



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

**BENEDICT PRINCER SAN JUAN,** G.R. No. 246531

Petitioner,

- versus -

**REGUS SERVICE CENTRE PHILIPPINES B.V.,**  
Respondent.

LEONEN, S.A.J., \* Chairperson,  
LAZARO-JAVIER, Acting Chairperson,  
LOPEZ, M.  
LOPEZ, J., and  
KHO, JR., JJ.

Promulgated:

OCT 04 2023

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DECISION

**KHO, JR., J.:**

This Court resolves the Petition for Review on *Certiorari*<sup>1</sup> under Rule 45 of the Rules of Court assailing the Decision<sup>2</sup> dated October 18, 2018 and the Resolution<sup>3</sup> dated April 5, 2019 of the Court of Appeals (CA) in CA-G.R. SP No. 154768, which reversed and set aside the Decision<sup>4</sup> dated August 31, 2017 and the Resolution<sup>5</sup> dated November 29, 2017 of the National Labor Relations Commission (NLRC), and reinstated the Decision<sup>6</sup> dated April 27,

\* On leave, left a vote pursuant to Rule 12, Section 4 of the Internal Rules of the Supreme Court.

<sup>1</sup> *Rollo*, pp. 14–79.

<sup>2</sup> *Id.* at 81–108. Penned by Associate Justice Mariflor P. Punzalan Castillo and concurred in by Associate Justices Pablito A. Perez and Geraldine C. Fiel-Macaraig of the Special Seventh Division, Court of Appeals, Manila.

<sup>3</sup> *Id.* at 110–111. Penned by Associate Justice Mariflor P. Punzalan Castillo and concurred in by Associate Justices Pablito A. Perez and Geraldine C. Fiel-Macaraig of the Former Special Seventh Division, Court of Appeals, Manila.

<sup>4</sup> *Id.* at 234–254. Penned by Commissioner Mercedes R. Posada-Lacap and concurred in by Presiding Commissioner Grace E. Maniquez-Tan and Commissioner Dolores M. Peralta-Beley.

<sup>5</sup> *Id.* at 272–282.

<sup>6</sup> *Id.* at 168–182. Penned by Labor Arbiter Ma. Claradel C. Javier-Rotor.

*Adi*

2017 of the Labor Arbiter (LA), effectively dismissing petitioner Benedict Princer San Juan's (San Juan) complaint<sup>7</sup> for illegal dismissal.

### The Facts

San Juan was previously employed by respondent Regus Service Centre, Philippines B.V. (Regus) as a Network Operations Manager<sup>8</sup> of the Manila IT Networks Team (Team) until his termination on August 20, 2014.<sup>9</sup> Prior to his termination, or on June 12 to 14, 2014, Regus sponsored a team building activity for the Team at Executive Wellspring Resort in Pansol, Laguna. However, the team building was cut short because of an incident between San Juan and his subordinate, Ruben Cruz (Cruz).<sup>10</sup> The said incident was reported to Maria Isabel Bernal (Bernal), Regus's Head of Human Resources Department on July 14, 2014. In order to clarify the report, Regus further investigated on the matter and invited the following employees for interview: GSC-IT General Manager Guy Whitehouse (Whitehouse), Erickson Santos, Rizal John Angeles, Karen Arguelles (Arguelles), Rashel Vellarosa, Lanie Estrada (Estrada), Emmanuel Ang, Marie Margarete Joan Dominguez (Dominguez),<sup>11</sup> and Alden Raymundo (Raymundo).<sup>12</sup>

In the course of the investigation, Regus discovered the following accounts: (1) the members of the Team, including San Juan, were consuming copious amounts of alcohol during the team building activity; (2) San Juan had drunk too much alcohol to the point that he even attempted to jump into the pool from the second floor of the resort's house but was only restrained by his colleague; (3) San Juan and Cruz slept in the females' room, contrary to San Juan's original instructions; (4) some of the female employees who were in the room recounted that they heard noises while San Juan and Cruz were on the top bunk bed, which San Juan termed as "sleepwalking"; and Cruz alleged that he was sexually molested which incident caused the team building activity to end earlier than planned.<sup>13</sup>

Both San Juan and Cruz submitted their own versions of the incident.

According to Cruz, San Juan was so intoxicated during the team building that he instructed Cruz to accompany him to sleep in the females' room. While they were on the top bunk bed, San Juan attempted to sexually assault him by placing his hands inside his shorts. Afterwards, San Juan allegedly embraced Cruz and kept placing his hands down Cruz's genital area

<sup>7</sup> Not attached to the *rollos*.

<sup>8</sup> "Network Services Manager" in some parts of the *rollos*.

<sup>9</sup> *Rollo*, pp. 81-82, 168, and 236.

<sup>10</sup> *Id.* at 169 and 236.

<sup>11</sup> See *id.* at 112.

<sup>12</sup> *Id.* at 88-89, 172 and 240.

<sup>13</sup> *Id.* at 240-241.

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until the latter's shorts were unzipped. Cruz then decided to drop himself on the floor from the top bunk to get the females' attention. Dominguez, who was at the lower bunk of the bed and thought Cruz was asleep, assisted San Juan in returning Cruz to the top bunk. Afterwards, Cruz alleged that San Juan continued to caress his private parts and even attempted to kiss him. While he was pretending to be asleep, Cruz then decided to aimlessly punch the air to cause a commotion and get people's attention. However, San Juan told Dominguez that Cruz was sleepwalking. While Cruz was resisting, San Juan jumped on top of him and tried to strangle the latter, which made Cruz flail his arms. Later, water was poured over Cruz's face to wake him up. Immediately after the incident, Cruz informed Whitehouse of what had transpired.<sup>14</sup>

As for San Juan, he submitted his own narration of facts on July 17, 2014.<sup>15</sup> He admitted to being intoxicated during the team building and that he slept in the females' room without a shirt. He insisted that he secured the females' consent before sleeping in the said room.<sup>16</sup> Further, contrary to his complaint, San Juan stated that Cruz was also with him in the females' room looking for a bed.<sup>17</sup> He denied Cruz's claim of sexual assault and molestation and instead claimed that it was Cruz who molested him.<sup>18</sup> San Juan also admitted that, despite being ordered to stay away from Cruz, he followed Cruz to a mall after they came back to Manila to apologize to the latter. Nevertheless, he attempted to contact Cruz several more times after that day. Due to being overwhelmed, San Juan informally told Whitehouse of his resignation but later retracted the same.<sup>19</sup>

Because of the seriousness, sensitivity, and scandalous nature of the incident, Regus placed both San Juan and Cruz under preventive suspension from July 14, 2014 until July 25, 2014. Said preventive suspension was undertaken because employees were talking about the incident, which inevitably disrupted the normal business operations at the office.<sup>20</sup> Furthermore, finding a need to conduct a formal investigation, on July 30, 2014, Bernal issued the first Notice to Explain<sup>21</sup> to San Juan, requiring the latter to explain in writing within five days from receipt thereof why he should not be subjected to termination or disciplinary action for violation of the company's Standard of Work Performance policy, particularly for indecent or scandalous behavior in the workplace or company sponsored events; acts violating the law on sexual harassment, giving false testimony during company investigation or willful concealment and/or destruction of evidence;

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<sup>14</sup> *Id.* at 85–87 and 241.

<sup>15</sup> *Id.* at 491.

<sup>16</sup> *Id.* at 241.

<sup>17</sup> *Id.* at 591.

<sup>18</sup> *Id.* at 241.

<sup>19</sup> *Id.* at 594–595.

<sup>20</sup> *Id.* at 242.

<sup>21</sup> *Id.* at 138–139.

and acts under Article 282 of the Labor Code—serious misconduct and analogous grounds.<sup>22</sup>

Regus alleged that despite receipt of the first Notice to Explain, San Juan failed to timely file his written explanation to the charges against him. On August 4, 2014, Regus conducted a fact-finding interview of the incident with the assistance of their lawyers.<sup>23</sup> On August 5, 2014, or the day of the administrative hearing, San Juan and his counsel appeared, and Cruz was also invited. In said hearing, San Juan was informed that his preventive suspension would be extended until August 12, 2014. The hearing continued on August 7, 2014.<sup>24</sup>

According to Regus, San Juan was given a chance to explain the charges stated in the first Notice to Explain during the August 7, 2014 hearing but San Juan requested that his narration of events dated July 17, 2014 be considered as his written explanation to the investigation.<sup>25</sup> On August 14, 2014, a second Notice to Explain<sup>26</sup> was issued giving San Juan another five days to explain why no disciplinary action shall be made against him for violation of Article 282 of the Labor Code, particularly Article 282(c) – willful breach of trust and confidence, and Article 282(e) – violation of company’s Standard Work Performance Policy (particularly, Sections 5.11 – indecent or scandalous behavior in the workplace or company-sponsored events; 5.12 – acts violating law on sexual harassment; and 6.8 – giving false testimony during company investigation or willful concealment and/or destruction of evidence).<sup>27</sup>

Regus opined that the second Notice to Explain informed San Juan that the investigation was in relation to his acts during the team building, such as being intoxicated to the point of being unable to recall events and to carry out his duties as manager, sleeping half naked in the female’s room, and causing a scandal by being part of the sleepwalking or sexual harassment episode with Cruz. Said Notice to Explain also required San Juan to explain his conduct during the course of the investigation for continuously discussing the matter being investigated with some members of his team.<sup>28</sup> On the same date, Regus issued a Letter<sup>29</sup> further extending San Juan’s preventive suspension from August 13, 2015 to August 19, 2014, this time with pay.<sup>30</sup>

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<sup>22</sup> *Id.* at 242

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 242 and 492.

<sup>25</sup> *Id.* at 493.

<sup>26</sup> *Id.* at 144–145.

<sup>27</sup> *Id.* at 243.

<sup>28</sup> *Id.*

<sup>29</sup> *Id.* at 143.

<sup>30</sup> *Id.* at 243.

During the continuation of the investigation on August 18, 2014, San Juan and his counsel manifested that they were adopting the statements they made in the first hearing in relation to the charge of violation of 282(c) or willful breach of trust and confidence.<sup>31</sup>

On August 20, 2014, Regus issued a Notice of Termination,<sup>32</sup> which informed San Juan that based on the latter's admission and other witnesses' testimonies, there were sufficient grounds for it to believe that San Juan violated the company's rules and regulations. Such violations included indecent and scandalous behavior during a company sponsored event, acts which amounted to serious misconduct and analogous grounds under Article 282 of the Labor code, and willful breach of trust and confidence reposed upon him by Regus.<sup>33</sup>

Thereafter, San Juan instituted the present illegal dismissal case and essentially argued that there were no grounds for his termination. He and his colleagues were allowed to wear swimwear and drink alcohol because of the nature of the team building. He added that, although there were room assignments, the same was not followed because one of the villas assigned to the females was being used by the resort's caretaker. Moreover, prior to entering the females' room, he had secured their permission first.<sup>34</sup> He further contended that he was not furnished with details and pertinent documents of the administrative charge. While there was an administrative investigation, San Juan opined that it was contrary to the company's rules since it was presided over by an external counsel. Hence, he opted to remain silent, considering that the charge against him for sexual harassment was criminal in nature.<sup>35</sup> He also submitted that since Regus failed to sustain the charge of sexual harassment to justify his dismissal, it concocted another administrative charge of grave misconduct and breach of trust.<sup>36</sup>

For its part, Regus opined that there were just causes to terminate San Juan's employment. Consequently, since San Juan's dismissal was valid and legal, the latter was therefore not entitled to backwages and separation benefits.<sup>37</sup> Regus argued that immediately after being accused of sexual harassment, San Juan contacted Cruz. He discussed the merits of his case with his team members while fully knowing that the investigation was confidential. He also lied to his team members by misrepresenting to them that he can gain

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<sup>31</sup> *Id.*

<sup>32</sup> *Id.* at 146-148.

<sup>33</sup> *Id.* at 243.

<sup>34</sup> *Id.* at 236-237.

<sup>35</sup> *Id.* at 239.

<sup>36</sup> *Id.*

<sup>37</sup> *Id.* at 244.

access to the recordings of the investigation, which frightened and intimidated his team members who were witnesses to the incident.<sup>38</sup>

In his Reply,<sup>39</sup> San Juan reiterated that Regus failed to establish valid causes to terminate his employment. After all, Dominguez executed an Affidavit<sup>40</sup> denying that Cruz was molested or sexually assaulted during the team building.<sup>41</sup>

On the other hand, Regus maintained that San Juan's termination was based on just causes and that he was sufficiently given opportunities to explain his side. Hence, he cannot argue that he was denied of due process.<sup>42</sup>

### The LA Ruling

In a Decision<sup>43</sup> dated April 27, 2017, the LA dismissed the complaint for lack of merit but ordered Regus to pay San Juan his proportionate 13<sup>th</sup> month benefit for the year 2014 amounting to PHP 76,384.00.<sup>44</sup> In dismissing the complaint, the LA found that there was sufficient basis to terminate San Juan's employment for violation of the company's Standard of Work Performance Policy and loss of trust and confidence under Article 282 of the Labor Code.<sup>45</sup>

The LA held that San Juan was not an ordinary rank-and-file employee as he was occupying an important position in the company where trust and confidence was necessarily reposed upon him by his employer.<sup>46</sup> By virtue of his position, San Juan was expected to observe proper decorum and maintain professional conduct during the company-sponsored event. However, during the said event, San Juan allowed himself to be heavily intoxicated to the point of losing control over his actions that unnecessarily disrupted the entire activity and negatively affected some of the participants therein.<sup>47</sup> The LA also faulted San Juan for sleeping in the room occupied by female employees and asking another employee to accompany him to that room.<sup>48</sup> Furthermore, whether the incident was a case of sleepwalking or sexual molestation, the same could have been readily prevented had San Juan handled himself

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<sup>38</sup> *Id.* at 95 and 244.

<sup>39</sup> *Id.* at 686-694.

<sup>40</sup> *Id.* at 118-123.

<sup>41</sup> *Id.* at 176.

<sup>42</sup> *Id.* at 177.

<sup>43</sup> *Id.* at 167-182.

<sup>44</sup> *Id.* at 182.

<sup>45</sup> *Id.* at 178.

<sup>46</sup> *Id.*

<sup>47</sup> *Id.*

<sup>48</sup> *Id.* at 178-179.

properly and discreetly, observing the rules he designed for the team building. Unfortunately, because of San Juan's inappropriate actions in violation of company rules, the team building was unnecessarily disrupted. Instead of building employees' esteem and confidence in their superiors which was the main objective of the said activity, the incident only caused a negative atmosphere of distrust and division on the part of employees, who were torn between San Juan's and Cruz's versions of the incident.<sup>49</sup> These circumstances only showed San Juan's failure to observe and maintain that level of professionalism expected of him as a manager in violation of the company's Standard of Work Performance Policy, thus ultimately resulted to the company's loss of trust and confidence upon him.<sup>50</sup>

The LA also found that San Juan's actions after the incident were improper. First, San Juan attempted to talk to Cruz to convince the latter that the incident was a case of sleepwalking wherein Cruz attempted to sexually molest San Juan. Thereafter, during the investigation, San Juan met with other employees and told them that he was able to obtain the statements of the witnesses from the Human Resource Department in order to convince the other employees to tell him what they knew of the incident and to influence their views despite the fact that he was already placed under preventive suspension.<sup>51</sup>

Furthermore, the LA noted the inconsistencies in San Juan's narration of the events and the Affidavit<sup>52</sup> attached to his complaint which casted doubt on the veracity of his assertion that Cruz was only sleepwalking during the incident. Initially San Juan stated that Cruz was with him when he was looking for a bed and accompanied him to the room where the female employees were but, in his Affidavit, he declared that Cruz only followed him in the room after he had already positioned himself in the upper bed. San Juan also mentioned that Cruz made sexual advances on him while they were on the upper deck, but in his Affidavit, he omitted this part.<sup>53</sup>

As for San Juan's claim that he was denied of due process because he was not given copies of the statements of the witnesses, the LA found the same to be untenable. After all, throughout his preventive suspension and the administrative investigation, San Juan was informed of the charges against him and was given several opportunities to explain or defend himself.<sup>54</sup>

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<sup>49</sup> *Id.* at 179.

<sup>50</sup> *Id.* at 178.

<sup>51</sup> *Id.* at 180.

<sup>52</sup> *Id.* at 124-131.

<sup>53</sup> *Id.*

<sup>54</sup> *Id.* at 181.

Hence, considering that there were valid and just causes for his dismissal, and that no violation against his right to due process was made, the LA declared that San Juan was not entitled to backwages and separation pay in lieu of reinstatement. However, the LA found that Regus failed to show any evidence that it paid San Juan of his 13<sup>th</sup> month pay, thus, it ordered Regus to pay San Juan the amount of PHP 76,384.00. As for the claims of overtime pay, unused sick and vacation leave benefits, and night shift differential, the LA found that there was no basis to support such claims.<sup>55</sup>

Aggrieved, San Juan appealed<sup>56</sup> to the NLRC.

### The NLRC Ruling

In a Decision<sup>57</sup> dated August 31, 2017, the NLRC held that San Juan was illegally dismissed and ordered Regus to pay San Juan separation pay equivalent to one month pay for every year of service in the amount of PHP 470,304.00 plus 10% attorney's fees.<sup>58</sup>

In so ruling, the NLRC found that Regus failed to establish San Juan's position as one that was highly or even primarily confidential position so that he can be removed on the ground of loss of trust of confidence.<sup>59</sup> Even assuming that San Juan's position was one of trust of confidence, the NLRC held that the penalty of dismissal was not commensurate to the offense committed.<sup>60</sup> In order for an employee to be dismissed on breach of trust, such trust must have been willful.<sup>61</sup> Here, the NLRC found that San Juan's breach of trust was not done intentionally, knowingly, purposely and without justifiable excuse. After all, Regus admitted that they found no sufficient evidence to prove that San Juan violated the policy on sexual harassment.<sup>62</sup> The NLRC also found that the incidents that gave rise to San Juan's dismissal transpired during a company outing where the atmosphere was less formal, and participants were allowed pleasurable times and activities.<sup>63</sup> Moreover, it held that San Juan's attempt to jump from the second floor was only meant in jest.<sup>64</sup> As for the issue on disregarding the room assignments, the NLRC stated that the female employees did not object when San Juan asked for permission to enter the room. The NLRC also took note that prior to the incident, San Juan had an unblemished employment record prior to July 12, 2014.<sup>65</sup>

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<sup>55</sup> *Id.*

<sup>56</sup> *Id.* at 761-764.

<sup>57</sup> *Id.* at 234-254.

<sup>58</sup> *Id.* at 253-254.

<sup>59</sup> *Id.* at 249.

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

<sup>62</sup> *Id.* at 250.

<sup>63</sup> *Id.*

<sup>64</sup> *Id.*

<sup>65</sup> *Id.* at 250-251.

Nevertheless, the NLRC found fault in San Juan for failing to observe and maintain that level of professional conduct expected of him during the team building. This include being intoxicated to the point of losing control of his actions that necessarily disrupted the entire activity and for his inappropriate behavior in disregarding the room assignments.<sup>66</sup>

Thereafter, the NLRC considered San Juan's unblemished record and compassionate justice and found that the penalty of dismissal was too severe a penalty. However, the NLRC found that San Juan was not faultless, thus, it refused to award damages. Further, it recognized the strained relations between San Juan and Regus had already set in; hence, instead of reinstatement, it ordered the payment of separation pay.<sup>67</sup>

Unsatisfied, San Juan moved for reconsideration.<sup>68</sup> Soon after, Regus likewise moved for partial reconsideration.<sup>69</sup> In a Resolution<sup>70</sup> dated November 29, 2017, the NLRC partially granted San Juan's motion. The NLRC still did not grant San Juan's prayer for backwages since he failed to observe and maintain the level of professional conduct and demeanor expected of him.<sup>71</sup> However, it gave credence to San Juan's argument that the separation pay should be computed up to the finality of the decision and not limited to four years, or up to the date of the LA's Decision.<sup>72</sup>

As for Regus's motion,<sup>73</sup> the NLRC reiterated that while San Juan's acts were analogous to serious misconduct, it found that such acts did not merit the penalty of dismissal.<sup>74</sup> The NLRC further added that reinstatement without backwages would have been the proper relief. However, due to strained relations, it ordered Regus to pay separation pay from the time of termination of San Juan's employment until the finality of the NLRC Decision.<sup>75</sup>

Unsatisfied, Regus filed a Petition for *Certiorari*<sup>76</sup> under Rule 65 before the CA.

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<sup>66</sup> *Id.* at 251–252.

<sup>67</sup> *Id.* at 252–253.

<sup>68</sup> *Id.* at 255–266.

<sup>69</sup> *Id.* at 907–927.

<sup>70</sup> *Id.* at 272–282.

<sup>71</sup> *Id.* at 275.

<sup>72</sup> *Id.* at 276.

<sup>73</sup> *Id.* at 907–927.

<sup>74</sup> *Id.* at 280.

<sup>75</sup> *Id.* at 281.

<sup>76</sup> *Id.* at 940–972.

### The CA Ruling

In a Decision<sup>77</sup> dated October 18, 2018, the CA granted the Petition and held that the NLRC committed grave abuse of discretion in rendering the Decision dated August 31, 2017. Thus, the CA reinstated the LA's Decision dated April 27, 2017.

Citing the case of *Lima Land, Inc. v. Cuevas*,<sup>78</sup> the CA discussed the criteria for determining the validity of invoking loss of trust and confidence as a ground for terminating a managerial employee, in that, mere existence of a basis for believing that such employee has breached the trust of his employer would suffice for his dismissal.<sup>79</sup> Applying the foregoing to the case at bar, the CA found that San Juan was validly dismissed based on the loss of trust and confidence. The CA emphasized that San Juan went in the females' room while only being clad in just his swimming trunks. It also pointed out that the nature of the present controversy is not criminal, hence, proof beyond reasonable doubt is unnecessary with regard to the allegation on sexual harassment.<sup>80</sup> Instead, the CA found that there was substantial evidence to support the allegation that Cruz was sexually molested by San Juan. After all, it was not shown that Cruz had any vicious motive to concoct a tale of sexual abuse against his superior and expose himself to the possibility of losing his job or be the subject of reprisal from his other superiors.<sup>81</sup>

The CA also pointed out that after being told by his superior to stay away from Cruz, San Juan continued to call, text, and harass Cruz. After the incident, San Juan admitted that he followed Cruz to a mall and insisted on talking with him alone about the incident. San Juan also admitted calling and texting Cruz several times thereafter.<sup>82</sup> In addition and despite being preventively suspended, San Juan held a conference with members of his Team to insist that his side of the story was the true account. He even told them that the Human Resource Department would be furnishing him copies of their written statements by instilling fear and anxiety in his team who might testify against him even though these were lies.<sup>83</sup> The CA found such actions to have been done with the intent of influencing the team members' perception of the incident.<sup>84</sup> The CA also stated that although San Juan had no derogatory record, the same could not serve as justification to lessen the severity of the penalty. Regus cannot be compelled to keep employees it cannot trust. Hence,

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<sup>77</sup> *Id.* at 81–108.

<sup>78</sup> 635 Phil. 36 (2010) [Per J. Peralta, Second Division].

<sup>79</sup> *Rollo*, p. 102.

<sup>80</sup> *Id.* at 104–105.

<sup>81</sup> *Id.* at 105.

<sup>82</sup> *Id.*

<sup>83</sup> *Id.* at 106.

<sup>84</sup> *Id.*

the CA upheld the finding that there was just cause for the termination and there was no basis to award him separation pay and backwages.<sup>85</sup>

San Juan moved for reconsideration<sup>86</sup> but was denied in a Resolution<sup>87</sup> dated April 5, 2019. Undeterred, San Juan filed the present Petition. On September 12, 2019, Regus filed its Comment and/or Opposition.<sup>88</sup> On January 27, 2021, San Juan filed his Brief Reply.<sup>89</sup>

### **The Issue Before the Court**

The issue before the Court is whether the CA erred in finding that the NLRC committed grave abuse of discretion thus, reversed and set aside the NLRC Decision and reinstated the LA Decision.

### **The Court's Ruling**

The Petition is unmeritorious.

#### **I.**

In *Reuyan v. INC Navigation Co., Phils., Inc.*,<sup>90</sup> the Court, speaking through Justice Antonio T. Kho, Jr., had the opportunity to reiterate the Court's distinct approach in reviewing CA rulings in labor cases, to wit:

At the outset, it bears emphasizing the distinct approach of the Court in reviewing the appellate court's ruling in a labor case. In such an instance, the Court is essentially called to rule whether or not the CA correctly determined the presence or absence of grave abuse of discretion in the NLRC ruling. Relatedly, "[g]rave abuse of discretion connotes judgment exercised in a capricious and whimsical manner that is tantamount to lack of jurisdiction. To be considered 'grave,' discretion must be exercised in a despotic manner by reason of passion or personal hostility, and must be so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined by or to act at all in contemplation of law." Thus, "[i]n labor cases, grave abuse of discretion may be ascribed to the NLRC when its findings and conclusions are not supported by substantial evidence, which refers to that amount of relevant evidence that a reasonable mind might accept as adequate to justify a conclusion. Thus, if the NLRC's ruling has basis in the evidence and the applicable law and

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<sup>85</sup> *Id.* at 106–107.

<sup>86</sup> *Id.* at 448–474.

<sup>87</sup> *Id.* at 110–111.

<sup>88</sup> *Id.* at 488–514.

<sup>89</sup> *Id.* at 994–999.

<sup>90</sup> See G.R. No. 250203, December 7, 2022 [Per J. Kho, Jr., Second Division].

jurisprudence, then no grave abuse of discretion exists and the CA should so declare and, accordingly, dismiss the petition.”<sup>91</sup>

Guided by this consideration and for reasons as will be explained hereunder, the Court agrees with the CA that the NLRC committed grave abuse of discretion in finding that Regus failed to sufficiently establish that San Juan’s position was one of trust and confidence, and that San Juan was not guilty of breaching such confidence.

## II.

“It is well-settled in jurisprudence that to justify a valid dismissal based on loss of trust and confidence, the concurrence of two conditions must be satisfied: (1) the employee concerned must be holding a position of trust and confidence; and (2) there must be an act that would justify the loss of trust and confidence.”<sup>92</sup> In *Pacific Royal Basic Foods, Inc. v. Noche*,<sup>93</sup> the Court through Associate Justice Ramon Paul L. Hernando, expounded on the concept of a position of trust and confidence, to wit:

There are two classes of positions of trust: managerial employees and fiduciary rank-and-file employees.

Managerial employees are defined as those vested with the powers or prerogatives to **lay down management policies and to hire, transfer, suspend, lay-off, recall, discharge, assign or discipline employees or effectively recommend such managerial actions. They refer to those whose primary duty consists of the management of the establishment in which they are employed or of a department or a subdivision thereof, and to other officers or members of the managerial staff.** Officers and members of the managerial staff perform work directly related to management policies of their employer and customarily and regularly exercise discretion and independent judgment.

The second class or fiduciary rank-and-file employees consist of cashiers, auditors, property custodians, etc., or those who, in the normal exercise of their functions, regularly handle significant amounts of money or property. These employees, though rank-and-file, are routinely charged with the care and custody of the employer’s money or property, and are thus classified as occupying positions of trust and confidence.<sup>94</sup> (Emphasis supplied)

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<sup>91</sup> *Id.*; citations omitted.

<sup>92</sup> *Del Monte Fresh Produce (Phil.), Inc. v. Betonio*, 867 Phil. 298, 309 (2019) [Per J. Inting, Second Division].

<sup>93</sup> *See* G.R. No. 202392, October 4, 2021 [Per J. Hernando, Second Division].

<sup>94</sup> *Id.*

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In the present case, the Court agrees with the findings of the CA, as it affirmed the LA, that San Juan is a managerial employee who is occupying a position of trust and confidence. In his complaint, San Juan had already admitted that he is Regus's Network Operations Manager who manages the biggest team in Manila IT.<sup>95</sup> In fact, San Juan managed more than 20 IT analysts of the company. Furthermore, the fact that San Juan can dictate the room assignments for the team building shows that he is part of management who can lay down policies. Hence, the first requisite has been complied with.

As for the second requisite, in *Wesleyan v. Reyes*,<sup>96</sup> the Court, through Associate Justice Presbitero J. Velasco, Jr., clarified that managerial employees may be dismissed as long as there is basis for the breach of trust and confidence, to wit:

In *Lima Land, Inc. v. Cuevas*, We discussed the difference between the criteria for determining the validity of invoking loss of trust and confidence as a ground for terminating a managerial employee on the one hand and a rank-and-file employee on the other. In the said case, We held that with respect to rank-and-file personnel, loss of trust and confidence, as ground for valid dismissal, requires proof of involvement in the alleged events in question, and that mere uncorroborated assertions and accusations by the employer would not suffice. **With respect to a managerial employee, the mere existence of a basis for believing that such employee has breached the trust of his employer would suffice for his dismissal.** The following excerpts from *Lima Land* are instructive:

As firmly entrenched in our jurisprudence, loss of trust and confidence, as a just cause for termination of employment, is premised on the fact that an employee concerned holds a position where greater trust is placed by management and from whom greater fidelity to duty is correspondingly expected. This includes managerial personnel entrusted with confidence on delicate matters, such as the custody, handling, or care and protection of the employer's property. The betrayal of this trust is the essence of the offense for which an employee is penalized.

It must be noted, however, that in a plethora of cases, this Court has distinguished the treatment of managerial employees from that of rank-and-file personnel, insofar as the application of the doctrine of loss of trust and confidence is concerned. Thus, with respect to rank-and-file personnel, loss of trust and confidence, as ground for valid dismissal, requires proof of involvement in the alleged events in question, and that mere uncorroborated assertions and accusations by the employer will not be sufficient. **But as regards a managerial employee, the mere existence of a basis for believing that such employee has breached the trust of his employer would suffice for his dismissal.**

<sup>95</sup> *Rollo*, p. 168.

<sup>96</sup> 740 Phil. 297 (2014) [Per J. Velasco, Jr., Third Division].

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Hence, in the case of managerial employees, proof beyond reasonable doubt is not required, it being sufficient that there is some basis for such loss of confidence, such as when the employer has reasonable ground to believe that the employee concerned is responsible for the purported misconduct, and the nature of his participation therein renders him unworthy of the trust and confidence demanded of his position.

On the other hand, loss of trust and confidence as a ground of dismissal has never been intended to afford an occasion for abuse because of its subjective nature. It should not be used as a subterfuge for causes which are illegal, improper, and unjustified. It must be genuine, not a mere afterthought intended to justify an earlier action taken in bad faith. Let it not be forgotten that what is at stake is the means of livelihood, the name, and the reputation of the employee. To countenance an arbitrary exercise of that prerogative is to negate the employee's constitutional right to security of tenure.<sup>97</sup> (Emphasis supplied)

As such, the Court finds that the CA and LA correctly found that San Juan had lost the trust and confidence reposed upon him by Regus. It must be reiterated that "in labor cases, as in other administrative and quasi-judicial proceedings, 'the quantum of proof necessary is substantial evidence, or such amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion'."<sup>98</sup> Proof beyond reasonable doubt is unnecessary. Hence, although the results of Regus's investigation failed to show that San Juan committed sexual molestation beyond reasonable doubt, applying the quantum of proof of substantial evidence, the Court finds San Juan guilty of the same. After all, San Juan's actions immediately after the incident shows his guilt. It baffles the Court how one who is being accused of sexually molesting another can claim that: (1) he was the one who was actually sexually molested by Cruz; (2) can stay silent; and (3) insist that his predator (Cruz) was sleepwalking. Moreover, in his own narration of the incident, San Juan admitted that he had made several attempts to contact Cruz to "apologize" or "clarify" the matters that had transpired, despite being told otherwise. He even informally resigned from Whitehouse, but which he retracted on a later date. Such actions show San Juan's guilt.

In any case, even if San Juan's acts constituting sexual harassment were not sufficiently established, the Court nevertheless agrees with the findings of the CA and LA that San Juan's decorum during and after the team building was highly improper and unprofessional. Granted that other Regus's employees were also half-naked and intoxicated, San Juan is held to a higher standard precisely because of the position which he occupied. Being a

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<sup>97</sup> *Id.* at 312-313.

<sup>98</sup> *Valencia v. Classique Vinyl Products Corporation*, 804 Phil. 492, 504 (2017) [Per J. Del Castillo, First Division].

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superior, he should have acted accordingly and with propriety. Instead of being a good example to his subordinates, he was intoxicated to the point of not being able to remember what had transpired during the company team building. Furthermore, his conduct during his preventive suspension was highly inappropriate. He knew that he was being investigated, yet San Juan still called the members of his team to a conference to insist that his side of the story was the true account. He even told them that the HR Department would be furnishing him copies of their written statement by instilling fear and anxiety in his team who might testify against him even though these were lies. Being a managerial employee, San Juan is expected to safeguard the interests of the company, which include managing and unifying employees to perform their tasks well; hence, the trust reposed on him. However, his actions have caused division among the workers in Regus and were sources of distraction.

In sum, Regus had just grounds to terminate San Juan's employment. Being a managerial employee, San Juan has breached the trust reposed on him through his inappropriate conduct during and after the team building. As such, the CA and LA correctly held that no illegal dismissal occurred.

Finally, and pursuant to prevailing case law,<sup>99</sup> the monetary award due to San Juan, *i.e.*, proportionate 13<sup>th</sup> month pay, shall earn legal interest at the rate of 6% per annum from finality of this ruling until full payment.

**ACCORDINGLY**, the instant Petition is **DENIED**. The Decision dated October 18, 2018 and the Resolution dated April 5, 2019 of the Court of Appeals in CA-G.R. SP No. 154768, reinstating the Decision dated April 27, 2017 of the Labor Arbiter dismissing the complaint for illegal dismissal, are hereby **AFFIRMED WITH MODIFICATION** in that the proportionate 13<sup>th</sup> month pay due to petitioner Benedict Princer San Juan in the amount of PHP 76,384.00 shall earn legal interest at a rate of 6% per annum from finality of this ruling until full payment thereof.

**SO ORDERED.**

  
**ANTONIO T. KHO, JR.**  
Associate Justice

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<sup>99</sup> See *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales*, G.R. No. 225433, September 20, 2022 [Per SAJ Leonen, *En Banc*].

**WE CONCUR:**

*Agreed but left his vote by himself*  
  
**MARVIC M.V.F. LEONEN**  
 Senior Associate Justice

  
**AMY C. LAZARO-JAVIER**  
 Associate Justice  
 Acting Chairperson

  
**MARIONA LOPEZ**  
 Associate Justice

  
**JHOSEP LOPEZ**  
 Associate Justice

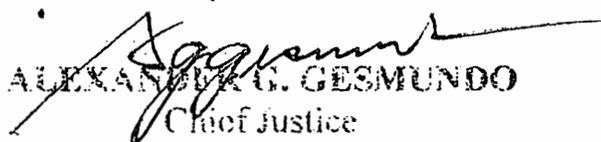
**ATTESTATION**

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.

  
**AMY C. LAZARO-JAVIER**  
 Associate Justice  
 Acting Chairperson, Second Division

**CERTIFICATION**

Pursuant to Article VIII, Section 13 of the Constitution and the Acting Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case assigned to the writer of the opinion of the Court's Division.

  
**ALEXANDER G. GESMUNDO**  
 Chief Justice

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