reinstatement.³⁴

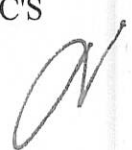
NEPC's motion for reconsideration was denied by the Court of Appeals in a Resolution dated April 20, 2015.

Hence, NEPC filed this petition assailing the decision of the Court of Appeals and raising these issues:

- I. WHETHER OR NOT FINDINGS OF FACTS OF ADMINISTRATIVE AGENCIES LIKE THE NLRC ARE ACCORDED GREAT RESPECT, IF NOT FINALITY BY THE COURTS.
- II. WHETHER OR NOT PETITIONER MAY STILL ASSIGN ERRORS AND ADVANCE [ARGUMENTS] TO SUPPORT THE DECISION OF THE LABOR ARBITER ALBEIT ITS NON-FILING OF AN APPEAL TO THE NLRC.
- III. WHETHER OR NOT THE HONORABLE COURT OF APPEALS CLEARLY ERRED AND COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF OR IN EXCESS OF [JURISDICTION] IN RULING THAT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION WHEN IT GRANTED PRIVATE RESPONDENT SEPARATION PAY INSTEAD OF A REINSTATEMENT;
- IV. WHETHER OR NOT THE HONORABLE COURT OF APPEALS X X X CLEARLY ERRED AND COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO OR IN EXCESS OF JURISDICTION IN GRANTING PRIVATE RESPONDENT'S PRAYER FOR REINSTATEMENT, GIVEN THAT PRIVATE RESPONDENT'S MOTION FOR PARTIAL WRIT OF EXECUTION IN THE AMOUNT OF PHP 394,362.20, WHICH AMOUNT ALREADY INCLUDED THE AWARD OF SEPARATION PAY, IS INDUBITABLY INCONSISTENT WITH HER PRAYER FOR REINSTATEMENT.
- V. WHETHER OR NOT PRIVATE RESPONDENT'S MERE ALLEGATIONS OF ERROR IN JUDGMENT IN HER PETITION FOR CERTIORARI THAT SHE FILED UNDER RULE 65 IS SUFFICIENT TO CAUSE REVERSAL OF THE NLRC'S RESOLUTION.³⁵

³⁴ *Rollo*, p. 56.

³⁵ *Id.* at 18-19.



Petitioner NEPC contends that the Court of Appeals erred in finding the absence of strained relations between its employees and respondent Daguiso, and in ordering the reinstatement of Daguiso, which is contrary to the decision of the NLRC. The Court of Appeals' decision contradicts the principle that factual findings of administrative agencies are accorded great respect and finality by the higher courts. NEPC also contends that the Court of Appeals erred in granting Daguiso's prayer for reinstatement, considering that she filed a Motion for Partial Writ of Execution of the total sum of ₱394,362.20 that was awarded to her by the Labor Arbiter, which includes the award of separation pay. It asserts that Daguiso's prayer to be paid her separation pay negates the finding that there should be reinstatement. NEPC prays that the decision of the Court of Appeals ordering Daguiso's reinstatement be set aside and that the NLRC's Resolution be reinstated *in toto*.

The Ruling of the Court

As a rule, in a petition for review on *certiorari* under Rule 45 of the Rules of Court, the Court does not review questions of fact but only questions of law. Judicial review of labor cases does not go beyond the evaluation of the sufficiency of the evidence upon which the labor officials' findings rest. Hence, where the factual findings of the Labor Arbiter and the NLRC conform and are confirmed by the Court of Appeals, the same are accorded respect and finality, and are binding upon this Court. It is only when the factual findings of the NLRC and the appellate court are in conflict that this Court will review the records to determine which finding should be upheld as being more in conformity with the evidentiary facts. Where the Court of Appeals affirms the findings of the labor agencies on review and there is no showing whatsoever that said findings are patently erroneous, this Court is bound by the said findings.³⁶

In this case, the Court reviewed the records of the case since the findings of the Court of Appeals and the labor tribunals are contradictory in regard to the reinstatement of Daguiso. The labor tribunals did not reinstate Daguiso but ordered payment of her separation pay, as the NLRC applied the doctrine of strained relations between the parties. However, the Court of Appeals reversed the NLRC and ordered the reinstatement of Daguiso.

Thus, the main issue is whether or not the Court of Appeals erred in ordering the reinstatement of respondent Daguiso.

The Court agrees with the Court of Appeals that Daguiso should be reinstated.



³⁶

Falco v. Mercury Freight International, Inc., and/or Coching, 530 Phil. 42, 46 (2006).

The full protection of labor and the security of tenure of workers are guaranteed under Section 3, Article XIII of the Constitution:

Sec. 3. The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all.

It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage. They shall also participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.³⁷

The Labor Code assures the security of tenure of workers, particularly the reinstatement of an illegally dismissed employee, thus:

ART. 279. *Security of Tenure*. — In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges and to his full backwages, inclusive of allowances, and to his other benefits or their monetary equivalent computed from the time his compensation was withheld from him up to the time of his actual reinstatement. (As amended by Section 34, Republic Act No. 6715, March 21, 1989)

This is reflected in the Omnibus Rules Implementing the Labor Code, Book VI, Rule 1, viz.:

Sec. 2. Security of Tenure. — In cases of regular employment, the employer shall not terminate the services of an employee, except for a just cause as provided in the Labor Code or when authorized by existing laws.

Sec. 3. Reinstatement. — An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and to backwages.

Under the law and prevailing jurisprudence, an illegally dismissed employee is entitled to reinstatement as a matter of right. Over the years, however, the case law developed that where reinstatement is not feasible, expedient or practical, as where reinstatement would only exacerbate the tension and strained relations between the parties, or where the relationship between the employer and employee has been unduly strained by reason of their irreconcilable differences, particularly where the illegally dismissed employee held a managerial or key position in the company, it would be more

prudent to order payment of separation pay instead of reinstatement.³⁸ The doctrine of strained relations, however, should not be used recklessly, applied loosely and/or indiscriminately, or be based on impression alone;³⁹ otherwise, reinstatement can never be possible simply because some hostility is invariably engendered between the parties as a result of litigation.⁴⁰

As reinstatement is the rule, for the exception of strained relations to apply, it should be proved that the employee concerned occupies a position where he/she enjoys the trust and confidence of his employer; and that it is likely that if reinstated, an atmosphere of antipathy and antagonism would be generated as to adversely affect the efficiency and productivity of the employee concerned.⁴¹ Strained relations must be of such nature or degree as to preclude reinstatement.⁴²

Moreover, strained relations must be demonstrated as a fact, adequately supported by evidence on record.⁴³ Since the application of this doctrine will result in the deprivation of employment despite the absence of just cause, the implementation of the doctrine of strained relations must be supplemented by the rule that the existence of strained relations is for the employer to clearly establish and prove in the manner it is called upon to prove the existence of a just cause.⁴⁴

In this case, the Labor Arbiter ordered the payment of separation pay in lieu of reinstatement, but he did not discuss the reason why Daguiso should not be reinstated. The NLRC affirmed the decision of the Labor Arbiter and grounded the non-reinstatement of Daguiso on strained relations between the parties.

We agree with the Court of Appeals that the NLRC gravely abused its discretion in ruling against the reinstatement of Daguiso due to strained relations on these bases: (1) Daguiso's resentment toward Senior Manager De Vera was apparent when she insisted in her appeal that De Vera be held personally liable for her illegal dismissal; and (2) Daguiso did not deny that she was involved in a shouting match with her subordinate, Aguirre, which shows that Daguiso's continuance in her employment could not foster a harmonious workplace.

³⁸ *Quijano v. Mercury Drug Corp.*, 354 Phil. 112, 121-122 (1998); and *Cabigting v. San Miguel Foods, Inc.*, 620 Phil. 14, 24 (2009).

³⁹ *Tenazas, et al. v. R. Villegas Taxi Transport, et al.*, 731 Phil. 217, 232 (2014); and *Globe-Mackay Cable and Radio Corp. v. NLRC*, 283 Phil. 649, 661 (1992).

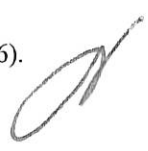
⁴⁰ *Cabigting v. San Miguel Foods, Inc.*, 620 Phil. 14, 25 (2009).

⁴¹ *Id.*

⁴² *Tower Industrial Sales v. Court of Appeals (Fifteenth Division)*, 521 Phil. 667, 678 (2006).

⁴³ *Id.*

⁴⁴ *Pentagon Steel Corporation v. Court of Appeals, et al.*, 608 Phil. 682, 699 (2009).



We have held that the filing of a complaint does not necessarily translate to strained relations between the parties. Such filing of a complaint includes the prayer of the complainant, and in this case, the prayer of Daguiso that De Vera be held solidarily liable, which is for the labor tribunals and the courts to resolve. As a rule, no strained relations should arise from a valid and legal act asserting one's right. Although litigation may engender a certain degree of hostility, the understandable strain in the parties' relation would not necessarily rule out reinstatement which would, otherwise, become the rule, rather the exception, in illegal dismissal cases.⁴⁵

Moreover, because Daguiso did not deny that a shouting match transpired between her and Aguirre, the NLRC concluded that Daguiso's continuance in her employment could not foster a harmonious workplace. However, The NLRC's conclusion disregarded one important detail: the origin of the altercation was the fact that De Vera bypassed Daguiso in the dissemination of information by Aguirre, Daguiso's subordinate. Thus, the Court of Appeals correctly stated that the said bases of the NLRC are insufficient to deny Daguiso's reinstatement, *viz.*:

It bears stressing that these are insufficient to deny reinstatement for the simple reason that the altercation between Daguiso and Aguirre transpired due to the fact that De Vera bypassed Human Resource Supervisor Daguiso when she directly ordered Human Resource Specialist Aguirre (who is the immediate subordinate of Daguiso) to send an electronic mail to all Department Heads informing them that "all attendance monitoring and other DTR concern shall be directed to Ms. Honeylet Suaiso x x x effective June 01, 2012." The misunderstanding could have been avoided had De Vera followed the normal process of informing and/or consulting Daguiso of her decision to transfer the monitoring of attendance to Suaiso. As Human Resource Supervisor, Daguiso had a right to be informed and/or consulted on matters involving the monitoring of employees' attendance. Clearly, Daguiso had a legitimate grievance against Aguirre and De Vera. Hence, to deny Daguiso of reinstatement due to the "strained relations" between her and De Vera would result in rewarding respondents and penalizing Daguiso, the one bypassed. This is injustice on the part of Daguiso because respondents should not be allowed to profit from their own misdeeds. As decided by the Supreme Court, an employer should not profit from his own misdeeds.⁴⁶

In the same vein, Daguiso's non-reinstatement cannot be justified based on her position as Corporate Human Resource Supervisor, which is said to be a position of trust as Daguiso handled the daily time records of employees, and her employer has allegedly lost confidence in her.

First, it must be emphasized that Daguiso was dismissed without just cause and without due process as ruled by the Labor Arbiter. NEPC did not

⁴⁵ *Tenazas, et al. v. R. Villegas Taxi Transport, et al.*, 731 Phil. 217, 233 (2014).

⁴⁶ *Rollo*, p. 53.

appeal the decision of the Labor Arbiter, which implies its acquiescence to the Labor Arbiter's findings.


Second, NEPC failed to prove with substantial evidence that Daguiso committed an act in the performance of her duties which justifies its loss of confidence in her to merit the NLRC's reasoning that "it would be unjust to compel respondents-appellees to maintain in their employ complainant-appellant [Daguiso] in whom they have already lost their trust and confidence."⁴⁷

Third, we have discussed that to deny Daguiso reinstatement due to "strained relations" between her and Senior Manager De Vera would be an injustice to Daguiso, the one bypassed by De Vera. NEPC failed to present competent evidence as basis for concluding that its relationship with Daguiso has reached a point where it is best severed. In fact, Daguiso asks to be reinstated.

The doctrine of strained relations should not be applied indiscriminately to cause the non-reinstatement of a supervisory employee who is dismissed without just cause and without due process by the employer due to an altercation caused by its senior officer who bypassed the dismissed employee. An employee's occupation is his/her means of livelihood, which is a precious economic right; hence, it should not just be taken away from the employee by applying the exception of "strained relations" that is not justified. The State guarantees security of tenure to workers; thus, all efforts must be exerted to protect a worker from unjust deprivation of his/her job.

Further, NEPC contends that the reinstatement of Daguiso is inconsistent with her motion for partial writ of execution of the total sum of ₱394,362.20, the amount computed to be due to Daguiso by the Labor Arbiter (which includes Daguiso's full backwages computed from the date of dismissal up to the finality of the Labor Arbiter's decision, separation pay and nominal damages of ₱50,000.00).

The contention is without merit. The said motion⁴⁸ dated January 8, 2013 was filed by Daguiso without prejudice to her appeal before the NLRC. The Court notes that NEPC filed a motion⁴⁹ dated April 5, 2013 before the NLRC manifesting that it was willing to pay the said monetary award to amicably settle the issue and advised Daguiso to collect that amount any time, but Daguiso did not do so.



⁴⁷ *Id.* at 141.

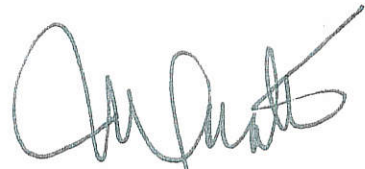
⁴⁸ *CA rollo*, pp. 238-240.

⁴⁹ *Id.* at 242-247.

In fine, the Court of Appeals correctly ordered the immediate reinstatement of respondent Daguiso to her previous position without loss of seniority rights and payment of her full backwages, inclusive of allowances, and other benefits computed from the time her compensation was withheld from her up to the time of her actual reinstatement.

WHEREFORE, the petition is denied. The Decision of the Court of Appeals dated January 5, 2015 and its Resolution dated April 20, 2015 are hereby **AFFIRMED**.

SO ORDERED.

A handwritten signature in dark ink, appearing to read 'Diosdado M. Peralta', is written over the printed name and title.

DIOSDADO M. PERALTA
Chief Justice

WE CONCUR:



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



JOSE C. REYES, JR.
Associate Justice



AMY C. LAZARO-JAVIER
Associate Justice



MARION V. LOPEZ
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.



DIOSDADO M. PERALTA
Chief Justice