Republic of the Philippines
Supreme Court
Baguio City

THIRD DIVISION

PAOLO LANDAYAN ARAGONES,
Petitioner,

- versus -

ALLTECH BIOTECHNOLOGY CORPORATION, OCTAVIO ECKHARDT, and MATTHEW SMITH,
Respondents.

G.R. No. 251736

Present:

CAGUIOA, *J., Chairperson,*
INTING,
GAERLAN,
DIMAAMPAO, and
SINGH, *JJ.**

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DECISION

CAGUIOA, *J.*:

Before the Court is a Petition for Review on *Certiorari*[1] (Petition) assailing the Decision[2] (CA Decision) dated April 25, 2019 and Resolution[3] (CA Resolution) dated January 28, 2020 of the Court of Appeals, Manila, Tenth Division (CA) in CA-G.R. SP No. 152338. The CA affirmed the Decision[4] (NLRC Decision) dated May 15, 2017 and Resolution[5] (NLRC

* On leave.
[1] *Rollo*, pp. 7–42.
[2] *Id.* at 43–50. Penned by Associate Justice Eduardo B. Peralta, Jr., and concurred in by Associate Justice Ramon R. Garcia and Associate Justice Gabriel T. Robeniol.
[3] *Id.* at 51–53.
[4] *Id.* at 91–109. Penned by Presiding Commissioner Gregorio O. Bilog III, and concurred in by Commissioner Erlinda T. Agus and Commissioner Dominador B. Medroso, Jr.
[5] *Id.* at 110–111.

Resolution) dated June 30, 2017 of the National Labor Relations Commission (NLRC) which, in turn, reversed the Decision[6] (LA Decision) dated October 28, 2016 of the Labor Arbiter (LA) and dismissed the complaint for lack of jurisdiction.

The Facts

The facts of the case are straightforward: On April 1, 2016, petitioner Paolo Landayan Aragones (Aragones) was offered the position Swine Technical Manager – Pacific (STMP) by respondent Alltech Biotechnology Corporation (Alltech).[7] On April 18, 2016, Aragones signed the Offer Letter[8] dated April 1, 2016. The Offer Letter outlines the terms and conditions for the position, including the following provisions:

Probation Period:	6 months from commencement date
Commencement date:	1st July 2016
Employment Contract:	You are required to sign an employment contract with Alltech Biotechnology [Corporation] on your first day of work.[9]

On April 25, 2016, Aragones resigned from and severed his employment with Cargill Philippines, Inc. (Cargill).[10] In the meantime, Alltech's Head Office allegedly implemented a global restructuring program in May 2016.[11] As a result, the position of Swine Technical Manager – Pacific (STMP), along with other similar positions across the Alltech group, allegedly became redundant and was abolished.[12] Alltech informed Aragones of this development through a letter[13] dated June 10, 2016, and offered him PHP 140,000.00, an amount equivalent to one-month salary, as a gesture of goodwill.[14]

Aragones did not respond to Alltech. Instead, he filed a complaint for non-payment of wages, moral and exemplary damages, attorney's fees, other causes of action, interest, expenses, money claims and backwages.[15]

Ruling of the LA

The LA found that Aragones was illegally dismissed, even though the complaint did not specify "illegal dismissal" as one of his causes of action. The decretal portion of the LA Decision reads as follows:

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6 *Id.* at 282–288.
7 *Id.* at 44.
8 *Id.* at 131–132.
9 *Id.* at 132.
10 *Id.* at 135.
11 *Id.* at 96.
12 *Id.*
13 *Id.* at 97.
14 *Id.*
15 *Id.* at 44.

> **WHEREFORE**, evidence and law considered, respondent ALLTECH BIOTECHNOLOGY CORPORATION is hereby found liable for the illegal dismissal of complainant. Accordingly, it is hereby **ORDERED** to immediately reinstate him to a job equivalent to that offered and accepted, pay his full backwages amounting to [PHP 600,250.00], plus nominal damages of [PHP 50,000.00] and 10% attorney's fees per attached Computation Sheet which forms part hereof.
>
> **SO ORDERED**.[16]

According to the LA, an employer-employee relationship was established when Aragones accepted Alltech's job offer. Moreover, all the elements of the four-fold test for determining the existence of an employment relationship were present in this case. Since Alltech failed to substantiate the ground of redundancy, Aragones was found to have been illegally dismissed. Although the complaint did not specifically charge Alltech with illegal dismissal, the LA held that this could be subsumed under "other causes of action," given that the issue was addressed and defended by the parties through their pleadings.

Both parties appealed the LA Decision to the NLRC.

Ruling of the NLRC

In the NLRC Decision, the NLRC granted Alltech's appeal, reversed the LA Decision, and dismissed the complaint for lack of jurisdiction, *viz:*

> WHEREFORE, the complainant's appeal is DISMISSED. The respondents' appeal is GRANTED.
>
> The complaint is DISMISSED for lack of employer-employee relationship.
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> SO ORDERED.[17]

The NLRC found that Aragones violated Rule V, Section 12 of the 2011 NLRC Rules of Procedure and respondents' right to due process by including "illegal dismissal" as a cause of action in his position papers without amending his complaint. Since "illegal dismissal" was not one of his causes of action, there was no basis for the relief of reinstatement, backwages, damages, and other benefits. Furthermore, even if "illegal dismissal" had been one of Aragones' causes of action, he would still not be entitled to these reliefs because he was not an employee of Alltech. The NLRC noted that, although Aragones accepted the Offer Letter, it came with a clear provision that his employment would only commence on July 1, 2016. Additionally, without a definitive employment contract duly signed by the parties, there could be no employment relationship to speak of. The four-fold test in determining the existence of an employer-employee relationship was also not satisfied.

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[16] *Id.* at 287–288.
[17] *Id.* at 109.

Consequently, the case is dismissible for lack of jurisdiction.

Aragones sought reconsideration of the NLRC Decision, but his motion was denied in the NLRC Resolution. Aggrieved, he filed a petition for *certiorari* with the CA.

Ruling of the CA

The CA denied Aragones' petition for *certiorari* in the assailed CA Decision, *viz:*

> **WHEREFORE,** with the foregoing disquisition, the Petition for *Certiorari* dated August 29, 2017 is hereby **DISMISSED** for lack of merit.
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> **SO ORDERED.**[18]

The CA likewise found that Aragones was not illegally dismissed because he was not an employee of Alltech in the first place. The CA explained that although there was a perfected contract between the parties, it did not result in the commencement of an employment relationship. Aragones' employment with Alltech was conditioned on the availability of the position. Since the position of STMP was abolished due to redundancy before Aragones' intended start date of July 1, 2016, no employer-employee relationship was established.

Aragones filed a motion for reconsideration of the CA Decision, but it was denied in the assailed CA Resolution. The CA, citing the case of *Sagun v. ANZ Global Service and Operations, Inc.*[19] (*Sagun*), reiterated that there could be no employment relationship between the parties because the conditions necessary for its commencement were not met. The CA also explained that Aragones failed to satisfy the four-fold test used in determining the existence of an employment relationship.

Hence, this Petition.

Aragones asserts that his acceptance of the Offer Letter on April 18, 2016, established an employment relationship between him and Alltech. He contends that the July 1, 2016 commencement date is not a condition but rather a term that did not suspend the existence of an employer-employee relationship; it merely held in abeyance the parties' right to demand the performance of their respective obligations.[20] Additionally, he argues that the requirement to sign an employment contract on his first day was a mere formality which does not negate the fact that an employment contract was perfected earlier.[21] Aragones also maintains that the requirements under the

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18 *Id.* at 50.
19 *See* 793 Phil. 633 (2016) [Per J. Perlas-Bernabe, First Division] (Resolution).
20 *Rollo*, pp. 24–25.
21 *Id.* at 25–26.

four-fold test in determining the existence of an employer relationship were present in this case.[22] He argues therefore that an employer-employee relationship existed as of April 18, 2016, and he could not be dismissed on the ground of redundancy without observing both substantive and procedural due process.[23]

Meanwhile, respondents contend otherwise in their Comment.[24] Relying on *C.F. Sharp & Co., Inc v. Pioneer Insurance & Surety Corporation*[25] (*C.F. Sharp*), respondents argue that the perfection of the employment contract should be distinguished from the commencement of the employment relationship. They maintain that there was yet no employer-employee relationship between the parties when Alltech withdrew the job offer because the Offer Letter expressly states that Aragones' employment shall commence on July 1, 2016, and he was still required to execute an employment contract on his first day of work.[26] Furthermore, the existence of an employer-employee relationship is undermined by the failure to satisfy the requirements under the four-fold test,[27] as well as the lack of substantial evidence to prove the same.[28]

Issues

The issues for resolution of the Court are as follows:

1. Whether an employer-employee relationship existed between Aragones and Alltech; and

2. If an employer-employee relationship did exist, whether Aragones was illegally dismissed and, therefore, entitled to his claims.

The Court's Ruling

A contract is perfected upon the concurrence of the following requisites: (1) the *consent* of the contracting parties; (2) an *object* certain, which is the subject matter of the contract; and (3) the *cause* of the obligation.[29] "Consent" is manifested by the meeting of the offer and the acceptance upon the thing and the cause which are to constitute the contract.[30] For consent to be valid, the "offer" must be certain, and the "acceptance" must be absolute.[31] A contract is deemed perfected from the time the acceptance is made known to the offeror.[32] Without the offeror's knowledge of the

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22 *Id.* at 28–30.
23 *Id.*
24 *Id.* at 526–568.
25 682 Phil. 198 (2012) [Per J. Perez, Second Division].
26 *Rollo*, pp. 546–551.
27 *Id.* at 552–556.
28 *Id.* at 556–560.
29 CIVIL CODE, art. 1318.
30 *Id.* at art. 1319.
31 *Id.*
32 *Id.*

acceptance, there is no meeting of the minds of the parties, and thus, no real concurrence of offer and acceptance.[33]

An employment contract, like any other contract, is perfected at the moment the parties come to agree upon its terms and conditions, and thereafter, concur in the essential elements thereof.[34]

Based on these requirements, the Court finds that an employment contract between Aragones and Alltech was perfected on April 18, 2016. This conclusion is supported by the following undisputed facts: (a) Alltech made an offer that is certain through the Job Offer; (b) Aragones unequivocally accepted this offer by affixing his signature thereon on April 18, 2016; and (c) he informed Alltech of his acceptance by sending a copy of the signed Job Offer to respondent Octavio Eckhardt (Eckhardt) *via* e-mail on the same day.[35] Thus, Alltech cannot claim that it validly withdrew its job offer in view of the general rule that an offer, once accepted, cannot be withdrawn.[36]

The question now is: what was the effect of the commencement date of July 1, 2016?

It is true that in certain instances the perfection of the employment contract and the commencement of the employment relationship may not coincide. The Court first addressed the distinction between the perfection and commencement of an employment contract in *Santiago v. CF Sharp Crew Management, Inc.*[37] (*Santiago*). The Court therein held that:

> However, a distinction must be made between the perfection of the employment contract and the commencement of the employer-employee relationship. The perfection of the contract, which in this case coincided with the date of execution thereof, occurred when petitioner and respondent agreed on the object and the cause, as well as the rest of the terms and conditions therein. The commencement of the employer-employee relationship, as earlier discussed, would have taken place had petitioner been actually deployed from the point of hire. Thus, even before the start of any employer-employee relationship, contemporaneous with the perfection of the employment contract was the birth of certain rights and obligations, the breach of which may give rise to a cause of action against the erring party. Thus, if the reverse had happened, that is the seafarer failed or refused to be deployed as agreed upon, he would be liable for damages.[38]

Santiago involved an overseas Filipino seafarer whose employment was covered by the Philippine Overseas Employment Administration Standard Employment Contract (POEA-SEC). Under Section 2(a) of the POEA-SEC, the employment of a seafarer "shall commence upon actual

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33 *Malbarosa v. Court of Appeals*, 450 Phil. 202, 212 (2003) [Per J. Callejo, Sr., Second Division].
34 *Sagun v. ANZ Global Services and Operations (Manila), Inc., supra* note 19.
35 *Rollo*, pp. 133–134.
36 CIVIL CODE, art. 1324. *See also Marcos v. National Labor Relations Commission*, 318 Phil. 172 (1995) [Per J. Regalado, Second Division].
37 554 Phil. 63 (2007) [Per J. Tinga, Second Division].
38 *Id.* at 73.

departure of the seafarer from the Philippine airport or seaport in the point of hire."[39] This provision partakes of a *condition*; particularly, a *suspensive condition*. The Civil Code defines a *condition* as a "future and uncertain event upon which the existence of an obligation is made to depend."[40] A *suspensive condition* is one whose non-fulfillment prevents the existence of the obligation.[41] Appositely, jurisprudence instructs us that the birth or effectivity of a contract subject to a suspensive condition only takes place if and when the event constituting the condition happens or is fulfilled.[42] If the suspensive condition does not take place or is not fulfilled, the parties would stand as if the conditional obligation had never existed.[43] In other words, in conditional obligations, the efficacy of the obligation is held in abeyance until the fulfillment of the condition. Thus, the Court in *Santiago* found that no employment relationship between the parties existed considering that the suspensive condition of deployment was not fulfilled.

The ruling in *Santiago* was reiterated in *C.F. Sharp*, the case cited by respondents, and *Sagun*, the case cited by Aragones. However, both cases do not squarely apply to the present controversy because they involved employment contracts subject to *suspensive conditions*. *C.F. Sharp* concerned an overseas Filipino seafarer whose employment was contingent upon his deployment,[44] while *Sagun* dealt with an employee whose employment was conditioned upon satisfactory results from the required background checks.[45]

Unlike in the said cases, the contract between Aragones and Alltech is subject to a *term* or a *period*—a specific date agreed upon by the parties, July 1, 2016.

A *period* refers to a "day certain. . . which must necessarily come, although it may not be known when."[46] The Civil Code provides that: "Obligations for whose fulfillment a day certain has been fixed, shall be demandable only when that day comes."[47] Unlike a condition, which may or may not happen, a period must necessarily come. Thus, a period does not affect the existence of the obligation, it merely dictates the time when the obligation is demandable. In other words, in contracts with a period, the existence of the obligation is already established; it is the demandability that is determined by the period.

Here, the July 1, 2016 commencement date agreed upon by the parties is a *suspensive period* that merely deferred the demandability of their

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39 Standard Terms and Conditions Governing the Overseas Employment of Filipino Seafarer's On-Board Ocean-Going Ships.
40 *Gonzales v. Lim*, 555 Phil. 472, 478 (2007) [Per J. Corona, First Division].
41 *See Diego v. Diego*, 704 Phil. 373 (2013) [Per J. Del Castillo, Second Division].
42 *Insular Life Assurance Company, Ltd. v. Young*, 424 Phil. 675 (2002) [Per J. Sandoval-Gutierrez, Third Division].
43 *Id.* at 694.
44 *See C.F. Sharp & Co., Inc. v. Pioneer Insurance & Surety Corp.*, *supra* note 25.
45 *See Sagun v. ANZ Global Services and Operations (Manila), Inc.*, *supra* note 19.
46 CIVIL CODE, art. 1193.
47 *Id.*

respective obligations as employer and employee—namely, the employee's obligation to render services and the employer's obligation to pay wages. It did not affect the existence or birth of those obligations. In other words, while the employer-employee relationship was already established when the contract was entered into on April 18, 2016, the demandability of their respective obligations as employer and employee was deferred until July 1, 2016. That the demandability of obligations was at a later time (July 1, 2016), while the contract was established earlier (April 18, 2016), is a result of the fact that Aragones had yet to wrap up his employment with Cargill. It was a period where Aragones can voluntarily terminate his employment with Cargill and do a proper turn-over. This is a recognition that most employees who shift from one employer to another would usually wait for an offer from a new employer before voluntarily terminating their current employment, which was the case here. Aragones, after having obtained an offer from Alltech, accepted the same, and was given a sufficient period between April 18, 2016 to July 1, 2016 to wrap up his employment with Cargill. Alltech, on the other hand, can use the period to prepare for the position of Aragones, such as making sure he has all the necessary equipment to do his work. This period benefits both Alltech and Aragones.[48]

Even the requirement that Aragones sign an employment contract on his first day of work did not prevent this. After all, no particular form of contract or document is required to prove the existence of an employer-employee relationship.[49]

The four-fold test could also not be used as Alltech does not deny that it offered an employment contract to Aragones, which Aragones accepted. The issue is whether Alltech can unilaterally cancel an employment contract on the basis of redundancy, when the contract is subject to a suspensive period.

The four-fold test is used when the issue turns on the existence of an employer-employee relationship and the employer denies the existence of such. In the instant case, it would not be apropos to check whether there was power to hire and fire, pay wages, dismiss, and control, when the factual circumstance readily shows an employment agreement was entered into which Alltech unilaterally cancelled before the arrival of the definite suspensive period.

Furthermore, even assuming *arguendo* that the commencement date on the signed Job Offer partakes of a condition, such condition would nevertheless be considered constructively fulfilled. This is because Alltech effectively prevented its fulfillment by unilaterally withdrawing the job offer due to the alleged abolition of the STMP position. Article 1186 of the Civil Code clearly provides that, "[t]he condition shall be deemed fulfilled when

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48 *See id.*, art. 1196.

49 *Vinoya v. National Labor Relations Commission*, 381 Phil. 460 (2000) [Per J. Kapunan, First Division].

the obligor voluntarily prevents its fulfillment." Consequently, Aragones would still be considered an employee of Alltech.

It is now established that an employer-employee relationship existed between Alltech and Aragones. However, not every controversy or money claim filed by an employee against an employer falls within the jurisdiction of the labor tribunals.[50] The jurisdiction of the labor tribunals, as defined by Article 224[51] of the Labor Code, is limited to disputes arising from an employer-employee relationship, which can only be resolved by reference to the Labor Code and other labor statutes.[52] In other words, the employee's claims must have a "reasonable causal connection" with the employment relationship.[53]

Here, the reasonable causal connection between Aragones' claims and the employment relationship is unmistakable. As previously discussed, Aragones' acceptance of the job offer established an employment relationship between the parties. Alltech's unilateral withdrawal of the said job offer is what prompted Aragones to file the present complaint for non-payment of wages and damages. Thus, in line with established jurisprudence and Article 224 of the Labor Code, the present controversy lies within the original and exclusive jurisdiction of the labor tribunals.

The Court shall now determine whether the labor tribunals correctly ruled that Aragones was illegally dismissed.

While the complaint does not specifically allege "illegal dismissal" as one of Aragones' causes of action, the LA is not completely barred from resolving this issue especially since Aragones raised the issue of illegal dismissal in his position paper,[54] while respondents also extensively argued the validity of Alltech's restructuring program and the redundancy or

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50 *Halagueña v. Philippine Airlines, Inc.*, 617 Phil. 502 (2009) [Per J. Peralta, Third Division].

51 ARTICLE 224. [217] Jurisdiction of the Labor Arbiters and the Commission. — (a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

(1) Unfair labor practice cases;
(2) Termination disputes;
(3) If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;
(4) Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations;
(5) Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts; and
(6) Except claims for Employees Compensation, Social Security, Medicare and maternity benefits, all other claims arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos [(PHP 5,000.00)] regardless of whether accompanied with a claim for reinstatement.

52 *See Halagueña v. Philippine Airlines, Inc.*, *supra* note 50.

53 *Philippine Airlines, Inc. v. Airline Pilots Association of the Philippines*, 826 Phil. 599 (2018) [Per J. Martires, Third Division].

54 *Rollo*, pp. 112–117.

abolition of the STMP position in their position paper.[55] In addition, respondents were also afforded the opportunity to refute the allegations of illegal dismissal in their reply,[56] and appeal[57] before the NLRC. The ruling of the Court in *Samar-Med Distribution v. National Labor Relations Commission*[58] is instructive on this matter, *viz:*

> Firstly, petitioner's contention that the validity of Gutang's dismissal should not be determined because it had not been included in his complaint before the NLRC is bereft of merit. The complaint of Gutang was a mere checklist of possible causes of action that he might have against Roleda. Such manner of preparing the complaint was obviously designed to facilitate the filing of complaints by employees and laborers who are thereby enabled to expediently set forth their grievances in a general manner. But the non-inclusion in the complaint of the issue on the dismissal did not necessarily mean that the validity of the dismissal could not be an issue. The rules of the NLRC require the submission of verified position papers by the parties should they fail to agree upon an amicable settlement, and bar the inclusion of any cause of action not mentioned in the complaint or position paper from the time of their submission by the parties. In view of this, Gutang's cause of action should be ascertained not from a reading of his complaint alone but also from a consideration and evaluation of both his complaint and position paper. With Gutang's position paper having alleged not only the bases for his money claims, but also that he had been "compelled to look for other sources of income in order to survive" and that his employment had not been formally terminated, thereby entitling him to "full backwages aside from his other claims for unpaid monies," the consideration and ruling on the propriety of Gutang's dismissal by the Labor Arbiter and the NLRC were proper.[59] (Citations omitted)

The determination of whether Aragones was illegally dismissed hinges on whether Alltech validly implemented its redundancy program. Respondents alleged that Alltech Head Office implemented a global restructuring program and abolished the regional positions. Following Alltech Head Office's review of its business operations, it was allegedly determined that affiliate entities have to shift their technical and marketing support from a regional to a local coverage. Among the regional positions abolished was the position of STMP, as well as the position of Eckhardt. Alltech maintained that the restructuring program was undertaken for a legitimate purpose and pursuant to its management prerogative.

Indeed, redundancy is an authorized ground for dismissal under Article 298 of the Labor Code. It exists when "the services of an employee are in excess of what is reasonably demanded by the actual requirements of the enterprise."[60] The determination of whether the employees' services are no longer necessary or sustainable is an exercise of business judgment.

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55 *Id.* at 153–183.
56 *Id.* at. 260–281.
57 *Id.* at. 290–348.
58 714 Phil. 16 (2013) [Per J. Bersamin, First Division].
59 *Id.* at 27–28.
60 *Aboitiz Power Renewables, Inc. v. Aboitiz Power Renewables, Inc.*, 876 Phil. 839, 853 (2020) [Per J. Delos Santos, Second Division].

However, in making such decision the management must not violate the law or act arbitrarily.[61] It is not enough for a company to merely declare redundancy; it must produce adequate proof of such redundancy to justify the dismissal of the affected employees, such as but not limited to the new staffing pattern, feasibility studies/proposal, on the viability of the newly created positions, job description, and the approval by the management of the restructuring.[62]

Nonetheless, there have been cases where the Court found affidavits executed by the employer's officers sufficient to prove a valid redundancy program. For instance, in *Soriano, Jr. v. NLRC*[63] (*Soriano*), the Court found the affidavit executed by the company's Senior Manager as sufficient proof of redundancy because it explained in great detail the reasons and necessities for the implementation of the redundancy program; particularly, how the company's adoption of new technology and equipment in its operations affected the functions of a Switchman, the position held by the employee. Similarly, in *3M Philippines, Inc. v. Yuseco*[64] (*3M*), the Court gave credence to the affidavits executed by the Human Resource Manager as proof of the redundancy program after finding that these affidavits show the company's thrust to enhance its marketing and sales capability by merging its Industrial Business Group and Safety & Graphics Group, which consequently resulted to excess in manpower and superfluity of certain positions.

Here, Alltech's claim of redundancy is supported *solely* by the Affidavit dated September 26, 2016[65] executed by respondent Matthew Smith (Smith Affidavit), the Vice President – Asia Pacific and director of Alltech New Zealand. Unlike in *Soriano* and *3M*, however, the uncorroborated Smith Affidavit merely stated that Alltech's Head Office conducted a review of its affiliates' business operations and determined that it had to shift their technical and marketing support focus from a regional to local coverage to better respond to the needs of their customers, *viz:*

> 17. Sometime this year, Alltech Incorporated ("Alltech Head Office") – the parent company of Alltech group of companies – conducted a review of its and its affiliates' business operations. Based on the review, it was determined that in order to better respond to the needs of customers, Alltech-affiliated companies had to shift their technical and marketing support focus from a regional to local coverage (i.e., within their respective host countries). This would allow them to respond to the needs of their customers faster and more efficiently as opposed to the existing system of deploying those functions regionally. By responding faster to the needs of customers, Alltech Head Office determined that Alltech-affiliated entities can secure more long-term business with its customers and maintain their competitiveness and profitability.

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61 *See id.* at 841.

62 *See Yulo v. Concentrix Daksh Services Philippines, Inc.*, 845 Phil. 899 (2019) [Per J. Perlas Bernabe, Second Division].

63 *See* 550 Phil. 111 (2007) [Per J. Chico-Nazario, Third Division].

64 *See* 889 Phil. 496 (2020) [Per J. Lazaro-Javier, Third Division].

65 *Rollo*, pp. 185–195.

> 18. Thus, sometime in May 2016, Alltech Head Office decided to undergo a global restructuring program with the above objectives. The restructuring program covered all entities affiliated to Alltech Head office across the globe.[66]

The Smith Affidavit then went on to list the positions in Alltech-affiliated entities affected by the purported restructuring program.

As shown in the excerpt above, the Smith Affidavit is vague and general. It failed to demonstrate how the alleged restructuring program led to the abolition of specific positions, specifically how it affected particular positions or why these positions were identified for abolition. Thus, the Smith Affidavit alone is not sufficient to prove the existence of redundancy in this case.

Hence, Aragones is deemed illegally dismissed. Consequently, he is entitled to reinstatement and backwages. However, considering that Aragones no longer asks to be reinstated, the award of separation pay in lieu of reinstatement equivalent to one month salary for every year of service is proper.

Notwithstanding the *ponente*'s reservations as regards the computation of backwages in *C.P. Reyes Hospital v. Barbosa*[67] (*C.P. Reyes*), which held that the backwages and separation pay of an illegally dismissed employee shall be computed beyond the probationary period and until the finality of the decision affirming the illegality of the dismissal, the *ponente* respects that *C.P. Reyes* is the standing doctrine. Thus, Aragones' backwages and separation pay shall be computed from July 1, 2016, the date when Aragones could demand that he be given work and get paid therefor until the finality of this Decision.

Aragones is also entitled to attorney's fees equivalent to 10% of the total monetary award pursuant to Article 2208 of the New Civil Code, which allows its recovery in actions for recovery of wages of laborers and actions for indemnity under the employer's liability laws.[68]

The Court, however, finds no basis to award moral and exemplary damages to Aragones. In *Leus v. St. Scholastica's College Westgrove*,[69] the Court held that "[a] dismissed employee is entitled to moral damages when the dismissal is attended by bad faith or fraud or constitutes an act oppressive to labor, or is done in a manner contrary to good morals, good customs or public policy[,] [while] [e]xemplary damages may be awarded if the dismissal is effected in a wanton, oppressive, or malevolent manner."[70] Here, Alltech

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66 *Id.* at 188–189.

67 *See* G.R. No. 228357, April 26, 2024 [Per J. Kho, *En Banc*]. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

68 *Cariño v. Maine Marine Phils., Inc.*, 842 Phil. 487, 509 (2018) [Per J. Caguioa, Second Division].

69 725 Phil. 186 (2015) [Per J. Reyes, Third Division].

70 *Id.* at 218.

honestly believed that there was yet no employment relationship with Aragones, and that it did not terminate him but merely rescinded the job offer. The Court, thus, finds no bad faith on the part of Alltech and its officers when it terminated Aragones on June 13, 2016.

Finally, in conformity with prevailing jurisprudence, the total judgment award shall earn legal interest at the rate of 6% per annum from finality of this Decision until full payment.

ACCORDINGLY, the Petition for Review on *Certiorari* dated June 10, 2020 is **GRANTED**. The Decision dated April 25, 2019 and Resolution dated January 28, 2020 of the Court of Appeals, Manila, Tenth Division, in CA-G.R. SP No. 152338 are **ANNULED and SET ASIDE**, and a new one is **ENTERED** as follows:

Respondent Alltech Biotechnology Corporation is found liable for the illegal dismissal of petitioner Paolo Landayan Aragones, and is hereby ordered to pay Aragones:

(a) backwages computed from July 1, 2016 until finality of the Decision;

(b) separation pay equivalent to one month salary, for every year of service, starting from July 1, 2016 until the finality of this Decision; and

(c) attorney's fees equivalent to ten percent (10%) of the total monetary award.

The total judgment award shall also earn legal interest of 6% per annum, computed from the finality of the Decision until full payment.

The Labor Arbiter is **DIRECTED** to compute the monetary awards in accordance with this Decision.

SO ORDERED.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

WE CONCUR:

HENRI JEAN PAUL B. INTING
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

JAPAR B. DIMAAMPAO
Associate Justice

(On leave)
MARIA FILOMENA D. SINGH
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.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the Division Chairperson's Attestation, it is hereby certified 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.

ALEXANDER G. GESMUNDO
Chief Justice