Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

CECILIA T. MANESE, JULIETES E. CRUZ, and EUFEMIO PEÑANO II, Petitioners,	**G.R. No. 170454**
	Present:
- *versus* -	VELASCO, JR., *J.*, *Chairperson*, PERALTA, ABAD, PEREZ,* and MENDOZA, *JJ.*
JOLLIBEE FOODS CORPORATION, TONY TAN CAKTIONG, ELIZABETH DELA CRUZ, DIVINA EVANGELISTA, and SYLVIA M. MARIANO, Respondents.	**Promulgated:** 11 October 2012

x - x

D E C I S I O N

PERALTA, *J.*:

This is a petition for review on *certiorari*[1] of the Decision[2] of the Court of Appeals, dated August 30, 2005, in CA-G.R. SP No. 88223, and its Resolution[3] dated November 16, 2005 denying petitioners' motion for reconsideration.

The Decision of the Court of Appeals affirmed the Resolution[4] of the National Labor Relations Commission (NLRC) dated June 30, 2004, with

---

* Designated Acting Member, per Special Order No. 1299 dated August 28, 2012.

1 Under Rule 45 of the Rules of Court.

2 Penned by Associate Justice Delilah Vidallon-Magtolis, with Associate Justices Arturo D. Brion (now a Member of this Court) and Jose C. Reyes, Jr., concurring, *rollo*, pp. 41-59.

3 *Rollo*, p. 60.

4 *Id.* at 93-99.

the following modifications: (1) declaring petitioner Julietes Cruz as legally dismissed in accordance with Article 282, paragraph (c) of the Labor Code, and (2) holding respondent Jollibee Foods Corporation liable for the payment of the unpaid salary of petitioner Cecilia Manese from June 1 to 15, 2001; the payment of sick leave from May 16 to 31, 2001; and the payment of cooperative savings. It also directed the Labor Arbiter to compute the monetary claims.

The facts, culled from the decisions of the Court of Appeals and the Labor Arbiter, are as follows:

Petitioners were employees of respondent Jollibee Foods Corporation (Jollibee). At the time of their termination, petitioner Cecilia T. Manese (Manese), hired on September 16, 1996, was First Assistant Store Manager Trainee with the latest monthly salary of ₱21,040.00; petitioner Julietes E. Cruz (Cruz), hired on May 7, 1996, was Second Assistant Store Manager with the latest monthly salary of ₱16,729.00; and Eufemio M. Peñano II (Peñano), hired on June 22, 1998, was Shift Manager, who functioned as Assistant Store Manager Trainee (equivalent to Kitchen Manager), with the latest monthly salary of ₱10,330.00.

Petitioners were part of the team tasked to open a new Jollibee branch at Festival Mall, Level 4, in Alabang, Muntinlupa City on December 12, 2000. In preparation for the opening of the new branch, petitioner Cruz requested the Commissary Warehouse and Distribution (commissary) for the delivery of wet and frozen goods on December 9, 2000 to comply with the 30-day thawing process of the wet goods, particularly the Jollibee product called “Chickenjoy.”

However, the opening of the store was postponed thrice. When the opening was rescheduled to December 24, 2000, petitioner Cruz made another requisition for the delivery of the food on December 23, 2000, but

the opening date was again postponed. Thereafter, Jollibee's Engineering Team assured the operations manager, respondent Elizabeth dela Cruz, that the new store could proceed to open on December 28, 2000. Petitioner Cruz, upon the advice of their Opening Team Manager Jun Reonal, did not cancel the request for delivery of the products.

On December 23, 2000, 450 packs of Chickenjoy were delivered and petitioners placed them in the freezer. On December 26, 2000, petitioner Cruz thawed the 450 packs of Chickenjoy (ten pieces in each pack), or 4,500 pieces of Chickenjoy, in time for the branch opening on December 28, 2000. The shelf life of the Chickenjoy is 25 days from the time it is marinated; and, once thawed, it should be served on the third day. Its shelf life cannot go beyond three days from thawing. After that, the remaining Chickenjoy products are no longer served, and they are packed in plastic, ten pieces in each pack, and placed in a garbage bag to be stored in the freezer. Within the period provided for in the company policy, valid Chickenjoy rejects are usually returned to the commissary, while rejects which are unreturnable are wasted and disposed of properly.

Despite postponements of the store's opening, the store's sales targets for December 28 and 29, 2000, considered peak times, were not revised by the operations manager. The sales targets of ₱200,000.00 for the first day and ₱225,000.00 for the second day were not reached, as the store's actual sales were only ₱164,000.00 and ₱159,000.00, respectively.

Sometime in January 2001, petitioner Cruz attempted to return 150 pieces of Chickenjoy rejects to the commissary, but the driver of the commissary refused to accept them due to the discoloration and deteriorated condition of the Chickenjoy rejects, and for fear that the rejects may be charged against him. Thus, the Chickenjoy rejects were returned to the freezer.

On February 13, 2001, the area manager conducted a store audit in all departments. The audit's results, which included food stocks and safety, were fair and satisfactory for petitioners' branch.

During the first week of March 2001, the team of petitioners had a meeting on what to do with the stored Chickenjoy rejects. They decided to soak and clean the Chickenjoy rejects in soda water and segregate the valid rejects from the wastes.

On April 2, 2001, petitioner Cruz was transferred to Jollibee Shell South Luzon Tollway branch in Alabang, Muntinlupa. She estimated that the total undisposed Chickenjoy rejects from the 450 packs (4,500 pieces of Chickenjoy) delivered on December 23, 2000 was only about 1,140 pieces as of January 2001. She failed to make the proper indorsement as the area manager directed her to report immediately to her new assignment.

On May 3, 2001, the area manager, Divina Evangelista, visited four stores, including the subject Jollibee branch at Festival Mall, Level 4. When Evangelista arrived at the subject Jollibee branch, she saw petitioner Peñano cleaning the Chickenjoy rejects. Evangelista told petitioner Manese to dispose of the Chickenjoy rejects, but Manese replied that they be allowed to find a way to return them to the Commissary. [5]

On May 8, 2001, Evangelista required petitioners Cruz and Manese to submit an incident report on the Chickenjoy rejects. On May 10, 2001, a corporate audit was conducted to spot check the waste products. According to the audit, 2,130 pieces of Chickenjoy rejects were declared wastage.

On May 15, 2001, Evangelista issued a memorandum with a charge sheet,[6] requiring petitioners to explain in writing within 48 hours from receipt why they should not be meted the appropriate penalty under the

---

5 CA Decision, *id*. at 44; Petitioners' Amended Affidavit-Complaint/Position Paper, *id*. at 111.

6 *Rollo*, p. 183.

respondent company's Code of Discipline for extremely serious misconduct, gross negligence, product tampering, fraud or falsification of company records and insubordination in connection with their findings that 2,130 pieces of Chickenjoy rejects were kept inside the walk-in freezer, which could cause product contamination and threat to food safety.

The petitioners and other store managers submitted their respective letters of explanation.

In her letter[7] of explanation dated May 20, 2001, petitioner Manese said that the foul smell and discoloration of the Chickenjoy rejects were due to the breakdown of the walk-in facilities prior to the store's grand opening. During that time, the store was using temporary power supply, so that it could open during Christmas Day and the Metro Manila Film Festival. She admitted that she was not able to immediately inform Area Manager Divina Evangelista about it. She appealed that they be not accused of gross negligence, because they did their best, but they were not able to save a bulk of the said Chickenjoy due to the holiday season. Manese explained that petitioner Peñano, the kitchen manager at that time, asked for assistance from other stores, but they could only accommodate a few stocks, as most of their storage areas were filled with their own stocks. She said that they did not immediately dispose of the Chickenjoy rejects out of fear of being reprimanded and it would add to the existing problems of the branch regarding low sales and profit. She explained that the Chickenjoy rejects were not disposed immediately, as instructed by Evangelista on May 3, out of desperation and fear. She admitted that this was wrong, but wasting such a big amount made her so worried, considering that the store was already suffering from cost problems. Manese pleaded with respondent corporation to try to understand their situation, and that they did their best for the sake of Jollibee; that they did not intend to hide something or neglect their respective jobs; that some things were just beyond their control; that some of

---

7 *Id*. at 184.

them were not well trained in the kitchen and that she tried training them, but she could only do so much.

In his letter[8] of explanation dated May 20, 2001, petitioner Peñano said that in December 2000, he was the Service Manager of Jollibee Festival Mall branch and was transferred from Level 1 to Level 4. One of his key responsibility areas was service, which included hiring and scheduling of the crew members. According to him, he was not familiar with the duties pertaining to the management of the kitchen area, as he had no proper training, and that Lee Macayana failed to make an indorsement when he was transferred to Level 4 branch and designated as kitchen manager from April 2 to 19, 2001. He was aware that there were Chickenjoy rejects, but he did not know that they were so many (2,130 pieces). Since he had no training in the kitchen, he merely followed Manese's instructions.

In her letter[9] of explanation dated May 21, 2001, petitioner Cruz stated that before her transfer to the Jollibee Shell branch on April 2, 2001, the Chickenjoy rejects were only about 1,200 pieces. Some of those were valid rejects scheduled for pull-out until April 8, 2001, while some could no longer be pulled out because they were already greenish, as they were the Chickenjoy products delivered when the store first opened. The Chickenjoy products turned greenish or quickly deteriorated because those were the ones delivered when the walk-in freezers were still on pre-setting temperature and were operating on temporary power. She tried reporting them as rejects, but the driver would not accept them because of their condition. She decided that it was not practical to report the rejects in one month as it would hurt the newly-opened store. They could not just throw the rejects, as they were also considering proper waste disposal. She denied any involvement in the alleged product tampering, since it happened after she was already assigned to the Jollibee Shell branch on April 2, 2001.

---

8 *Rollo*, p. 189.
9 *Id.* at 181.

Thereafter, respondents Human Resource Manager Sylvia Mariano, Operations Manager Elizabeth dela Cruz, and Atty. Rey Montoya, lawyer for corporate affairs, conducted an administrative hearing on the incident.

On June 11, 2001, the Investigating Committee sent petitioner Cruz a Memorandum[10] on its administrative findings and decision, and the said memorandum notified her that she was terminated from employment due to loss of trust and confidence.

On June 13, 2001, petitioners Manese and Peñano each received a similar Memorandum[11] on the administrative findings and decision of the Investigating Committee, and the said Memoranda also notified them that they were terminated from employment due to loss of trust and confidence.

Thereafter, petitioners Manese and Cruz filed a Complaint[12] against respondents for illegal dismissal with a claim for separation pay, retirement benefits, illegal deduction, unfair labor practice, damages, non-payment of maternity leave, non-payment of last salary, non-payment of sick leave and release of cooperative contributions and damages and attorney's fees. Petitioner Peñano also filed a complaint[13] for illegal dismissal, non-payment of 13th month pay, damages and attorney's fees. These complaints were consolidated.

Petitioners contended that they did not waste the Chickenjoy rejects, because there were so many rejects since the opening of the store. Hence, they planned to report the Chickenjoy rejects to the commissary on a staggered basis, but the driver of the commissary refused to accept the rejects. They tried to find some solutions so that they could convince the driver of the commissary to accept their rejects, and they were able to return

---

10 *Id.* at 199.
11 *Id*. at 197.
12 Docketed as NLRC Case No. 30-05-03495-01, *rollo*, p. 107.
13 Docketed as NLRC Case No. 30-09-04109-01, *id*.

some 400 pieces of Chickenjoy rejects. They emphasized that their food cost was relatively high and the profit margins were low, so they could not declare the rejects as wastes and charge it to the store. Their purpose was salutary, and they even decided to pay for the rejects themselves if the same would no longer be accepted by the commissary.

Petitioners further argued that there was no product contamination, as the rejects were packed by tens and wrapped in plastic, placed in garbage bags, then placed in a crate before being stored in the freezer. From the opening of the store until their dismissal, they had not experienced any wastage of other wet and frozen items. In addition, they claimed that there was no insubordination, considering that the last word of Area Manager Evangelista on the wastage was *"[s]ige kung gusto niyong remedyuhan at makapagsasauli kayo."* She allegedly did not direct petitioner Manese to waste the Chickenjoy. Her parting words to Manese were considered the green light to their attempts to find a solution for the proper disposal of the rejects.

In its Position Paper,[14] respondent Jollibee replied that as a policy, a store can request for the return of the ordered products to the commissary for re-delivery on another date, especially if there are reasons to return them like postponement of the store opening or defective storage freezers. A store can also request other nearby Jollibee stores to accommodate wet products in their walk-in freezers and even allow the use of these products. Petitioner Cruz failed to resort to these remedies. All 450 packs of Chickenjoy were thawed for the store opening on December 28, 2000, and since not all were consumed, she allowed the same to be served beyond their shelf life until December 31. When the area manager visited the store on May 6, 2001 to make sure that her instruction on May 3, 2001 to dispose of the greenish Chickenjoy products was carried out, she found out that the greenish Chickenjoy products were still in the store. Hence, respondent

---

14 *Rollo*, p. 141.

Jollibee contended that there was no illegal dismissal, as petitioners were dismissed for gross negligence and/or incompetence, and for breach of trust and confidence reposed in them as managerial employees.

On July 31, 2003, the Labor Arbiter rendered a Decision,[15] the dispositive portion of which reads:

> WHEREFORE, premises considered, the complaints for illegal dismissal of complainants Cecilia T. Manese and Eufemio M. Peñano II, are hereby dismissed for want of merit. Cecilia A. Manese's money claims further, are likewise dismissed for similar reason.
>
> The complaint for illegal dismissal filed by complainant Julietes E. Cruz is resolved in her favor, against respondent herein. On ground of strained relationship, respondent Jollibee, Inc. is hereby held liable for the payment of her separation pay computed at one (1) month pay for every year of service, or the amount of ₱59,530.00 instead of reinstatement. The payment of backwages is ruled out as an equitable solution to the losses sustained by the respondent.
>
> SO ORDERED.[16]

The Labor Arbiter stated that the charges against petitioners of having caused possible product contamination and endangering public health should not be collective, because at the time the incident was discovered on May 3, 2001, petitioner Cruz was no longer working at Jollibee Festival Mall, Level 4, as she was already transferred to Jollibee Shell South Luzon Tollway, Alabang, Muntinlupa on April 2, 2001. Thus, the Labor Arbiter held that Cruz could not be held liable therefor; hence, her dismissal was illegal. The Labor Arbiter also found no sufficient basis for the other charges foisted on Cruz. However, the Labor Arbiter awarded separation pay to Cruz, considering the strained relationship between the parties. Moreover, on the basis of equitable consideration for the losses sustained by the company on account of some errors of judgment, the Labor Arbiter resolved not to award backwages to Cruz.

---

15 *Id*. at 303.

16 *Id*. at 313-314.

Further, the Labor Arbiter held that petitioner Manese was not entitled to her money claims, particularly unpaid salary, sick leave for the period from May 16-31, 2001, cooperative savings, maternity benefit, mid-year bonus and retirement pay, because she was either not entitled thereto by reason of company policy and practice, or her accountabilities to the company/cooperative far exceed that which may be due her. The Labor Arbiter took note of respondents' argument in their Position Paper as follows:

> x x x Cecilia's payroll for June 1-15 and coop savings together with other benefits due her like 13th month and encashment were not yet given to her because she has in her position the case (car plan given by the company) still with outstanding balance of ₱70,266.67. Even after computing the amount due her vis-a-vis the car loan balance she still has a negative balance of ₱14,262.76. She was informed of this amount and she promised to pay but has not settled to date. We asked her to surrender the car first but she gave excuses.[17]

Petitioners appealed the Decision of the Labor Arbiter to the NLRC. Respondents filed an Opposition to Appeal[18] on October 10, 2003.

On June 30, 2004, the NLRC issued a Resolution,[19] the dispositive portion of which reads:

> WHEREFORE, premises considered, respondents' appeal is hereby ordered DISMISSED and the assailed Decision is hereby AFFIRMED *in toto*.[20]

However, the NLRC held that the Labor Arbiter erred in ruling that petitioner Cruz was illegally dismissed as it found that she committed the offenses enumerated in paragraphs 1.1 to 1.5 and paragraph 2 of the Memorandum[21] sent to her. Nevertheless, since respondents failed to

---

17 *Id*. at 313.

18 *Id*. at 332.

19 Penned by Commissioner Romeo L. Go, with Presiding Commissioner Roy V. Señeres and Commissioner Ernesto S. Dinopol, concurring; *id*. at 93-99.

20 *Rollo*, p. 99.

21 Memorandum to Julietes E. Cruz
x x x x

interpose a timely appeal, the NLRC stated that it was constrained to affirm the findings and award of separation pay granted to petitioner Cruz by the Labor Arbiter.

Petitioners' motion for reconsideration was denied by the NLRC in a Resolution[22] dated October 29, 2004.

Petitioners appealed the Resolutions dated June 30, 2004 and October 29, 2004 of the NLRC to the Court of Appeals via a petition for *certiorari* under Rule 65 of the Rules of Court.

Before the Court of Appeals, petitioners raised the following issues: (1) the NLRC acted with grave abuse of discretion in sustaining the findings of the Labor Arbiter that petitioners Manese and Peñano were responsible for the charges of having caused possible product contamination and endangered public health, and in concluding that their dismissal was due to a valid cause; (2) the NLRC acted with grave abuse of discretion in sustaining the Labor Arbiter's ruling denying petitioner Cruz's reinstatement with full backwages after declaring her dismissal illegal; and (3) the NLRC acted with grave abuse of discretion in sustaining the Labor Arbiter's ruling denying outright the money claims of petitioners.[23]

---

1. As the Kitchen Manager prior to store opening of Festival Level 4 until April 2, you failed to do the following:

1.1 Work it out with Commissary to pull-out and defer deliveries for wet and frozen items due to delay in store opening because it is part of Commissary system to allow pull-out of deliveries during first two weeks of store opening;

1.2 Follow the Production Guide which resulted to excess thawed Chickenjoy when you transferred 450 packs from freezer to chiller last December 25;

1.3 Try swapping the thawed Chickenjoy with other stores, much less inform your Area Manager to help you swap with other stores in the area;

1.4 To take other alternative in storing the Chickenjoy like renting a reefer van instead of taking the risk of storing the Chickenjoy in the freezer/chiller knowing that there is power trip off/fluctuation from time to time;

1.5 To properly dispose of the thawed Chickenjoy after their 3-day shelf life, and not to serve Chickenjoy from the same 450 packs after thawing for three days. Some of these Chickenjoy were served until January and the rest were returned to the walk-in freezer after being over thawed.

2. As the Kitchen Manager then, you did not take the action of wasting or at least recommend to your Store OIC to waste the Chickenjoy which were already greening, but rather, you worked on returning them to Commissary for pull-out as rejects. It has been taught even during the BOTP that greenish cjoy is not an acceptable criterion for valid reject.

[22] *Rollo*, p. 100.

[23] CA Decision, *rollo*, p. 49.

On August 30, 2005, the Court of Appeals rendered a Decision affirming the Resolutions of the NLRC with modification. The dispositive portion of the decision reads:

> *WHEREFORE,* the resolution dated June 30, 2004 of public respondent NLRC is hereby *AFFIRMED* with the following *modifications:*
>
> (1) Petitioner Julietes Cruz is declared legally dismissed in accordance with Article 282, par. (c) of the Labor Code; and
>
> (2) Private respondent Jollibee Foods Corporation is liable for the payment of petitioner Cecilia Manese's unpaid salary for the period of June 1-15, 2001, sick leave for the period of May 16-31, 2001, and cooperative savings. The Labor Arbiter is hereby directed to compute the said monetary claims.[24]

The Court of Appeals found that petitioners were terminated based on the result of the clarificatory hearing and administrative findings of respondent company. The Court held that since petitioners were managerial employees, the mere existence of a basis for believing that they have breached the trust of their employer would suffice for their dismissal. It held that it cannot fault the respondent corporation for terminating petitioners, considering their acts and omissions, enumerated in their respective notices of termination, constituting the breach. Hence, the Court of Appeals held that the NLRC did not commit grave abuse of discretion in issuing the assailed resolutions.

However, the Court of Appeals declared that the Labor Arbiter erred in adjudging that petitioner Cruz was illegally dismissed and in denying petitioner Manese's money claims.

The Court of Appeals stated that it is not disputed that petitioner Manese had already earned her monetary claims; hence, she is entitled to the same, except for the maternity benefit claimed by her. As the

---

[24] *Id*. at 58.

maternity benefit is usually given two weeks before the delivery date, Manese is not entitled to the same. Moreover, the Court of Appeals held that the Labor Arbiter cannot offset Manese's remaining balance on the car loan with her monetary claims, because the balance on the car loan does not come within the scope of jurisdiction of the Labor Arbiter. The respondent corporation's demand for payment of Manese's balance on the car loan or the demand for the return of the car is not a labor dispute, but a civil dispute. It involves debtor-creditor relations, rather than employer-employee relations.

Petitioners' motion for reconsideration was denied by the Court of Appeals in a Resolution[25] dated November 16, 2005.

Hence, petitioners filed this petition raising the following issues:

> I
>
> THE COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION IN PASSING UPON THE LEGALITY OF THE DISMISSAL OF PETITIONER JULIETES CRUZ, CONSIDERING THAT THE RESOLUTION OF THE HONORABLE LABOR ARBITER *A QUO* HAD BECOME FINAL AND EXECUTORY WHEN NO TIMELY APPEAL WAS FILED BY THE PRIVATE RESPONDENT AS FAR AS THE LEGALITY OF HER DISMISSAL IS CONCERNED.
>
> II
>
> THE COURT OF APPEALS GRAVELY ERRED IN PATENTLY DEVIATING IN THE APPRECIATION OF FACTS AND ISSUES ANCHORING THE DISMISSAL OF THE PETITIONERS BASED ON LOSS OF TRUST AND CONFIDENCE BEING MANAGERIAL EMPLOYEES.
>
> III.
>
> THE COURT OF APPEALS GRAVELY ERRED IN ITS FINDINGS OF FACTS WHEN IT HELD THAT PETITIONERS HAD SERVED THE CHICKENJOYS BEYOND THE THREE-DAY SERVING PERIOD, THUS EXPOSING THE PUBLIC HEALTH IN JEOPARDY.[26]

---

25 *Id*. at 60.

26 *Id*. at 25-26.

Petitioners contend that the Court of Appeals exceeded its jurisdiction in dismissing petitioner Cruz as the decision of the Labor Arbiter that the dismissal of petitioner Cruz was illegal had become final and executory, considering that respondents failed to file a timely appeal from the said ruling. Although petitioner Cruz filed a partial appeal, the issues raised were limited to reinstatement and backwages.

The contention is meritorious.

SMI Fish Industries, Inc. v. NLRC[27] held:

> It is a well-settled procedural rule in this jurisdiction, and we see no reason why it should not apply in this case, that **an appellee who has not himself appealed cannot obtain from the appellate court any affirmative relief other than those granted in the decision of the court below**. The appellee can only advance any argument that he may deem necessary to defeat the appellant's claim or to uphold the decision that is being disputed. He can assign errors on appeal if such is required to strengthen the views expressed by the court *a quo*. Such assigned errors, in turn, may be considered by the appellate court solely to maintain the appealed decision on other grounds, but not for the purpose of modifying the judgment in the appellee's favor and giving him other affirmative reliefs.[28]

In this case, respondents did not appeal from the decision of the Labor Arbiter who ruled that the dismissal of petitioner Cruz was illegal. Respondents only filed an *Opposition to Appeal*, which prayed for the reversal of the Labor Arbiter's orders declaring as illegal the dismissal of Cruz and directing payment of her separation pay. The NLRC stated that the registry return receipt showed that respondents' counsel received a copy of the Labor Arbiter's decision on August 28, 2003, and had ten days or up to September 8, 2003 within which to file an appeal. However, instead of filing an appeal, respondent filed an Opposition to complainants'/petitioners' appeal. The NLRC stated that respondents' opposition could have been treated as an appeal, but it was filed only in October, way beyond the ten-

---

27 G.R. Nos. 96952-56, September 12, 1992, 213 SCRA 444, 449.

28 Emphasis supplied.

day reglementary period within which an appeal may be filed. Although the NLRC found that Cruz was legally dismissed, it stated that it was constrained to affirm the findings and award of separation pay granted to Cruz by the Labor Arbiter, since respondents failed to interpose a timely appeal. Hence, the NLRC affirmed the decision of the Labor Arbiter *in toto*.

In view of the foregoing, the Court holds that the Court of Appeals exceeded its jurisdiction when it adjudged that petitioner Cruz was legally dismissed, as respondents did not appeal from the decision of the Labor Arbiter who ruled that Cruz was illegally dismissed. Respondents' failure to appeal from the decision of the Labor Arbiter renders the decision on the illegal dismissal of Cruz final and executory.

Moreover, petitioners, particularly Manese and Peñano, contend that the Court of Appeals erred in its appreciation of facts when it affirmed their legal dismissal, albeit on the ground of loss of trust and confidence, being managerial employees, when the records show that they were dismissed based on the allegation of causing product contamination that would endanger public health and based on alleged gross negligence, as petitioners allegedly incurred excessive Chickenjoy rejects and failed to dispose of the same. They assert that the favorable finding of the area manager in the store audit, conducted on February 13, 2001, where the result in all departments, including food stock and food safety, was fair and satisfactory negated the charge of loss of trust and confidence.

The contention is unmeritorious.

The respective memorandum with a notice of termination given by respondent company to each of the petitioners clearly expressed that their respective acts and omissions enumerated in the said memoranda made respondent company lose its trust and confidence in petitioners, who were managerial employees; hence, they were terminated from employment.

The mere existence of a basis for the loss of trust and confidence justifies the dismissal of the managerial employee because when an employee accepts a promotion to a managerial position or to an office requiring full trust and confidence, such employee gives up some of the rigid guaranties available to ordinary workers.[29] Infractions, which if committed by others would be overlooked or condoned or penalties mitigated, may be visited with more severe disciplinary action.[30] Proof beyond reasonable doubt is not required provided there is a valid reason for the loss of trust and confidence, such as when the employer has a reasonable ground to believe that the managerial employee concerned is responsible for the purported misconduct and the nature of his participation renders him unworthy of the trust and confidence demanded by his position.[31]

However, the right of the management to dismiss must be balanced against the managerial employee's right to security of tenure which is *not* one of the guaranties he gives up.[32] This Court has consistently ruled that managerial employees enjoy security of tenure and, although the standards for their dismissal are less stringent, the loss of trust and confidence must be substantial and founded on clearly established facts sufficient to warrant the managerial employee's separation from the company.[33] Substantial evidence is of critical importance and the burden rests on the employer to prove it.[34]

In this case, the acts and omissions enumerated in the respective memorandum with notice of termination of petitioners Cruz and Peñano were valid bases for their termination, which was grounded on gross negligence and/or loss of trust and confidence. The Labor Arbiter, the NLRC and the Court of Appeals all found that the dismissal of petitioners Manese and Peñano from employment was justified. The findings of fact of the

---

29 *Philippine Long Distance Telephone Company v. Tolentino*, G.R. No. 143171, September 21, 2004, 438 SCRA 555, 560; 482 Phil. 34, 40 (2004).
30 *Id*.; *id*. at 41.
31 *Id.; id.*
32 *Id*.; *id*.
33 *Id*. at 560-561; *id*.
34 *Id*. at 561; *id.*

Court of Appeals, where there is absolute agreement with those of the NLRC, are accorded not only respect but even finality and are deemed binding upon this Court so long as they are supported by substantial evidence.[35] The Court has carefully reviewed the records of this case and finds no reason to disturb the findings of the Court of Appeals that the dismissal of petitioners Manese and Peñano from employment due to loss of trust and confidence is valid.

Lastly, petitioners contend that the Court of Appeals erred in finding that they served the Chickenjoy beyond the three-day serving period, thus, exposing the public health to jeopardy.

The last issue raised by petitioners questions a factual finding of the Court of Appeals. Under Section 1, Rule 45, providing for appeals by *certiorari* before the Supreme Court, it is clearly enunciated that only questions of law may be set forth.[36] The Court may resolve questions of fact only in exceptional cases,[37] which do not apply to this case.

In regard to petitioner Cruz, the Court upholds the decision of the Labor Arbiter in ordering the payment of separation pay to Cruz due to the strained relationship between the parties.

As regards the monetary claims of petitioner Manese, the Court of Appeals found that petitioner Manese had already earned the same, except for the maternity leave. The Position Paper of respondents even stated Manese's unpaid salary for the period of June 1-15, 2001, sick leave from May 16-31, 2001 and her cooperative savings. As the said monetary claims, except the maternity leave, have been earned by

---

35 *Procter and Gamble Philippines v. Bondesto*, G.R. No. 139847, March 5, 2004, 425 SCRA 1, 8; 468 Phil. 932, 941 (2004).

36 *Tayco v. Heirs of Concepcion Tayco-Flores*, G.R. No. 168692, December 13, 2010, 637 SCRA 742.

37 *Id.*

Manese, the Court agrees with the Court of Appeals that respondent Jollibee should pay her the said monetary claims.

Moreover, the Court upholds the ruling of the Court of Appeals that petitioner Manese's unpaid balance on her car loan cannot be set off against the monetary benefits due her. The Court has held in ***Nestlé Philippines, Inc. v. NLRC***[38] that the employer's demand for payment of the employees' amortization on their car loans, or, in the alternative, the return of the cars to the employer, is not a labor, but a civil, dispute. It involves debtor-creditor relations, rather than employee-employer relations.[39]

In this case, petitioner Manese has an obligation to pay the balance on the car loan to respondent Jollibee. If she cannot afford to pay the balance, she can return the car to Jollibee. Otherwise, Jollibee can file a civil case for the payment of the balance on the car loan or for the return of the car. The legal remedy of respondent company is civil in nature, arising from a contractual obligation.[40]

WHEREFORE, the Decision of the Court of Appeals, dated August 30, 2005, in CA-G.R. SP No. 88223, and its Resolution dated November 16, 2005 are **AFFIRMED** with **MODIFICATION** as follows:

1. Paragraph (1) of the dispositive portion of the Decision of the Court of Appeals is **DELETED**, as the Decision of the Labor Arbiter holding petitioner Julietes E. Cruz illegally dismissed is final and executory;

2. Petitioners Cecilia T. Manese and Eufemio M. Peñano II are declared legally dismissed for loss of trust and confidence under Article 282, paragraph (c) of the Labor Code;

3. Respondent Jollibee Foods Corporation is **ORDERED** to pay petitioner Julietes E. Cruz separation pay at the rate of one (1) month

---

38 G.R. No. 85197, March 18, 1991, 195 SCRA 340, 342.

39 *Id*.

40 See *Nestlé Philippines, Inc. v. NLRC, supra* note 38.

pay for every year of service, or the amount of Fifty-Nine Thousand Five Hundred Thirty Pesos (₱59,530.00).

4. Respondent Jollibee Foods Corporation is **ORDERED** to pay the monetary claims of petitioner Cecilia T. Manese, particularly her unpaid salary for the period of June 1-15, 2001; sick leave for the period of May 16-31, 2001 and other leave credits due her, if any; and her cooperative savings. The Labor Arbiter is hereby **DIRECTED** to compute the monetary claims of Cecilia T. Manese.

No costs.

SO ORDERED.

DIOSDADO M. PERALTA
Associate Justice

WE CONCUR:

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

ROBERTO A. ABAD
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

JOSE CATRAL MENDOZA
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.

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

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

MARIA LOURDES P. A. SERENO
Chief Justice