Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

STANLEY FINE FURNITURE, ELENA AND CARLOS WANG, Petitioners,	**G.R. No. 190486** Present:
-versus-	CARPIO, *J., Chairperson,* DEL CASTILLO, MENDOZA, REYES,* and LEONEN, *JJ.*
VICTOR T. GALLANO AND ENRIQUITO SIAREZ, Respondents.	**Promulgated:** NOV 26 2014

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DECISION

LEONEN, *J.*:

To terminate the employment of workers simply because they asserted their legal rights by filing a complaint is illegal. It violates their right to security of tenure and should not be tolerated.

In this petition for review[1] on certiorari filed by Elena Briones,[2] we are asked to reverse the decision[3] of the Court of Appeals in CA-G.R. SP

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* Designated Acting Member per Special Order No. 1881 dated November 25, 2014.

1 *Rollo*, pp. 7–35.

2 Id. at 3, 7, 9, 270 and 89. The motion for extension of time to file petition for review on certiorari was filed by Stanley Fine Furniture, Elena and Carlos Wang. The petition for review was filed by Elena Briones. In the statement of facts, Elena alleged that she "is the registered owner/proprietress of the business operation doing business under the name and style 'Stanley Fine Furniture." The Department of Trade and Industry certification attached to the reply states that Stanley Fine Furniture is a sole proprietorship owned by Elena Briones Yam-Wang. In the amended complaint, filed at the National Labor Relations Commission, complainants Victor Gallano and Enriquito Siarez indicated 'Stanley Fine Furniture, Elena Briones Wang as owner & Carlos Wang' as the respondents. Thus, Elena

No. 101145. The Court of Appeals found grave abuse of discretion on the part of the National Labor Relations Commission, and reinstated the decision of the Labor Arbiter dated August 2, 2006 finding that respondents Victor Gallano and Enriquito Siarez were illegally dismissed.[4]

Stanley Fine Furniture (Stanley Fine), through its owners Elena and Carlos Wang, hired respondents Victor T. Gallano and Enriquito Siarez in 1995 as painters/carpenters. Victor and Enriquito each received □215.00 basic salary per day.[5]

On May 26, 2005, Victor and Enriquito filed a labor complaint[6] for underpayment/non-payment of salaries, wages, Emergency Cost of Living Allowance (ECOLA), and 13th month pay. They indicated in the complaint form that they were "still working"[7] for Stanley Fine.

Victor and Enriquito filed an amended complaint[8] on May 31, 2005, for actual illegal dismissal, underpayment/non-payment of overtime pay, holiday pay, premium for holiday pay, service incentive leave pay, 13th month pay, ECOLA, and Social Security System (SSS) benefit. In the amended complaint, Victor and Enriquito claimed that they were dismissed on May 26, 2005.[9]

Victor and Enriquito were allegedly scolded for filing a complaint for money claims. Later on, they were not allowed to work.[10]

On the other hand, petitioner Elena Briones claimed that Victor and Enriquito were "required to explain their absences for the month of May 2005, but they refused."[11]

In the decision[12] dated August 2, 2006, the Labor Arbiter found that Victor and Enriquito were illegally dismissed. The Labor Arbiter noted the following contradictory statements in Stanley Fine's position paper, thus:

Briones, Elena Briones Wang, and Elena Briones Yam-Wang refer to the same person. For this decision, we refer to petitioner as Elena Briones.

3 Id. at 38–47. The decision was penned by Associate Justice Fernanda Lampas Peralta and concurred in by Associate Justices Andres B. Reyes, Jr. (Chair) and Apolinario D. Bruselas, Jr.

4 Id. at 46.

5 Id. at 39.

6 Id. at 88.

7 Id.

8 Id. at 89.

9 Id.

10 Id. at 39.

11 Id.

12 Id. at 161–166.

> Also, Stanley Fine was forced to declare them dismissed due to their failure to report back to work for a considerable length of time and also, due to the filing of an unmeritorious labor case against it by the two complainants. . . .
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> . . . .
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> The main claim of the complainants is their allegation that they were dismissed. They were NOT DISMISSED.[13] (Emphasis in the original)

The Labor Arbiter resolved these contradictory statements in the following manner:

> In fact, the admission that complainants were dismissed due to the filing of a case against them by complainants is a blatant transgression of the Labor Code that no retaliatory measure shall be levelled against an employee by reason of an action commenced against an employer. This is virtually a confession of judgment and a death [k]nell to the cause of respondents. It actually lends credence to the fact that complainants were dismissed upon respondents' knowledge of the complaint before the NLRC as attested by the fact that four days after the filing of the complaint, the same was amended to include illegal dismissal.[14]

The Labor Arbiter also awarded moral and exemplary damages to respondents, reasoning that:

> Finding malice, and ill-will in the dismissal of complainants, which exhibits arrogance and defiance of labor laws on the part of respondents, moral and exemplary damages for P50,000 and P30,000 respectively for each of the complainants are hereby granted.
>
> WHEREFORE, premises considered, respondents are hereby declared guilty of illegal dismissal. As a consequence, they are ORDERED to reinstate complainant to their former position and pay jointly and severally complainants' full backwages from date of dismissal until actual reinstatement[.][15]

On appeal, the National Labor Relations Commission reversed[16] the Labor Arbiter's decision, ruling that the Labor Arbiter erred in considering the statement, "due to the filing of an unmeritorious labor case," as an admission against interest.[17] The National Labor Relations Commission held that:

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13 Id. at 162–164.
14 Id. at 164.
15 Id. at 165.
16 Id. at 71–77.
17 Id. at 73 and 75.

> Contrary to the findings of the Labor Arbiter below . . . respondents-appellants' allegations in paragraph 5 of their position paper is not an admission that they dismissed complainants-appellees moreso [sic], in retaliation for complainants-appellees' filing a complaint against them. Had the Labor Arbiter been more circumspect analyzing the facts brought before him by the herein parties pleadings, he could have easily discerned that complainants-appellees were merely required to explain their unauthorized absences they committed for the month of May 2005 alone. Complainants-appellees did not deny knowledge of the memoranda issued to them on May 23, 25 and 27, 2005 for complainant-appellee Siarez and June 1, 2005 memo for Gallano. That they simply refused receipt of them cannot extricate themselves from its legal effects as the last of which clearly show that it was sent to them thru the mails.
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> . . . .
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> The same holds true with the findings of the Labor Arbiter below that respondents-appellants' evidence, Annexes "7" to "74" "cannot be admissible in evidence" for being mere xerox copies and "are easily subjected to interpolation and tampering."
>
> Suffice it to state that these pieces of evidence were adduced during the arbitral proceedings below, where complainants-appellees were afforded the opportunity to controvert and deny its truthfulness and veracity that complainants-appellees never objected thereto or deny its authenticity, certainly did not render said documents tampered or interpolated.
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> WHEREFORE, in view of the foregoing, the decision appealed from is hereby **REVERSED** and **SET ASIDE.** Respondents-appellants are however ordered to reinstate complainants-appellees to their former position without loss of seniority rights and benefits appurtenant thereto, without backwages.
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> SO ORDERED.[18]

Victor and Enriquito filed a motion for reconsideration,[19] which the National Labor Relations Commission denied in the resolution[20] dated August 15, 2007.

Thus, Victor and Enriquito filed a petition for certiorari before the Court of Appeals. Generally, petitions for certiorari are limited to the determination and correction of grave abuse of discretion amounting to lack or excess of jurisdiction. However, the Court of Appeals reviewed the findings of facts and of law of the labor tribunals, considering that the Labor Arbiter and the National Labor Relations Commission had different findings.[21]

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18 Id. at 75–76.
19 Id. at 78–84.
20 Id. at 86–87.
21 Id. at 43.

The Court of Appeals found that Stanley Fine failed to show any valid cause for Victor and Enriquito's termination and to comply with the two-notice rule.[22] Also, the Court of Appeals noted that Stanley Fine's statements — that it was "*forced to declare them dismissed*"[23] due to their absences and "*due to the filing of an unmeritorious labor case against it by the two complainants*"[24] — were admissions against interest and binding upon Stanley Fine. Thus:

> An admission against interest is the best evidence which affords the greatest certainty of the facts in dispute since no man would declare anything against himself unless such declaration is true. Thus, an admission against interest binds the person who makes the same, and absent any showing that this was made thru palpable mistake, no amount of rationalization can offset it.[25]

The Court of Appeals also held that the immediate amendment of Victor and Enriquito's complaint negated their alleged abandonment.[26]

With regard to the National Labor Relations Commission's deletion of the monetary award, the Court of Appeals ruled that:

> Notably, private respondents' claim of payment is again belied by their own admission in their position paper that they failed to pay petitioners their ECOLA and to ask for exemption from payment of said benefits to their employees. In any event, private respondents' allegation of payment of money claims is not supported by substantial evidence. The Labor Arbiter found that the documents presented by private respondents were mere photocopies, with no appropriate signatures of petitioners and could be easily subjected to interpolation and tampering.[27]

The Court of Appeals, thus, granted the petition, set aside the resolutions of the National Labor Relations Commission, and reinstated the decision of the Labor Arbiter.[28] The dispositive portion of its decision reads:

> **WHEREFORE,** the assailed Resolutions dated June 18, 2007 and August 15, 2007 of public respondent NLRC are set aside and the Labor Arbiter's Decision dated August 2, 2006 is reinstated.
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> **SO ORDERED.**[29]

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22 Id.
23 Id.
24 Id.
25 Id. at 44, *citing Mattel, Inc. v. Francisco, et al.*, 582 Phil. 492, 500 (2008) [Per J. Austria-Martinez, Third Division] and *Heirs of Miguel Franco v. Court of Appeals*, 463 Phil. 417, 428 (2003) [Per J. Tinga, Second Division].
26 *Rollo*, p. 44.
27 Id. at 45.
28 Id. at 46.
29 Id.

Stanley Fine filed a motion for reconsideration,[30] which the Court of Appeals denied in the resolution[31] dated November 27, 2009.

On December 21, 2009, Stanley Fine, Elena, and Carlos Wang filed a motion for extension of time to file petition for review on certiorari.[32]

On January 21, 2010, Elena Briones filed a petition for review.[33] Elena alleged that she is the "registered owner/proprietress of the business operation doing business under the name and style 'Stanley Fine Furniture.'"[34] She argued that the Court of Appeals erred in ruling that Victor and Enriquito were illegally dismissed considering that she issued several memoranda to them, but they refused to accept the memoranda and explain their absences.[35] As to the statement, "due to the filing of an unmeritorious labor case,"[36] it was error on the part of her former counsel which should not bind her.[37] Further, the monetary claims should not have been awarded because these were based on the allegations in the complaint form,[38] whereas Elena presented documentary evidence to show that Victor and Enriquito's money claims had been paid. They never rebutted her documentary evidence.[39] As to the award of moral and exemplary damages and attorney's fees, Victor and Enriquito did not present any evidence to support their claim, thus, it was error for the Court of Appeals to have reinstated the Labor Arbiter's decision.[40]

In compliance with this court's resolution[41] dated February 17, 2010, Victor and Enriquito filed their comment[42] and argued that the petition should be denied because Elena "is neither the respondent, party in interest or representatives as parties."[43] With regard to Victor's two absences and Enriquito's five absences, these should not be interpreted as refusal to go back to work tantamount to abandonment.[44] Considering that Elena's arguments had been passed upon by the labor tribunals and the Court of Appeals, this petition should be denied.[45]

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30 Id. at 50–55.
31 Id. at 49.
32 Id. at 3–4.
33 Id. at 7.
34 Id. at 9.
35 Id. at 27.
36 Id. at 162.
37 Id. at 28.
38 Id. at 24.
39 Id. at 31.
40 Id. at 32.
41 Id. at 178.
42 Id. at 189–205.
43 Id. at 190.
44 Id. at 194.
45 Id. at 191.

Elena filed her reply[46] and posited that she has legal standing to file the petition for review because she is the owner/proprietress of Stanley Fine.[47] In addition, she argued that Victor and Enriquito knew that she, Elena, is the real party-in-interest because during the pendency of the labor case, she filed an ex-parte manifestation, attaching her Department of Trade and Industry certificate of registration of business name,[48] showing that the registration is under her maiden name, Elena Y. Briones. As per the Department of Trade and Industry's certification,[49] Stanley Fine is a sole proprietorship owned by "Elena Briones Yam-Wang."

Thus, this court is asked to resolve procedural and substantive issues in this petition as follows:

1. Whether Elena Briones has standing to file this petition for review on certiorari;

2. Whether the Court of Appeals erred in ruling that Victor Gallano and Enriquito Siarez were illegally dismissed;

3. Whether the Court of Appeals erred when it agreed with the Labor Arbiter that the statement, "filing of an unmeritorious labor case," is an admission against interest and binding against Stanley Fine Furniture; and

4. Whether the Court of Appeals erred in awarding the monetary claims and damages to Victor Gallano and Enriquito Siarez, considering that they did not produce evidence to support their claims.

I.

Petitioner Elena Briones has standing to file this case

On this issue, petitioners claimed that Elena Briones is not the real party-in-interest; hence, the decision of the Court of Appeals is final and executory since the petition for review was not properly filed.[50]

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46 Id. at 262–269.
47 Id. at 263.
48 Id. at 271.
49 Id. at 270.
50 Id. at 190–191.

In her reply, Elena argued that she is the sole proprietor of Stanley Fine, a fact known to respondents.[51] As the sole proprietor, she has standing to file this petition.[52]

Respondents cannot deny Elena Briones' standing to file this petition considering that in their amended complaint filed before the Labor Arbiter, they wrote "Stanley Fine Furniture, *Elina* [sic] *Briones Wang as owner* and Carlos Wang" as their employers.[53]

Also, respondents did not refute Elena's allegation that Stanley Fine is a sole proprietorship. In *Excellent Quality Apparel, Inc. v. Win Multi-Rich Builders, Inc.*,[54] this court stated that:

> *A sole proprietorship does not possess a juridical personality separate and distinct from the personality of the owner of the enterprise.* The law merely recognizes the existence of a sole proprietorship as a form of business organization conducted for profit by a single individual and requires its proprietor or owner to secure licenses and permits, register its business name, and pay taxes to the national government. *The law does not vest a separate legal personality on the sole proprietorship or empower it to file or defend an action in court*.[55] (Emphasis supplied)

Thus, Stanley Fine, being a sole proprietorship, does not have a personality separate and distinct from its owner, Elena Briones. Elena, being the proprietress of Stanley Fine, can be considered as a real party-in-interest and has standing to file this petition for review.

II.

Review of procedural parameters

In her petition for review, Elena raised the following issues: (a) whether "the filing of an Establishment Termination Report"[56] is an act of dismissal; (b) whether counsel's allegation that an employee was dismissed due to the filing of an "unmeritorious" case against the employer is binding;[57] (c) whether a Labor Arbiter can award monetary claims based on the allegations in the complaint form;[58] and (d) whether the award of moral

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51 Id. at 263.
52 Id. at 262.
53 Id. at 89.
54 598 Phil. 94 (2009) [Per J. Tinga, Second Division].
55 Id. at 101, *citing Mangila v. Court of Appeals*, 435 Phil. 870, 886 (2002) [Per J. Carpio, Third Division].
56 *Rollo*, p. 24.
57 Id.
58 Id.

and exemplary damages and attorney's fees is proper even without supporting evidence.[59]

In a Rule 45 petition for review of a Court of Appeals decision rendered under Rule 65, this court is guided by the following rules:

> [I]n a Rule 45 review (of the CA decision rendered under Rule 65), the question of law that confronts the Court is the legal correctness of the CA decision – i.e., whether the CA correctly determined the presence or absence of grave abuse of discretion in the NLRC decision before it, and not on the basis of whether the NLRC decision on the merits of the case was correct. . . .
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> Specifically, in reviewing a CA labor ruling under Rule 45 of the Rules of Court, the Court's review is limited to:
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> (1) Ascertaining the correctness of the CA's decision in finding the presence or absence of a grave abuse of discretion. This is done by examining, on the basis of the parties' presentations, whether the CA correctly determined that at the NLRC level, all the adduced pieces of evidence were considered; no evidence which should not have been considered was considered; and the evidence presented supports the NLRC findings; and
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> (2) Deciding any other jurisdictional error that attended the CA's interpretation or application of the law.[60] (Citation omitted)

Thus, the proper issue in this case is whether the Court of Appeals correctly determined the presence of grave abuse of discretion on the part of the National Labor Relations Commission.

III.

There was no just cause in the dismissal of respondents

The Court of Appeals found grave abuse of discretion on the part of the National Labor Relations Commission when it reversed the Labor Arbiter's decision. The Court of Appeals held that respondents were illegally dismissed because no valid cause for dismissal was shown. Also, there was no compliance with the two-notice requirement.[61]

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59 Id.

60 J. Brion, dissenting opinion in *Abbot Laboratories, Phils., v. Pearlie Ann F. Alcaraz*, G.R. No. 192571, April 22, 2014 <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2014/april2014/192571_brion.pdf> [Per J. Perlas-Bernabe, En Banc].

61 *Rollo*, p. 43.

Elena admitted that no notices of dismissal were issued to respondents. However, memoranda were given to respondents, requiring them to explain their absences. She claimed that the notices to explain disprove respondents' allegation that there was intent to dismiss them.[62]

Grounds for termination of employment are provided under the Labor Code.[63] Just causes for termination of an employee are provided under Article 282 of the Labor Code:

> ARTICLE 282. *Termination by employer.* - An employer may terminate an employment for any of the following causes:
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> (a) Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
>
> (b) Gross and habitual neglect by the employee of his duties;
>
> (c) Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
>
> (d) Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representatives; and
>
> (e) Other causes analogous to the foregoing.

Although abandonment of work is not included in the enumeration, this court has held that "abandonment is a form of neglect of duty."[64] To prove abandonment, two elements must concur:

> 1. Failure to report for work or absence without valid or justifiable reason; and
> 2. A clear intention to sever the employer-employee relationship.[65]

In *Hodieng Concrete Products v. Emilia*,[66] this court held that:

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62 Id. at 27.

63 Pres. Decree No. 442 (1974), as amended by Pres. Decree Nos. 570-A, 626, 643, 823, 849, 850, 865-A, 891, 1083, 1367, 1368, 1391, 1412, 1641, 1691, 1692, 1693, 1920, 1921, and 2018; Batas Blg. 32, 70, 130, and 227; Exec. Order Nos. 74, 111, 126, 180, 203, 247, 251, 292, and 797; Rep. Act Nos. 6715, 6725, 6727, 7610, 7641, 7655, 7658, 7700, 7730, 7796, 7877, 8042, and 9177, arts. 282, 283, 284, and 285.

64 *Galang v. Malasugui*, G.R. No. 174173, March 7, 2012, 667 SCRA 622, 633 [Per J. Perez, Second Division].

65 *Josan, JPS, Santiago Cargo Movers v. Aduna*, G.R. No. 190794, February 22, 2012, 666 SCRA 679, 686 [Per J. Sereno (now C.J.), Second Division]. *See also E.G. & I. Construction Corporation v. Sato*, G.R. No. 182070, February 16, 2011, 643 SCRA 492, 499–500 [Per J. Nachura, Second Division]; and *Dimagan v. Dacworks United, Incorporated*, G.R. No. 191053, November 28, 2011, 661 SCRA 438, 447 [Per J. Perlas-Bernabe, Third Division].

66 491 Phil. 434 (2005) [Per J. Sandoval-Gutierrez, Third Division].

> Absence must be accompanied by overt acts unerringly pointing to the fact that the employee simply does not want to work anymore. And the burden of proof to show that there was unjustified refusal to go back to work rests on the employer.[67]

The Court of Appeals ruled that the alleged abandonment of work is negated by the immediate filing of the complaint for illegal dismissal on May 31, 2005.[68] The Court of Appeals further stated that:

> Long standing is the rule that the filing of the complaint for illegal dismissal negates the allegation of abandonment. Human experience dictates that no employee in his right mind would go through the trouble of filing a case unless the employer had indeed terminated the services of the employee.[69]

In this case, Elena failed to pinpoint the overt acts of respondents that show they had abandoned their work. There was a mere allegation that she was "forced to declare them dismissed due to their failure to report back to work for a considerable length of time" but no evidence to prove the intent to abandon work.[70] It is the burden of the employer to prove that the employee was not dismissed or, if dismissed, that such dismissal was not illegal.[71] Unfortunately for Elena, she failed to do so.

IV.

Generally, errors of counsel bind the client

Elena's position paper states the following:

> 5. Also, Stanley Fine was forced to declare them dismissed due to their failure to report back to work for a considerable length of time and also, *due to the filing of an unmeritorious labor case against it* by the two complainants. . . . (Emphasis supplied)
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> . . . .
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> 8. The main claim of the complainants is their allegation that they were dismissed. They were **NOT DISMISSED.** Management was [sic] has only instructed them to submit a written explanation for their absence

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67 Id. at 439, *citing Samarca v. Arc-Men Industries, Inc.*, 459 Phil. 506, 515 (2003) [Per J. Sandoval-Gutierrez, Third Division].

68 *Rollo*, p. 44.

69 Id.

70 Id. at 43.

71 *Samar-Med Distribution v. NLRC*, G.R. No. 162385, July 15, 2013, 701 SCRA 148, 160 [Per J. Bersamin, First Division].

> before they would be allowed back to work. . . .[72] (Underscoring in the original)

Elena argued that the use of the word "unmeritorious" should not be taken against her because it is commonly used in pleadings. Also, the use of the word "unmeritorious" came from her previous counsel.[73] In an effort to persuade this court, Elena further argued in her reply that the statement "unmeritorious case" was a mistake committed by her former counsel which should not bind her, considering its grave consequence.[74]

On the other hand, respondents alleged in their position paper[75] that they were requesting from their employer an increase in pay to comply with the minimum wage law.[76] However, they were reprimanded and were told "not to work anymore."[77]

Respondents filed a reply[78] to Elena's position paper and argued that:

> 6. The words "Nag complain pa kayo sa Labor ha, tanggal na kayo" were clear, unequivocal and categorical. These circumstances were sufficient to create the impression in the mind of complainants – and correctly so – that their services were being terminated. The acts of respondents were indicative of their intention to dismiss complainants from their employment.[79]

On this issue, the National Labor Relations Commission held that the phrase, "filing of an unmeritorious labor complaint,"[80] if read together with the other allegations in Elena's position paper, would show that respondents were not dismissed but simply required to explain their absences.[81]

On the other hand, the Court of Appeals agreed with the Labor Arbiter that Elena's statement is an admission against interest and binding upon her. The Court of Appeals explained that:

> An admission against interest is the best evidence which affords the greatest certainty of the facts in dispute since no man would declare anything against himself unless such declaration is true. Thus, an admission against interest binds the person who makes the same, and

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72 *Rollo*, p. 99.
73 Id. at 28.
74 Id. at 266.
75 Id. at 90–97.
76 Id. at 90.
77 Id. at 91.
78 Id. at 146–148.
79 Id. at 147.
80 Id. at 74.
81 Id. at 75.

> absent any showing that this was made thru palpable mistake, no amount of rationalization can offset it.[82]

The general rule is that errors of counsel bind the client. The reason behind this rule was discussed in *Building Care Corporation v. Macaraeg*:[83]

> It is however, an oft-repeated ruling that the negligence and mistakes of counsel bind the client. A departure from this rule would bring about never-ending suits, so long as lawyers could allege their own fault or negligence to support the client's case and obtain remedies and reliefs already lost by operation of law. The only exception would be, where the lawyer's gross negligence would result in the grave injustice of depriving his client of the due process of law.[84] (Citations omitted)

There is not an iota of proof that the lawyer committed gross negligence in this case. That counsel did not reflect his client's true intentions is a bare allegation. It is not a mere afterthought meant to escape liability for such illegal act. Elena's counsel reflected the true reason for dismissing respondents. Both position papers state that Elena dismissed respondents because of the filing of a labor complaint. Thus, the Court of Appeals did not err in affirming the Labor Arbiter's ruling that the statement, "unmeritorious labor complaint," is an admission against interest.

V.

Non-compliance with procedural due process supports the finding of illegal dismissal

Assuming that the statement, "filing of an unmeritorious labor case," is not an admission against interest, still, the Court of Appeals did not err in reinstating the Labor Arbiter's decision. Elena admitted[85] that no notices of dismissal were issued.

Elena pointed out that there is no evidence showing that at the time she sent the memoranda, she already knew of the complaint for money claims filed by respondents.[86] The allegation that she told respondents "*Nag*

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82 Id. at 44, *citing Mattel, Inc. v. Francisco, et al.*, 582 Phil. 492, 500 (2008) [Per J. Austria-Martinez, Third Division] and *Heirs of Miguel Franco v. Court of Appeals*, 463 Phil. 417, 428 (2003) [Per J. Tinga, Second Division].

83 G.R. No. 198357, December 10, 2012, 687 SCRA 643 [Per J. Peralta, Third Division].

84 Id. at 648.

85 *Rollo*, p. 27.

86 Id. at 29.

complain pa kayo sa Labor ha, sige tanggal na kayo"[87] is hearsay and inadmissible.[88]

In cases of termination of employment, Article 277(b) of the Labor Code provides that:

> ARTICLE 277. *Miscellaneous provisions*. –
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> . . . .
>
> (b) Subject to the constitutional right of workers to security of tenure and their right to be protected against dismissal except for a just and authorized cause and without prejudice to the requirement of notice under Article 283 of this Code, the employer shall furnish the worker whose employment is sought to be terminated a written notice containing a statement of the causes for termination and shall afford the latter ample opportunity to be heard and to defend himself with the assistance of his representative if he so desires in accordance with company rules and regulations promulgated pursuant to guidelines set by the Department of Labor and Employment. Any decision taken by the employer shall be without prejudice to the right of the worker to contest the validity or legality of his dismissal by filing a complaint with the regional branch of the National Labor Relations Commission. The burden of proving that the termination was for a valid or authorized cause shall rest on the employer[.]

Book VI, Rule I, Section 2(d) of the Omnibus Rules Implementing the Labor Code further provides:

> Section 2. *Security of tenure*. . . .
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> . . . .
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> (d) In all cases of termination of employment, the following standards of due process shall be substantially observed:
>
> For termination of employment based on just causes as defined in Article 282 of the Code:
>
> (i) A written notice served on the employee specifying the ground or grounds for termination, and giving said employee reasonable opportunity within which to explain his side.
>
> (ii) A hearing or conference during which the employee concerned, with the assistance of counsel if he so desires is given opportunity to respond to the charge, present his evidence, or rebut the evidence presented against him.

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87 Id. at 30.
88 Id.

> (iii) A written notice of termination served on the employee, indicating that upon due consideration of all the circumstances, grounds have been established to justify his termination.

King of Kings Transport, Inc. v. Mamac[89] extensively discussed the two-notice requirement and the procedure that must be observed in cases of termination, thus:

> (1) The **first written notice** to be served on the employees should contain the specific causes or grounds for termination against them, and a directive that the employees are given the opportunity to submit their written explanation within a reasonable period. "Reasonable opportunity" under the Omnibus Rules means every kind of assistance that management must accord to the employees to enable them to prepare adequately for their defense. This should be construed as a period of at least five (5) calendar days from receipt of the notice to give the employees an opportunity to study the accusation against them, consult a union official or lawyer, gather data and evidence, and decide on the defenses they will raise against the complaint. Moreover, in order to enable the employees to intelligently prepare their explanation and defenses, the notice should contain a detailed narration of the facts and circumstances that will serve as basis for the charge against the employees. A general description of the charge will not suffice. Lastly, the notice should specifically mention which company rules, if any, are violated and/or which among the grounds under Art. 282 is being charged against the employees.
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> (2) After serving the first notice, the employers should schedule and conduct a **hearing** or **conference** wherein the employees will be given the opportunity to: (1) explain and clarify their defenses to the charge against them; (2) present evidence in support of their defenses; and (3) rebut the evidence presented against them by the management. During the hearing or conference, the employees are given the chance to defend themselves personally, with the assistance of a representative or counsel of their choice. Moreover, this conference or hearing could be used by the parties as an opportunity to come to an amicable settlement.
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> (3) After determining that termination of employment is justified, the employers shall serve the employees a **written notice of termination** indicating that: (1) all circumstances involving the charge against the employees have been considered; and (2) grounds have been established to justify the severance of their employment.[90] (Emphasis in the original, citation omitted)

Elena presented photocopies of the memoranda to prove that notices to explain were sent to respondents. These photocopies were not considered by the Labor Arbiter, on the ground that they had no probative value. Elena argued that even if the annexes were mere photocopies, they formed part of the position paper, which is a verified pleading under oath.[91] Elena also

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89 553 Phil. 108 (2007) [Per J. Velasco, Jr., Second Division].
90 Id. at 115–116.
91 *Rollo*, p. 31.

cited *Lee v. Regional Trial Court of Quezon City, Branch 85*[92] where this court allegedly ruled that photocopies of documents attached to a verified motion, which have not been controverted, are admissible.[93]

In *Lee v. Regional Trial Court of Quezon City, Branch 85*, this court stated the following:

> Before we discuss the substance of private respondent's motion, we note that attached to it were mere photocopies of the supporting documents and not "certified true copies of documents or papers involved therein" as required by the Rules of Court. However, given that the motion was verified and petitioners, who were given a chance to oppose or comment on it, made no objection thereto, we brush aside the defect in form and proceed to discuss the merits of the motion.[94] (Citation omitted)

A review of the decision in *Lee v. Regional Trial Court of Quezon City, Branch 85* shows that the case involved an omnibus motion to cite Jose C. Lee and the other parties in indirect contempt, and to impose disciplinary sanctions or disbar Jose C. Lee's counsel.[95] The statement cited by Elena is not the controlling doctrine in that case. In addition, it appears that this court brushed aside "the defect in form" in the exercise of its discretion and, thus, it should not be taken as the controlling doctrine. Hence, no error can be attributed to the Court of Appeals when it agreed with the Labor Arbiter's ruling that the photocopies of the memoranda have no probative value since they are mere photocopies.[96]

Even if this court considers Annexes 1 to 5,[97] these pieces of evidence would not save Elena's cause. Annexes 1 to 3 are the memoranda issued to Enriquito with a notation that he refused to sign. Annex 2 is dated May 25, 2005, but the date when Enriquito allegedly refused to sign is not indicated.[98] Annex 3 is dated May 23, 2005, but again, the memorandum does not show when it was served upon Enriquito and the date he refused to sign.[99] It is quite possible that these memoranda were antedated.

Annex 4 is dated June 1, 2005 and was sent to Enriquito Siarez via registered mail.[100] Annex 5 is the memorandum issued to Victor Gallano and is likewise dated June 1, 2005.[101] Respondents were allegedly dismissed

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92 496 Phil. 421 (2005) [Per J. Corona, Third Division].
93 *Rollo*, p. 31.
94 *Lee v. Regional Trial Court of Quezon City, Br. 85*, 496 Phil. 421, 426–427 (2005) [Per J. Corona, Third Division].
95 Id. at 425–426.
96 *Rollo*, p. 45.
97 Id. at 103–107.
98 Id. at 104.
99 Id. at 105.
100 Id. at 106.
101 Id. at 107.

on May 26, 2005;[102] hence, Annex 1 dated May 27, 2005,[103] Annex 4 dated June 1, 2005, and Annex 5 also dated June 1, 2005, were issued as a mere afterthought.

VI.

The Court of Appeals did not err in awarding money claims and damages

With regard to the award of money claims,[104] Elena likewise argues that the Labor Arbiter erred in not admitting Annexes 7 to 74, citing *Lee v. Regional Trial Court of Quezon City, Branch 85*. On this matter, the Court of Appeals quoted the Labor Arbiter's decision, stating that:

> With respect to Annexes 7 to 74 to prove compliance of labor standards, the same cannot be admissible in evidence because they are mere Xerox copies which are easily subjected to interpolation and tampering.
>
> Besides, Annex 69 which purports to be payment of 13th month pay for 2004 of complainant Gallano but no amount is indicated. Again, Annex 71 states 13th month pay for P4,500.00 for complainant Gallano yet there is no signature of Gallano acknowledging receipt thereof. If one document is tainted with fraud, all other Xerox documents are fraudulent.[105]

In their comment, respondents argued that Elena's claim of payment is refuted by her own admission that she did not pay respondents' ECOLA and she even asked for exemption from paying them.[106]

The Court of Appeals found that, indeed, Elena admitted that respondents were not paid their ECOLA and that she asked for exemption from doing so.[107] In addition, Elena's allegations of payment of the other monetary claims, such as 13th month pay, holiday pay, and premium for holiday pay, were not supported by substantial evidence.[108]

A review of the records reveals that even if the Court of Appeals considered the vouchers marked as Annexes 7 to 74 and submitted by Elena, these would only disprove her claim of payment.

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102 Id. at 89. This is the date of dismissal written in the complaint form.
103 Id. at 103.
104 In the Labor Arbiter's decision, the following monetary awards were granted: backwages, 13th month pay, service incentive leave pay, ECOLA, moral damages, and exemplary damages.
105 *Rollo*, p. 46.
106 Id. at 201.
107 Id. at 45.
108 Id.

Annexes 7 to 74[109] are vouchers showing payment of holiday pay, 13th month pay, and service incentive leave pay to respondents. However, not all vouchers were signed by them. Further, in some of the vouchers, the amount given to respondents was not written. Hence, these vouchers do not prove Elena's claim of payment.

As to the award of money claims, including moral and exemplary damages, Elena argued that respondents did not present evidence to prove their entitlement to damages.[110]

Considering the circumstances surrounding respondents' dismissal, the Court of Appeals did not err in upholding the Labor Arbiter's award of moral and exemplary damages. Indeed, there was malice when, as a retaliatory measure, petitioners dismissed respondents because they filed a labor complaint. Further, Elena violated respondents' rights to substantive and procedural due process when she failed to issue notices to explain and notices of termination.

Gone are the days when workers were reduced to mendicant despondency by their employers. Within our legal order, workers have legal rights and procedures to claim these rights. The only way for employers to avoid legal action from their workers is to give them what they may be due in law and as human beings. Businesses thrive through the acumen of their owners and entrepreneurs. But, none of them will exist without the outcome of the sacrifices and toil of their workers. Our economy thrives through this partnership based upon mutual respect. At the very least, these are the values which are congealed in our present laws.

Apparently, in this case, the owners forgot that labor is not merely a factor of production. It is a human product no matter how modest it may seem to them.

WHEREFORE, premises considered, the Court of Appeals' decision dated July 28, 2009, and its resolution dated November 27, 2009, reinstating the Labor Arbiter's decision dated August 2, 2006, are hereby **AFFIRMED**.

SO ORDERED.

MARVIC M.V.F. LEONEN
Associate Justice

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109 Id. at 109–143.
110 Id. at 32.

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

MARIANO C. DEL CASTILLO
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

BIENVENIDO L. REYES
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.

ANTONIO T. CARPIO
Associate Justice
Chairperson, Second 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