Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

UNIVERSITY OF ST. LA SALLE,
Petitioner,

- versus -

JOSEPHINE L. GLARAGA, MARICAR C. MANAAY, LEO G. LOZANA, QUEENIE M. JARDER, ERWIN S. PONDEVIDA, ARLENE T. CONLU, JO-ANN P. SALDAJENO, TRISTAN JULIAN J. TERUEL, JEAN C. ARGEL and SHEILA CORDERO
Respondents.

G.R. No. 224170

Present:

PERALTA, *C.J., Chairperson,*
CAGUIOA, *Working Chairperson,*
REYES, J. JR.,
LAZARO-JAVIER, and
LOPEZ, *JJ.*

Promulgated:

JUN 10 2020

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DECISION

REYES, J. JR., *J.*:

Before the Court is a Petition for Review on *Certiorari* from the Decision[1] dated June 30, 2015 and the Resolution[2] dated March 10, 2016 of the Court of Appeals-Cebu City (CA) in CA-G.R. SP No. 07256 reversing the March 30, 2012 Decision[3] and June 29, 2012 Resolution[4] of the National Labor Relations Commission (NLRC) and reinstating, with modifications, the September 30, 2011 Decision[5] of the Labor Arbiter (LA).

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1 Penned by Associate Justice Renato C. Francisco, with Associate Justices Edgardo L. Delos Santos (now a Member of the Court) and Edward B. Contreras, concurring; *rollo*, pp. 28-37.
2 Id. at 48-49.
3 Id. at 136-147.
4 Id. at 152-153.
5 Id. at 105-133

Facts and Issues

Petitioner University of St. La Salle (petitioner) engaged respondents Josephine L. Glaraga, Maricar C. Manaay, Leo G. Lozana, Queenie M. Jarder, Erwin S. Pondevida, Arlene T. Conlu, Jo-Ann P. Saldajeno, Tristan Julian J. Teruel, Jean C. Argel and Sheila A. Cordero (respondents), as probationary full-time faculty, each with a teaching load 24 to 25 units.[6] Beginning in the first semester of 2010-2011, respondents were engaged as probationary part-time faculty members each with a teaching load of 5 units.[7] The letter notifying respondents of the reduction in load and schedule merely cites decline in enrolment as the underlying reason.[8] Moreover, in its petition, petitioner states that this arrangement was only "until things would get better for the nursing course".[9]

From the first semester of 2008-2009 through the second semester of 2010-2011, respondents' engagements were covered by Documents of Agreement covering five-month periods at a time and containing the following standard clause:

> This contract covers only the specific period stated and will not require any other written notice of expiry. Renewal of probationary fulltime faculty will be based on both the annual minimum performance evaluation score of 85 and a positive evaluation of behavioral conduct, interpersonal relationships, commitment and loyalty to the institution and other moral and ethical considerations.
>
> In addition to the above, as a condition for continued employment, one should manifest seriousness of purpose by binding himself/herself to the mission, policies, procedures and behavioral expectations of the University as contained in (but not limited to) the Administrative and Faculty Manual. To be eligible for permanency, one must have earned his/her masteral degree within the 3 year probationary period.[10]

In the summer and first semester of 2011, respondents were not offered any teaching load, and they were not issued any new documents of agreement.[11] Thus, they filed a complaint for illegal dismissal, salary differential due to diminution of benefits, damages and attorneys' fees,[12] which the LA granted in its September 30, 2011 Decision:

> WHEREFORE, premises considered, judgment is hereby rendered finding complainants JOSEPHINE L. GLARAGA, JO-ANN P. SALDAJENO, JEAN C. ARGEL, ARLENE T. CONLU, TRISTAN TERUEL, SHEILA CORDERO MARICAR MANAAY, LEO G.

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6 Id. at 50-53, 55-91.
7 Id. at 54, 57-58, 63-64, 67-68, 71-72, 77, 82, 85, 89, 92-93.
8 Id. at 94-101.
9 Petition for Review on Certiorari, *rollo*, p. 7.
10 Id. at 50-93.
11 Labor Arbiter Decision, *rollo*, p. 114.
12 Id. at 105-106.

> LOZANA, QUEENIE M. JARDER, ERWIN S. PONDEVIDA, to have been dismissed from their probationary employment for authorized cause as contemplated under Article 283 of the Labor Code of the Philippines, however, the terminations of their services were done without the observance of procedural due process. Accordingly, respondent University of St. La Salle is hereby ordered to pay each complainant separation pay and nominal damages in the amount of ₱10,000.00.[13]

On appeal by petitioner, the NLRC reversed the LA decision:

> **WHEREFORE**, premises considered, the decision of the Labor Arbiter is REVERSED and SET ASIDE and a NEW ONE ENTERED declaring that complainants' period of probationary employment simply expired. Consequently, there is no basis to grant complainants separation pay and nominal damages.
>
> **SO ORDERED.**[14]

The NLRC denied respondents' Motion for Reconsideration.[15]

These proceedings led to the decision and resolution of the CA that are now before the Court for review. The CA reversed the NLRC, to wit:

> **WHEREFORE**, the Petition is **PARTLY GRANTED**. The assailed Decision dated March 30, 2012 and the Resolution dated June 29, 2012 of the National Labor Relations Commission are hereby **REVERSED** and **SET ASIDE**, and the Decision dated September 30, 2011 of the Labor Arbiter is hereby **REINSTATED** with **MODIFICATION** in that in addition to the award of separation pay to each petitioner, nominal damages is awarded to the petitioners fixed at ₱50,000.00 each, due to private respondent University's failure to give notice to the petitioners and to the DOLE.
>
> Let this case be **REMANDED** to the Labor Arbiter for the computation of the total amount to be awarded, within thirty (30) days from receipt hereof.
>
> **SO ORDERED.**[16]

It denied petitioner's motion for reconsideration in a Resolution, dated March 10, 2016.[17]

Hence, petitioner raises the following issues to the Court:

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13 Id. at 132.
14 NLRC Decision, id. at 147.
15 NLRC Resolution, id. at 153.
16 Id. at 36-37.
17 CA Resolution, id. at 48-49.

WHETHER OR NOT THE CA ERRED IN FINDING THAT RESPONDENTS WERE ILLEGALLY TERMINATED FROM EMPLOYMENT INSTEAD OF DECLARING THAT THEIR TERM MERELY EXPIRED.

WHETHER OR NOT THE CA ERRED IN AWARDING MONEY CLAIMS AND NOMINAL DAMAGES TO THE RESPONDENT PLUS NOMINAL DAMAGES [SIC].

Ruling of the Court

The petition lacks merit.

Citing the ruling in *Mercado v. AMA Computer College*,[18] the CA sustained the finding of the LA that respondents' probationary period was for three years, notwithstanding that their contracts were for fixed short periods of five months.[19] During their probationary period, respondents were entitled to security of tenure in that they may be validly dismissed only for just or authorized causes; expiration of their fixed short term contracts was not just or authorized cause.[20] Based on the petitioner's allegations and evidence, however, the CA ruled that the respondents were lawfully dismissed due to redundancy.[21] Redundancy being the cause of termination, payment of separation benefits was validly ordered by the Labor Arbiter.[22] The CA noted that while petitioner may have validly terminated respondents' employment due to redundancy, petitioner failed to comply with the procedural requirement of prior notice under the Labor Code. Accordingly, the CA added nominal damages to the monetary award granted by the LA.

Petitioner argued that the CA erred in glossing over the express provision in respondents' contracts that their probationary period is for a "fixed period of five (5) months for every term or semester," as indicated in the first sentence of the aforequoted standard clause that respondents' contracts cover "only the specific period stated and will not require any other written notice of expiry." The termination of the employment of respondents was due to expiration of their probationary period, rather than to dismissal for just or authorized cause. Consequently, respondents are not entitled to any money claim.

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18 *Mercado v. AMA Computer College-Parañaque City, Inc.*, 632 Phil. 228 (2010).
19 CA Decision, *rollo*, pp. 32-34.
20 Id. at 33-34.
21 Id. at 35.
22 Id.

In their Comment, respondents point to a long line of cases stating that expiration of contract is not a valid ground to terminate the probationary employment of teachers.[23]

Indeed, the Court has resolved the question of the probationary period of teachers who, given the nature of their profession, can only render service during fixed academic terms.[24] The Court has held that the Labor Code provision on the general probationary period of six months does not apply to teachers;[25] rather, special regulations of the Department of Education provide that, unless a shorter period is expressly adopted by their institution,[26] the probationary period of teachers will be for a maximum of three years, even if within that period they render service under fixed short-term contracts.[27] The probationary period has been further clarified to mean full-time teaching[28] for three consecutive[29] academic rather than calendar years[30] or six consecutive regular semesters or nine consecutive trimesters.[31]

Though not raised as an issue, the Court deems it necessary to address the point of whether respondents are merely part-time teachers. We have held in *Spouses Lim v. Legazpi Hope Christian School*[32] and *De La Salle Araneta University, Inc. v. Dr. Eloisa G. Magdurulang*,[33] that part-time teachers do not even qualify for probationary status. In contrast, in this case, the starting point of respondents' employment are that of full-time probationary teachers. Even as respondents are given part-time schedules and reduced teaching loads, they are not advised by petitioner that their full-time probationary status are being materially altered. Rather, the letter of petitioner advising them of their reduced loads and part-time schedules merely state that this was due to "the impending decline in enrolment."[34] More importantly, petitioner expressly alleges that this arrangement is intended to be temporary or until the university's enrolment picks up.[35]

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23 Comment, id. at 281-287.

24 *Brent School, Inc. v. Ronaldo Zamora,* 260 Phil. 747 (1990).

25 *Labajo v. Alejandro*, 248 Phil. 194 (1988).

26 *Espiritu Santo Parochial School v. National Labor Relations Commission*, 258 Phil. 600 (1989).

27 *Escudero v. Office of the President of the Philippines*, 254 Phil. 789-798 (1989). *See*, for example, Article 24, 2008 Commission on Higher Education (CHED) Manual of Regulation for Private Higher Education.

28 *De La Salle Araneta University, Inc. v. Dr. Eloisa G. Magdurulang*, G.R. No. 224319, November 20, 2017; *Son v. University of Santo Tomas*, G.R. No. 211273, April 18, 2018.

29 *Lacuesta v. Ateneo de Manila University*, 513 Phil. 329 (2005); *University of Sto. Tomas v. National Labor Relations Commission*, 261 Phil. 483 (1990).

30 *Magis Young Achievers' Learning Center v. Manalo*, 598 Phil. 886 (2009).

31 *Brazil v. STI Education Service Group, Inc.*, G.R. No. 233314, November 21, 2018.

32 G.R. No. 172818, March 31, 2009.

33 *De La Salle Araneta University, Inc., v. Dr. Eloisa G. Magdurulang;* citing Sec. 117, 2010 Manual of Regulations for Private Schools. Sec. 117 reads: An academic teaching personnel who does not possess the minimum academic qualifications prescribed under Sections 35 and 36 of this Manual shall be considered as part-time employee, and therefore, cannot avail of the status and privileges of a probationary employment.

34 Rollo, p. 94.

35 Id. at 7.

Verily, the theory of petitioner is that "as probationary full-time teachers, respondents' rights to security of tenure expire upon termination of their employment contracts."[36] It would have been inconsistent with this theory had petitioner argued that respondents were, from the beginning, part-time teachers, for then they would not have been on probationary status at all.

It is the foregoing theory of petitioner that must be addressed.

The three-year probationary period of teachers has been reconciled with the fixed short-terms of their employment contracts.[37] If the main object of the employment contract of a teacher is a fixed term, as when the latter is merely a substitute teacher, then the non-extension of the contract validly terminates the latter's employment; the rules on probationary employment are not relevant.[38] However, if the fixed term is intended to run simultaneously with the probationary period of employment, then the fixed term is not to be considered the probationary period, unless a shorter probationary period is expressly adopted by the institution.[39] In this situation, if the non-renewal of the fixed term employment contract takes place after the expiration of the probationary period, then the termination of employment can be characterized as a dismissal, for which the Labor Code provisions on just and authorized causes shall apply.[40] Likewise, if the non-renewal takes place prior to the expiration of the probationary period, then the termination of employment is characterized as a dismissal for which the same provisions of the Labor Code on just and authorized causes shall apply.[41] It is only when the non-renewal of the fixed term employment contract coincides with the expiration of the probationary period that the termination of employment is deemed an exercise of management prerogative of the institution not to regularize the probationary teacher for failure to meet established standards.[42]

While the parties are at liberty to agree to a short probationary period, the decision to do so must be unmistakable, otherwise the presumption is that a three-year period was adopted.[43] In this case, in view of the vagueness in the parties' documents of agreements, the CA was justified in relying on the presumption that the probationary period was for three years as set by law.

The probationary period of respondents being three years, the non-renewal of their fixed term contracts during that probationary period amounted to a dismissal rather than a mere lapse of their probationary period.

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36 Id. at 9-10.
37 Supra note 26.
38 *La Consolacion College v. National Labor Relations Commission*, 418 Phil. 503 (2001).
39 Supra note 25.
40 *Colegio del Santisimo Rosario v. Rojo*, 717 Phil. 265 (2013).
41 Supra note 18.
42 *Colegio San Agustin v. National Labor Relations Commission*, 278 Phil. 414 (1991).
43 *Universidad de Sta. Isabel v. Sambajon, Jr.*, 731 Phil. 235 (2014).

There is neither allegation nor evidence of dismissal for just cause. Instead, the allegations and the evidence, particularly the letters of petitioner about the reduction of respondents' teaching loads and schedules, indicate that dismissal was due to redundancy. This conclusion is reasonable given the admitted financial difficulties of petitioner. Therefore, the CA did not err in its concurrence with the findings of the LA that the dismissal was for the authorized cause of redundancy. The consequent monetary awards were likewise proper.

As to the nominal damages of ₱50,000.00 that the CA awarded to each respondent, the same is supported by jurisprudence.[44] Petitioner's invocation of honest mistake did not move the Court to abandon a settled jurisprudence.

WHEREFORE, premises considered, the instant Petition is **DENIED** for lack of merit. The assailed Decision dated June 30, 2015 and the Resolution dated March 10, 2016 of the Court of Appeals-Cebu City in CA-G.R. SP No. 07256 are **AFFIRMED**.

SO ORDERED.

JOSE C. REYES, JR.
Associate Justice

WE CONCUR:

DIOSDADO M. PERALTA
Chief Justice
Chairperson

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44 *Mejila v. Wrigley Philippines, Inc.*, G.R. Nos. 199469 & 199505, September 11, 2019.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

MARIO V. LOPEZ
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

DIOSDADO M. PERALTA
Chief Justice