



Republic of the Philippines  
**Supreme Court**  
Manila

**THIRD DIVISION**

**ERIC V. CHUANICO,**  
Petitioner,

**G.R. No. 181852**

Present:

- VERSUS -

VELASCO, JR., *J.*, *Chairperson*,  
PERALTA,  
ABAD,  
MENDOZA, and  
LEONEN, *JJ.*

**LEGACY CONSOLIDATED  
PLANS, INC.,**  
Respondent.

Promulgated:

October 9, 2013

x

*Alcega*  
x

***DECISION***

**ABAD, *J.*:**

This case is about the perceived incompetence and sloth of an in-house counsel as ground for his dismissal from work.

**The Facts and the Case**

On January 3, 2002 Legacy Plans Philippines, Inc. (Legacy Plans) hired petitioner Eric V. Chuanico (Atty. Chuanico) as Assistant Vice-President for legal services. He was to serve as in-house counsel for the company and its subsidiaries under the supervision of Atty. Christine A. Cruz (Atty. Cruz), the Senior Vice-President for Legal Affairs.<sup>1</sup> In the same year, Legacy Plans merged with Consolidated Plans Philippines, Inc. to become Legacy Consolidated Plans, Inc. (Legacy Consolidated), the respondent in this case. Its legal services unit served all its affiliates.

<sup>1</sup> *Rollo*, pp. 132, 140.

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On October 17, 2002 Atty. Cruz wrote Atty. Chuanico a memorandum, requiring him to explain why no administrative action should be taken against him for mishandling two cases.<sup>2</sup> In the first case he was supposed to draft an answer to a complaint for Bank of East Asia (a Legacy Consolidated affiliate) but he belatedly drafted a haphazard one that he gave to the handling lawyers without coursing it to his superior.<sup>3</sup> In his defense, Atty. Chuanico said that he was given only one day within which to finish the draft. While admitting that his superior had no opportunity to review it for lack of time, he denied that the answer had been haphazardly done.<sup>4</sup>

In the second case, Atty. Chuanico was required to prepare a complaint-affidavit for the Rural Bank of Parañaque (also a Legacy Consolidated affiliate) against a certain De Rama but he failed to do so.<sup>5</sup> Atty. Chuanico replied that the case had not actually been turned over to him. It was originally assigned to Atty. Dennis Amparo who later said that the complaint-affidavit could not be prepared because the Rural Bank had no witness.<sup>6</sup>

On December 5, 2002 Legacy Consolidated dismissed Atty. Chuanico with effect on December 20, 2002 for serious misconduct, willful disobedience to lawful orders, gross and habitual neglect of duties, and willful breach of trust.<sup>7</sup> This prompted him to file a complaint for illegal dismissal with claims for his unpaid December 2002 salary and 13<sup>th</sup>-month pay plus moral and exemplary damages and attorney's fees.<sup>8</sup>

On August 31, 2004 the Labor Arbiter (LA) rendered a decision finding Legacy Consolidated guilty of illegal dismissal and awarded Atty. Chuanico with full backwages from December 20, 2002 and separation pay in lieu of reinstatement computed at one month pay for every year of service inclusive of the period when the case was pending. The LA also found that Legacy Consolidated did not dispute the unpaid salary and 13<sup>th</sup>-month pay. In all, the money judgment against Legacy Consolidated amounted to ₱1,532,300.00.<sup>9</sup>

The LA found that Atty. Chuanico actually drafted an answer for Bank of East Asia but the company's two new lawyers did not like it and chose to file one that they themselves prepared. But since Legacy Consolidated neither bothered to present Atty. Chuanico's draft answer nor explained why it regarded the same as haphazardly done, it failed to prove

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<sup>2</sup> Id. at 132, 142.

<sup>3</sup> Id. at 133.

<sup>4</sup> Id. at 109-110.

<sup>5</sup> Id. at 133.

<sup>6</sup> Id. at 114-115.

<sup>7</sup> Id. at 134.

<sup>8</sup> Id. at 131.

<sup>9</sup> Id. at 134-138.

its case. It also did not present evidence that the bank filed a late answer on account of Atty. Chuanico's fault.<sup>10</sup>

As to the second charge, the LA gave credence to Atty. Dennis Amparo's sworn statement that it was to Atty. Cruz, not to Atty. Chuanico, that he personally turned over the cases he was handling. In one of these, the case for the Rural Bank, he had been unable to prepare a complaint affidavit against De Rama for failure of the bank to find a willing witness against her.<sup>11</sup>

On appeal, the National Labor Relations Commission (NLRC) rendered a Resolution<sup>12</sup> dated December 29, 2005 affirming the LA's Decision. The NLRC held that Legacy Consolidated failed to present evidence to prove that Atty. Chuanico violated some company rules or his superior's order. His employer gave him no notice of these alleged violations that were supposedly willful.<sup>13</sup> The NLRC denied Legacy Consolidated's motion for reconsideration, prompting it to file a petition for *certiorari* with the Court of Appeals (CA) for grave abuse of discretion.

On September 26, 2007 the CA<sup>14</sup> held that the NLRC committed grave abuse of discretion in holding Legacy Consolidated guilty of illegal dismissal of Atty. Chuanico. It affirmed, however, the award to him of ₱46,100.00 as 13<sup>th</sup>-month pay for 2002, it appearing that he did not receive it.<sup>15</sup> Atty. Chuanico moved for reconsideration but the CA denied his motion on February 26, 2008, hence this petition.

### **The Issue Presented**

The only issue presented in this case is whether or not the CA erred in holding that the NLRC committed grave abuse of discretion in finding that Legacy Consolidated illegally dismissed Atty. Chuanico for mishandling the two cases alleged to have been assigned to him.

### **The Ruling of the Court**

The CA found reasonable basis for believing that Atty. Chuanico had breached his employer's trust. He was not a mere rank-and-file employee but an in-house counsel. Thus, Legacy Consolidated enjoyed wide latitude

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<sup>10</sup> Id. at 136.

<sup>11</sup> Id. at 137.

<sup>12</sup> Id. at 139-157.

<sup>13</sup> Id. at 150-156.

<sup>14</sup> Id. at 70-85. Penned by Associate Justice Rosmari D. Carandang and concurred in by Associate Justices Vicente S.E. Veloso and Estela M. Perlas-Bernabe (now a member of the Court).

<sup>15</sup> Id. at 84-85.

in evaluating his work and attitude and in terminating his employment on the ground of loss of trust and confidence. His mishandling of the cases assigned to him shows that he had been unfit to continue working for his employer.<sup>16</sup>

But these are broad principles that do not themselves show when, where, and how Atty. Chuanico betrayed the trust that Legacy Consolidated gave him as in-house counsel. To be a valid cause for dismissal, the loss of trust must be based on a willful breach of such trust and founded on clearly established facts.<sup>17</sup> The company charged him with having mishandled two things that were assigned to him, the drafting of an answer in one and the preparation of a complaint affidavit in the other. It failed to present proof, however, of such mishandling.

In the first case, the charge is that the draft-answer Atty. Chuanico prepared for Bank of East Asia was so haphazardly done that the lawyers assigned to handle them had to prepare another answer that was eventually filed in court. Yet, as the LA found, Legacy Consolidated did not bother to present the draft-answer Atty. Chuanico prepared and demonstrate why it regarded the same as haphazardly done. Besides, as Atty. Chuanico said, he was given only one day within which to finish the draft-answer and Legacy Consolidated did not contest this fact. Consequently, he could not be expected to do more than an adequate pleading.

The CA noted from an alleged copy of Atty. Chuanico's draft-answer, belatedly submitted, that he incorrectly titled it "Answer with Cross Party Complaint" instead of "Answer with Cross Claim" and wrote in the explanation regarding mode of service that the pleading was an "Answer with Third Party Complaint." But, since Legacy Consolidated did not adduce this document at the hearing below, the CA cannot say that the LA and the NLRC gravely abused their discretion in failing to consider the same. Besides, the alleged error in misstating the second part of the pleading's title is clearly of little consequence since what mattered most in pleadings are their factual allegations, claims, and defenses.

In the second case, Legacy Consolidated accused Atty. Chuanico of failing to prepare a complaint-affidavit against a certain De Rama. Atty. Chuanico denied that the matter had been assigned to him. Yet, as the LA and the NLRC noted, Legacy Consolidated did not bother to present some note or logbook to refute this denial. It only presented the sworn statement of the office secretary, supposedly competent, who relied merely on her memory for ascertaining individual work assignments in a law practice that served a number of affiliated companies.

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<sup>16</sup> Id. at 83.

<sup>17</sup> *Sanden Aircon Philippines v. Rosales*, G.R. No. 169260, March 23, 2011, 646 SCRA 232, 245.

Besides, Atty. Amparo, the former handling lawyer of the Rural Bank case said in his sworn statement that he had been unable to prepare the required complaint-affidavit because the bank could not produce a witness against De Rama. Atty. Amparo further added that it was to Atty. Cruz, not to Atty. Chuanico, that he turned over the Rural Bank's case.


The Court held in *CAPANELA v. National Labor Relations Commission*<sup>18</sup> that the factual findings of quasi-judicial bodies, which are triers of facts on matters within their expertise, should be considered, when supported by substantial evidence, binding and conclusive on appellate courts. Here the LA and the NLRC were in better positions to assess and evaluate the credibility of the parties' claims and the weight to which their respective evidence is entitled.

Legacy Consolidated said in its Comment that certain employees complained of Atty. Chuanico's work attitude and inefficiency.<sup>19</sup> But these were not the charges that Legacy Consolidated required him to defend himself. Indeed, these charges lack the specifics of time, place, and circumstances. Moreover, since Legacy Consolidated did not present evidence to support such broad charges before the LA, the Court cannot consider the same without violating Atty. Chuanico's right to due process of law.

Lastly Atty. Chuanico was dismissed due to willful breach of trust. Settled is the rule, however, that under Article 282(c) of the Labor Code, the breach of trust must be willful. Ordinary breach will not be enough. A breach is willful if it is done intentionally and knowingly without any justifiable excuse, as distinguished from an act done carelessly, thoughtlessly or inadvertently.<sup>20</sup> Willful breach was not proved in this case.

**WHEREFORE**, the Court **GRANTS** the petition, **SETS ASIDE** the Decision of the Court of Appeals in CA-G.R. SP 94309 dated September 26, 2007, and **REINSTATES** the Resolution of the National Labor Relations Commission in NLRC NCR 00-01-00205-03 dated December 29, 2005.

**SO ORDERED.**


  
**ROBERTO A. ABAD**  
Associate Justice

<sup>18</sup> 311 Phil. 744, 755-756 (1995).

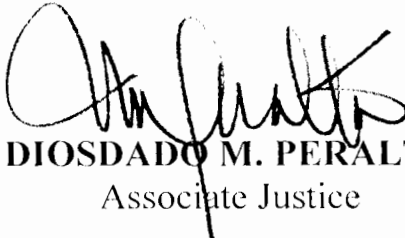
<sup>19</sup> *Rollo*, p. 188.

<sup>20</sup> *Sanden Aircon Philippines v. Rosales*, supra note 17, at 243.

**WE CONCUR:**



**PRESBITERO J. VELASCO, JR.**  
Associate Justice  
Chairperson



**DIOSDADO M. PERALTA**  
Associate Justice




**JOSE CATRAL MENDOZA**  
Associate Justice



**MARVIC MARIO VICTOR F. LEONEN**  
Associate Justice

***ATTESTATION***

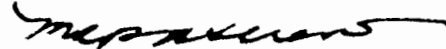
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**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