Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

I-PEOPLE MANPOWER RESOURCES, INC., ELEC QATAR AND LEOPOLDO GANGOSO, JR.,
Petitioners,

- versus -

COURT OF APPEALS AND JOMER O. MONTON,
Respondents.

G.R. No. 246410

Present:

LEONEN, Chairperson,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., *JJ.*

Promulgated:
JAN 25 2023

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DECISION

LOPEZ, J., *J.*

This Court resolves a Petition for *Certiorari*[1] under Rule 65 of the Rules of Court assailing the Decision[2] and Resolution[3] of the Court of Appeals, which reversed and set aside the Decision[4] and Resolution[5] of the National Labor Relations Commission by declaring that private respondent Jomer O. Monton (*Monton*) was illegally dismissed from service.

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1 *Rollo*, pp. 3–16.

2 *Id.* at 23–36. The October 15, 2018 Decision in CA-G.R. SP No. 144031was penned by Associate Justice Marie Christine Azcarraga-Jacob, and concurred in by Associate Justices Fernanda Lampas Peralta and Rodil V. Zalameda (now a member of this Court) of the Fourth Division, Court of Appeals, Manila.

3 *Id.* at 20–21. The January 24, 2019 Resolution was penned by Associate Justice Marie Christine Azcarraga-Jacob, and concurred in by Associate Justices Fernanda Lampas Peralta and Rodil V. Zalameda (now a member of this Court) of the Former Fourth Division, Court of Appeals, Manila.

4 *Id.* at 37–49. The September 30, 2015 Decision in NLRC NCR Case No. (L) 12-15352-14 [LAC No. (OFW-L) 07-000570-15] was penned by Presiding Commissioner Joseph Gerard E. Mabilog, and concurred in by Commissioners Isabel G. Panganiban-Ortiguerra and Nieves E. Vivar-De Castro of the Sixth Division, National Labor Relations Commission, Quezon City.

5 *Id.* at 6. No copy of the Resolution dated November 27, 2015 was attached in the *rollo*.

The Facts

On June 24, 2013, Elec Qatar, a Qatar-based company offering electro-mechanical services, hired Monton as one of its electrical engineers through its local manpower agency, I-People Manpower Resources, Inc. (*IPMR*).[6]

Monton and Elec Qatar executed an employment contract for two years, from November 9, 2013 to November 9, 2015, with a monthly basic salary of QAR 6,000.00 and an allowance of QAR 3,000.00.[7] His employment contract stipulated that he will be assigned to the State of Qatar. The contract also provided that Elec Qatar could terminate the contract by giving a one-month prior written notice to Monton.[8]

On November 7, 2013, Monton flew to Qatar and started his work on November 9, 2013. Monton subsequently paid IPMR the placement fees in the amounts of QAR 2,000.00, QAR 2,260.00, and QAR 2,000.00, or a total amount of QAR 6,260.00. These amounts were deducted from Monton's salary for July, September, and October 2014.[9]

Thereafter, Monton received a letter from Elec Qatar on October 6, 2014, informing him that his employment contract will be terminated within 30 days from the receipt of said letter by reason of the low activity in the company and the lack of projects, forcing the company to reduce cost and manpower.[10]

On November 4, 2014, Monton sent an e-mail with the subject "Letter of Gratitude" to Elec Qatar's managing director, Claudio Natali, which read:

> Dear Sir Claudio,
>
> Prior to the last day of my service I would like to personally thank you towards the support and guidance I've been receiving within my tenure in the organization.
>
> Before I leave, I want to tell you that a year of working with you has bestowed me a further learning and exposure to the industry.
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> . . . .
>
> Respectfully yours,
> Mr. Jomer Monton[11]

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6 *Id.* at 38.
7 *Id.* at 24.
8 *Id.*
9 *Id.*.
10 *Id.* at 39.
11 *Id.* at 25.

On November 10, 2014, Monton was repatriated to the Philippines—a year before the end of his employment contract on November 9, 2015. Then, on November 14, 2014, Monton filed with the Philippine Overseas Employment Agency-Licensing Regulation Office Anti-Illegal Recruitment Branch in Mandaluyong City a request for conciliation of his complaint and grievance against IPMR. Two conferences were conducted from December 10 to 15, 2014. However, the parties failed to reach an agreement.[12]

On December 15, 2014, Monton filed a Complaint for illegal dismissal against IPMR, Elec Qatar, and Leopoldo Gangoso, Jr., the latter being the corporate officer of IPMR (*IPMR et al.*). Monton prayed for the payment of his salary for the unexpired portion of his employment contract, reimbursement of the placement fee paid to IPMR, damages, and attorney's fees.[13]

Monton asserted that overseas Filipino workers may only be terminated for just or authorized causes, and after compliance with procedural due process. He claimed that he was illegally dismissed since Elec Qatar failed to prove that a valid retrenchment existed. He alleged that the latter was unable to provide evidence of substantial loss in the business, besides bare allegations that the company was experiencing low activity or a shortage of projects.[14]

On the other hand, Elec Qatar argued that there was a valid exercise of management prerogative when it terminated Monton's employment due to retrenchment, as Monton's position as electrical engineer was no longer needed. Moreover, Elec Qatar claimed that the termination was mutually consented to as could be inferred from the e-mail Monton sent to Elec Qatar's managing director.[15]

In its Decision,[16] the labor arbiter ruled that Monton was not illegally dismissed from work. The decretal portion of the Decision reads:

> **WHEREFORE**, premises considered, judgment is hereby rendered **DISMISSING** the instant case for lack of merit.
>
> **SO ORDERED**.[17] (Emphasis in the original)

Monton appealed before the National Labor Relations Commission. In a Decision,[18] the National Labor Relations Commission affirmed the labor arbiter's

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12 *Id.* at 25–26.
13 *Id.* at 26.
14 *Id.* at 40–42.
15 *Id.* at 43.
16 *Id.* at 26–27. The April 30, 2015 Decision was penned by Labor Arbiter Eduardo DJ. Carpio.
17 *Id.* at 27.
18 *Id.* at 37–48.

Decision and dismissed the appeal for lack of merit. The dispositive portion of the Decision reads:

> **WHEREFORE**, premises considered, the appeal is denied for lack of merit. The assailed Decision of Labor Arbiter Eduardo DJ. Carpio dated April 30, 2015 is **AFFIRMED**.
>
> **SO ORDERED.**[19] (Emphasis in the original)

The National Labor Relations Commission ruled that Monton's dismissal was valid because his employment contract with Elec Qatar was lawfully discontinued under its provisions. It found that based on the employment contract, either the employer or the employee may choose to end the contract without the need to specify a cause for termination.[20] It further held that "[t]he cause of termination therefore is not a significant issue because the employment contract itself does not state any just and valid cause for its termination, as long as the notice requirement is complied with[.]"[21] The National Labor Relations Commission further concluded that Elec Qatar had validly effected Monton's dismissal by complying with the only requirement of giving Monton a month prior written notice of termination.[22]

Moreover, according to the National Labor Relations Commission, Monton acquiesced to his termination through his e-mail sent to Elec Qatar's managing director. Thus, the termination of the employment contract was with the mutual consent of the parties and with prior notice. Consequently, Monton is estopped from claiming that the cessation of his employment is illegal.[23]

Monton then sought reconsideration, which the National Labor Relations Commission denied.[24]

Afterwards, Monton filed a Petition for *Certiorari* under Rule 65 before the Court of Appeals alleging that the National Labor Relations Commission acted with grave abuse of discretion amounting to lack or excess of jurisdiction in affirming the labor arbiter's Decision.

In the assailed Decision,[25] the Court of Appeals granted the petition and reversed the Decisions of the National Labor Relations Commission and the labor arbiter. The dispositive portion of the Decision reads:

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19 *Id.* at 48.
20 *Id.* at 43.
21 *Id.* at 44.
22 *Id.* at 43–47.
23 *Id.* at 46–48.
24 *Id.* at 27.
25 *Id.* at 23–36.

> **WHEREFORE**, premises considered, the instant petition for *certiorari* is **GRANTED**. Accordingly, the assailed Decision dated 30 September 2015 and Resolution dated 27 November 2015 of the National Labor Relations Commission (NLRC) in LAC No. (OFW-L) 07-000570-15 NLRC NCR Case No. (L) 12-15352-14 are **REVERSED AND SET ASIDE.** Private respondents are **ORDERED** to **PAY** petitioner:
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> (1) 72,000 Qatar Riyal, representing petitioner's salaries for the unexpired portion of his employment contract, subject to legal interest of 12% per annum from 06 November 2014 to 09 November 2015 and 6% per annum from the finality of this Decision;
>
> (2) Placement fees with 12% interest per annum from 06 November 2014 to the date that this Decision becomes final and executory; and
>
> (3) Attorney's fees equivalent to 10% of the total monetary award.
>
> All the monetary awards herein to petitioner shall earn legal interest of 6% per annum from the date that this Decision becomes final and executory until full satisfaction thereof.
>
> **SO ORDERED.**[26] (Emphasis in the original)

The Court of Appeals ruled that Monton was illegally dismissed as the termination of his employment was without any justifiable or authorized cause. It opined that the employment contract's termination clause should not be interpreted as a form of blanket license by which Elec Qatar may just unilaterally terminate the contract at will.[27] It is a basic principle that laws should be read into every contract without the need for any express reference thereto; more so, when it pertains to a labor contract that is imbued with public interest.[28]

The Court of Appeals found that IPMR et al. failed to adduce anything beyond bare allegations to prove that a valid retrenchment existed which would serve as a justifiable or authorized cause for respondent's dismissal. [29]

IPMR et al. filed a motion for reconsideration, which was subsequently denied in the assailed Resolution.[30]

Hence, this Petition.

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26 *Id.* at 35–36.
27 *Id.* at 29.
28 *Id.*
29 *Id.* at 30–31.
30 *Id.* at 20–21.

Issue

In essence, the main issue raised by the petitioners is whether or not the Court of Appeals acted with grave abuse of discretion amounting to lack or excess of jurisdiction when it reversed the National Labor Relations Commission and declared Monton to have been illegally dismissed.

This Court's Ruling

The Petition should be dismissed.

A discussion must first be made on the remedy availed by IPMR et al.

IPMR et al. are assailing the Decision[31] and Resolution[32] of the Court of Appeals via a Petition for *Certiorari*[33] under Rule 65, as could be understood when IPMR et al. manifested that "[t]his is a special civil action for *certiorari* under Rule 65 of Revised Rules of Civil procedure, as Amended ..." However, it is worth noting that the caption of the pleading is denominated as a Petition for Review.[34]

It must be emphasized that a petition for review on *certiorari* under Rule 45 is the proper remedy to assail a judgment, final order, or resolution of the Court of Appeals.[35] On the other hand, a petition for *certiorari* under Rule 65 is the proper remedy when there is no appeal or when there is no plain, speedy, and adequate remedy available.[36]

In *National Irrigation Administration v. Court of Appeals*,[37] this Court aptly explained that:

> [S]ince the Court of Appeals had jurisdiction over the petition under Rule 65, any alleged errors committed by it in the exercise of its jurisdiction would be errors of judgment which are reviewable by timely appeal and not by a special civil action of *certiorari*. If the aggrieved party fails to do so within the reglementary period, and the decision accordingly becomes final and executory, he cannot avail himself of the writ of *certiorari*, his predicament being the effect of his deliberate inaction.

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31 *Id.* at 23–36.
32 *Id.* at 20–21.
33 *Id.* at 3–16.
34 *Id.* at 3.
35 RULES OF COURT, Rule 45, sec. 1.
36 RULES OF COURT, Rule 65, sec. 1.
37 376 Phil. 362 (1999) [Per C.J. Davide, Jr., First Division].

> The appeal from a final disposition of the Court of Appeals is a petition for review under Rule 45 and not a special civil action under Rule 65 of the Rules of Court, now Rule 45 and Rule 65, respectively, of the 1997 Rules of Civil Procedure. Rule 45 is clear that decisions, final orders or resolutions of the Court of Appeals in any case, *i.e.*, regardless of the nature of the action or proceeding involved, may be appealed to this Court by filing a petition for review, which would be but a continuation of the appellate process over the original case. Under Rule 45 the reglementary period to appeal is fifteen (15) days from notice of judgment or denial of motion for reconsideration.
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> . . . .
>
> For the writ of *certiorari* under Rule 65 of the Rules of Court to issue, a petitioner must show that he has *no plain, speedy and adequate remedy* in the ordinary course of law against its perceived grievance. A remedy is considered "*plain, speedy and adequate*" if it will promptly relieve the petitioner from the injurious effects of the judgment and the acts of the lower court or agency. In this case, appeal was not only available but also a speedy and adequate remedy.[38] (Emphasis supplied; citations omitted)

In the present case, the proper remedy of IPMR et al. was to file a petition for review on *certiorari* under Rule 45, which is a plain, speedy, and adequate remedy. This is because the assailed Decision of the Court of Appeals was already a disposition on the merits. Furthermore, IPMR et al. failed to offer any justification for availing the wrong remedy or why an appeal would not be able to fix the alleged errors made by the appellate court.

Notably, this Court had recognized exceptions and granted a petition for *certiorari* despite the availability of appeal, such as: "(a) when public welfare and the advancement of public policy dictates; (b) when the broader interest of justice so requires; (c) when the writs issued are null and void; or (d) when the questioned order amounts to an oppressive exercise of judicial authority."[39] However, petitioners failed to demonstrate that their case falls under any of these exceptions.

Further, it appears to this Court that IPMR et al. filed the instant Petition for *Certiorari* under Rule 65 to compensate for their failure to file an ordinary appeal. It bears stressing that the "remedies of appeal (including petitions for review) and *certiorari* are mutually exclusive, not alternative or successive."[40] One cannot be availed of as a substitute for the other.

In fact, even if this Court would treat the current petition as a Petition for Review under Rule 45, it has been filed beyond the reglementary period.

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38 *Id.* at 371–372.

39 *Hanjin Engineering and Construction Co. Ltd v. Court of Appeals*, 521 Phil. 224, 244–245 (2006) [Per J. Callejo, Sr., First Division].

40 *Butuan Development Corp. v. Court of Appeals (21st Division)*, 808 Phil. 443, 451 (2017) [Per J. Reyes, Third Division].

In the instant case, IPMR et al. received the resolution of the Court of Appeals denying their motion for reconsideration on February 27, 2019.[41] Upon the receipt of said resolution, they had a period of 15 days or until March 14, 2019 to file a petition for review under Rule 45. Certainly, the current petition filed on April 26, 2019 is beyond the 15-day reglementary period.

It is worth mentioning that this Court issued a Resolution dated June 17, 2019[42] requiring Monton to file a Comment to the Petition as well as ordering the counsel for IPMR et al. to submit within five days from notice: (1) a statement of material dates of receipt of the assailed Decision and filing of the motion for reconsideration; (2) the proof of authority of Arelene Gutierrez Siaron to sign the verification of the petition for and on behalf of the petitioner corporation; and (3) a valid verification of the petition with certification of non-forum shopping, which indicates in the *jurat* that the affiant exhibited before the notary public at least one current identification document issued by an official agency *bearing the photograph and signature* of the individual, as required under the 2004 Rules of Notarial Practice.[43]

IPMR et al. received their copy of the Resolution dated June 17, 2019 on September 3, 2019. On September 9, 2019, they moved for an extension of time[44] of 15 days to comply with the requirements.

Monton filed his Comment[45] stating that the Petition should be dismissed outright for failing to submit a valid verification and certification.

On September 23, 2019, IPMR et al. again asked for an extension of time[46] of 10 days.

On October 4, 2019, *one day after the requested deadline*, IPMR et al. filed a Compliance with Motion to Admit—manifesting the material dates of receipt of the assailed Decision and filing of the motion for reconsideration as well as submitting the proof of authority of Arelene Gutierrez Siaron to sign the verification of the petition.[47] IPMR et al. expressed that the delay was due to the pressures of urgent professional work and the unavailability of the corporate signatories and sought the admission of the required documents by invoking the interest of substantial justice.[48]

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41 *Rollo*, p. 86.
42 *Id.* at 51–52.
43 NOTARIAL PRACTICE RULE, Rule II, secs. 2, 6, and 12.
44 *Rollo*, pp. 53–55.
45 *Id.* at 58–62. Dated September 20, 2019.
46 *Id.* at 65–66.
47 *Id.* at 70–72.
48 *Id.* at 70.

Monton filed his Comment[49] stating that IPMR et al. still failed to correct the infirmities present in the latter's petition despite having been given sufficient time by the Court to do so.

This Court issued another Resolution on May 3, 2021[50] granting both motions for extension and reiterating its Resolution dated June 17, 2019[51] requiring the counsel of IPMR et al. to fully comply with the latter Resolution.

Finally, this Court issued Resolution dated June 27, 2022[52] requiring IPMR et al.'s counsel to show cause why he should not be disciplinarily dealt with or held in contempt for failure to submit a verification of the petition with the affiant's competent evidence of identity required in the Resolutions dated June 17, 2019 and May 3, 2021, and ordering him to comply with these.

On August 19, 2022, the counsel for IPMR et al. filed a Compliance with Manifestation[53] asserting that he had complied with the abovementioned Resolutions on October 4, 2019, or *a day after the deadline.* Once more, IPMR et al. requested leave from this Court to admit these submissions by invoking the interest of substantial justice.

We are not convinced.

Time and again, this Court has stressed that "the application of the [procedural] rules must be upheld, and the suspension or even [the] mere relaxation of its application, is the exception."[54] The mere invocation of the phrase "the interest of justice" would not suffice, thus:

> [T]he bare invocation of "the interest of substantial justice" is not a magic wand that will automatically compel this Court to suspend procedural rules. Procedural rules are not to be belittled or dismissed simply because their non-observance may have resulted in prejudice to a party's substantive rights. Like all rules, they are required to be followed except only for the most persuasive of reasons when they may be relaxed to relieve a litigant of an injustice not commensurate with the degree of his thoughtlessness in not complying with the procedure prescribed.[55] (Citations omitted)

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49 *Id.* at 78–81.
50 *Id.* at 91–92.
51 *Id.* at 51–52.
52 *Id.* at 96.
53 *Id.* at 97–99.
54 *Reyes v. Rural Bank of San Rafael (Bulacan), Inc.*, G.R. No. 230597, March 23, 2022 [Per J. Hernando, Second Division], p. 9. This pinpoint citation refers to the copy of this Decision uploaded to the Supreme Court website.
55 *Spouses Bergonia v. Court of Appeals*, 680 Phil. 334, 343 (2012) [Per J. Reyes, Second Division].

In this case, IPMR et al. had sufficient time to comply with the Resolution dated June 17, 2019 because they were granted two motions for extension of time within which to comply.[56] They reasoned that the delay was due to the pressures of urgent professional work and the unavailability of the corporate signatories.[57] However, such reasons are unsatisfactory.

Furthermore, IPMR et al. consistently failed to submit a verification of the petition with the affiant's competent evidence of identity.

Indeed, this Court held that "verification is merely a formal, not jurisdictional, requirement, affecting merely the form of the pleading such that noncompliance therewith does not render the pleading fatally defective."[58] To put it another way, a defective verification would not necessarily render the petition as an unsigned pleading which produces no legal effect.

However, this Court has also consistently ruled that there must be a special circumstance or a compelling reason which would warrant the relaxation of procedural rules.[59] Stated differently, "the liberal interpretation and application of rules apply only in proper cases of demonstrable merit and under justifiable causes and circumstances."[60] Such justifications are absent in this case.

Even assuming for the sake of argument that We ignore all the procedural defects and treat the current Petition as a petition for *certiorari* under Rule 65, as IPMR et al. intended, the Petition is still without merit.

IPMR et al. raised the issue that the Court of Appeals acted with grave abuse of discretion when it dwelled solely on the merits of the case and focused purely on errors of judgment.[61] They also pointed out that Monton merely alleged that the National Labor Relations Commission committed grave abuse of discretion and failed to prove such assertion.[62] Moreover, they argued that the Court of Appeals made no specific reference to any act of the National Labor Relations Commission which amounted to grave abuse of discretion.[63]

We disagree.

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56 *Id.* at 91.
57 *Id.* at 51.
58 *Heirs of Amada Zaulda v. Zaulda*, 729 Phil. 639, 650 (2014) [Per J. Mendoza, Third Division].
59 *Sanchez v. Court of Appeals*, 452 Phil. 665, 673 (2003) [Per J. Bellosillo, *En Banc*].
60 *Rural Bank of Seven Lakes (S.P.C.), Inc. v. Belen A. Dan*, 595 Phil. 1061, 1073 (2008) [Per J. Chico-Nazario, Third Division].
61 *Rollo*, p. 3.
62 *Id.* at 9–10.
63 *Id.* at 13–14.

It is undisputed that a petition for *certiorari* under Rule 65 does not cover errors of judgement and is only confined to issues of jurisdiction or grave abuse of discretion. However, in *E. Ganzon, Inc. et al. v. Ando, Jr.*,[64] We also held that:

> In labor disputes, grave abuse of discretion may be ascribed to the NLRC when its findings and conclusions reached are not supported by substantial evidence or are in total disregard of evidence material to or even decisive of the controversy; when it is necessary to prevent a substantial wrong or to do substantial justice; when the findings of the NLRC contradict those of the LA; and when necessary to arrive at a just decision of the case.[65]

Consequently, the Court of Appeals has the authority to review the parties' evidence in *certiorari* proceedings. In labor disputes, the Court of Appeals is empowered to evaluate the relevance and importance of the evidence claimed to have been capriciously, whimsically, or arbitrarily disregarded by the National Labor Relations Commission in relation to all the other evidence on record.[66] To make this determination, the Court of Appeals must review the factual findings and evidence submitted by the parties to determine if the National Labor Relations Commission's ruling had substantial basis.[67]

Verily, it is true that this Court must dismiss a petition for *certiorari* under Rule 65 for the failure of a petitioner to present basis of grave abuse of discretion on the part of the lower court or quasi-judicial body. However, this Court ultimately has the discretion in setting aside technical rules when the merits of the case warrant such relaxation.[68]

Here, despite Monton's failure to support its allegations of grave abuse of discretion on the part of the National Labor Relations Commission, the Court of Appeals correctly ruled that it acted with grave abuse of discretion in ruling that Monton was not illegally dismissed. This is because the National Labor Relations Commission's ruling is contrary to substantial evidence as well as relevant laws and jurisprudence.

Indeed, it is unavoidable that the merits of the case would also be examined by the Court of Appeals, since it had to assess the evidence submitted by the parties to determine the existence of grave abuse of discretion. Furthermore, the Court of Appeals need not state the specific act which constituted grave abuse of discretion in its Decision when the ruling of the National Labor Relations Commission is patently erroneous.

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64 806 Phil. 58 (2017) [Per J. Peralta, Second Division].

65 *Id.* at 65.

66 *Dole Phils., Inc. v. Esteva*, 538 Phil. 817–872 (2006) [Per J. Chico-Nazario, First Division].

67 *Padsing v. Lepanto Consolidated Mining Co.*, G.R. No. 235358, August 4, 2021 [Per J. Carandang, Third Division].

68 *CMTC International Marketing Corp. v. Bhagis International Trading Corp.*, 700 Phil. 575, 581 (2012) [Per J. Peralta, Third Division].

Prefatorily, it bears mentioning that the rights and protections afforded to Filipino laborers under the Constitution and the Labor Code shall apply to Filipinos, regardless of whether they are working within the country or abroad. These rights, including the right to security of tenure, do not disappear simply because a laborer is working in a different jurisdiction. "With respect to the rights of [overseas Filipino workers], we follow the principle of *lex loci contractus*."[69]

Based on the records, it is evident in the present case that the employment contract was perfected in the Philippines.[70] As a result, our laws shall apply here.

In light of this, it is well settled that "in illegal dismissal cases, before the employer must bear the burden of proving that the dismissal was legal, the employee must first establish by substantial evidence the fact of his dismissal from service."[71]

Here, Monton's dismissal is unquestioned. Both parties recognized that Monton's service was terminated. The only contention here is whether the dismissal was legal or not. At this point, the burden of proving that "there was a just or authorized cause for the dismissal and that due process was observed"[72] falls on IPMR et al.

IPMR et al. argue that Monton's dismissal was due to retrenchment because of the low activity in the company and the lack of projects.[73] They added that such was a valid exercise of its management prerogative.[74]

Basic is the rule that an employee may be dismissed from service only for just or authorized causes which must be shown by clear and convincing evidence.[75]

Under the Labor Code, one of the authorized causes to dismiss an employee is retrenchment.[76] Retrenchment is the cessation of employment initiated by the employer and "resorted to by management during periods of business recession, industrial depression, or seasonal fluctuations or during lulls occasioned by lack of orders, shortage of materials, conversion of the plant for a new production program[,] or the introduction of new methods or more efficient

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69 *Sameer Overseas Placement Agency, Inc. v. Cabiles*, 740 Phil. 403, 423 (2014) [Per J. Leonen, *En Banc*].

70 *Rollo*, p. 38.

71 *Jarabelo v. Household Goods Patrons, Inc.*, G.R. No. 223163, December 2, 2020 [Per J. Caguioa, First Division], p. 5. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

72 *Fuji Television Network, Inc. v. Espiritu*, 749 Phil. 388, 419 (2014) [Per J. Leonen, Second Division].

73 *Rollo*, p. 39.

74 *Id.* at 26.

75 *Servidad v. National Labor Relations Commission*, 364 Phil. 518, 524 (1999) [Per J. Purisima, Third Division].

76 LABOR CODE, art. 298.

machinery, or of automation."[77] It is a management prerogative resorted to only as a last resort.[78]

Nevertheless, for retrenchment to be a valid exercise of management prerogative, the following must be established: (1) that the retrenchment is reasonably necessary and likely to prevent business losses which, if already incurred, but substantial, serious, actual, and real; (2) it is exercised in good faith and not to defeat or circumvent the employees' right to security of tenure; and (3) a fair and reasonable criteria was used in ascertaining who would be dismissed and who would be retained among the employees.[79] Absent any of these requisites, the dismissal is illegal.

As held by the Court of Appeals, IPMR et al. failed to substantiate their defense that a valid retrenchment existed. IPMR et al. merely alleged that Monton's employment was terminated on account of the low activity in the company and the lack of projects which forced the company to reduce cost and manpower.[80] Such alone would not convince this Court.

IPMR et al. further maintain that Monton's employment contract allowed Elec Qatar to terminate the contract by simply giving a month prior written notice to respondent. Moreover, IPMR et al. pointed out that Monton acknowledged the end of his tenure from the e-mail he sent to Elec Qatar's managing director.

IPMR et al.'s arguments are without merit.

It is axiomatic that labor contracts are heavily impressed with public interest, since employers and employees "do not stand on equal footing."[81] The primacy of the law over the nomenclature of the contract and the stipulations contained therein is to uphold the policy outlined in the Constitution of affording full protection to labor.[82] Labor contracts are accorded a higher status than ordinary contracts and are subject to the police power of the State.[83] Article 1700 of the Civil Code further provides that:

> The relations between capital and labor are *not merely contractual*. They are so impressed with public interest that *labor contracts must yield to the common*

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77 *F.F. Marine Corp. v. National Labor Relations Commission*, 495 Phil. 140, 152 (2005) [Per J. Tinga, Second Division].

78 *Edge Apparel, Inc. v. National Labor Relations Commission*, 349 Phil. 972, 983 (1998) [Per J. Vitug, First Divison].

79 *La Consolacion College of Manila v. Pascua*, 828 Phil. 182, 192 (2018) [Per J. Leonen, Third Division].

80 *Rollo*, p. 39.

81 *Aldovino v. Gold and Green Manpower Management and Development Services, Inc.*, G.R. No. 200811, June 19, 2019 [Per J. Leonen, Third Division], p. 8. This pinpoint citation refers to a copy of the Decision uploaded to the Supreme Court website.

82 CONST., art. XIII, sec. 3.

83 *GMA Network, Inc. v. Pabriga*, 722 Phil. 161, 169 (2013) [Per J. Leonardo-De Castro, First Division].

> *good.* Therefore, such contracts are *subject to the special laws* on labor unions, collective bargaining, strikes and lockouts, closed shop, wages, working conditions, hours of labor and similar subjects.[84] (Emphasis supplied)

Otherwise stated, capital and labor may freely stipulate the terms and conditions in labor contracts; however, such contracts are still subject to existing laws and public policy. This Court further explained that:

> A contract freely entered into should, of course, be respected, as PIA argues, since a contract is the law between the parties. The principle of party autonomy in contracts is not, however, an absolute principle. The rule in Article 1306, of our Civil Code is that the contracting parties may establish such stipulations as they may deem convenient, "provided they are not contrary to law, morals, good customs, public order or public policy." Thus, counter-balancing the principle of autonomy of contracting parties is the equally general rule that *provisions of applicable law, especially provisions relating to matters affected with public policy, are deemed written into the contract.* Put a little differently, the governing principle is that *parties may not contract away applicable provisions of law especially peremptory provisions dealing with matters heavily impressed with public interest.* The law relating to labor and employment is clearly such an area and parties are not at liberty to insulate themselves and their relationships from the impact of labor laws and regulations by simply contracting with each other.[85] (Emphasis supplied)

In this instance, the employment contract between Elec Qatar and Monton should be read in conjunction with existing laws and jurisprudence. Thus, Monton could only be dismissed if both the substantive and procedural due process requirements under the Labor Code are complied with. Elec Qatar should have substantiated its allegations of retrenchment and served written notice to both the respondent and the appropriate Department of Labor and Employment Regional Office, at least a month before the intended date of the termination specifying the ground thereof,[86] to validly dismiss the respondent.

Regarding the e-mail Monton sent to Elec Qatar's managing director, such is immaterial to the case. It would be unjust if We were to consider Monton's courteous act of sending his appreciation as a form of waiver in seeking legal recourse. The e-mail is merely an acknowledgement of the efforts of his former superior. The fact that Monton acknowledged in his letter that his services were terminated cannot bar him from demanding his claims or from questioning the legality of his dismissal.

Lastly, We agree with the Court of Appeals that IPMR et al.'s actions do not demonstrate bad faith or an intent to undermine Monton's rights. At most,

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84 CIVIL CODE, art. 1700.

85 *Pakistan International Airlines Corp. v. Ople*, 268 Phil. 92, 100–101 (1990) [Per J. Feliciano, Third Division].

86 LABOR CODE, art. 298.

Elec Qatar was simply attempting to exercise its right to pre-terminate the employment contract in accordance with its provisions. As such, We do not believe that an award of moral and exemplary damages is warranted in this case.[87]

FOR THESE REASONS, the Petition is **DENIED**. The October 15, 2018 Decision and January 24, 2019 Resolution of the Court of Appeals in CA-G.R. SP No. 144031, are hereby **AFFIRMED**. Petitioners I-People Manpower Resources, Inc., Elec Qatar and Leopoldo Gangoso, Jr., in his capacity as corporate officer of I-People Manpower Resources, Inc., are **ORDERED** to **PAY** private respondent Jomer O. Monton:

(1) Seventy-Two Thousand Qatari Riyals (QAR 72,000.00) as private respondent's salaries for the unexpired portion of his employment contract, subject to legal interest of twelve percent (12%) per annum from November 6, 2014 to November 9, 2015 and six percent (6%) per annum from the finality of this Decision;

(2) Placement fees with twelve percent (12%) interest per annum from November 6, 2014 to the date that this Decision becomes final and executory; and

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

A legal interest rate of six percent (6%) per annum is also hereby imposed on the total judgment award from the date of finality of this Decision until fully paid.

SO ORDERED.

JHOSEP Y. LOPEZ
Associate Justice

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87 *Rollo*, p. 34.

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WE CONCUR:

MARVIC M.V.F. LEONEN
Senior Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

MARIO V. LOPEZ
Associate Justice

ANTONIO T. KHO, JR.
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.

MARVIC M.V.F. LEONEN
Senior 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.

ALEXANDER G. GESMUNDO
Chief Justice