



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

RICARDO D. ANGELES,
Petitioner,

G.R. No. 223582

-versus-

**ST. CATHERINE REALTY
CORPORATION, ERWIN S.
DIZON, CELESTINO S.
DIZON, and MARIO B.
MALLARI,***

Respondents.

X-----X

**ST. CATHERINE REALTY
CORPORATION, ERWIN S.
DIZON, CELESTINO S.
DIZON, and MARIO
MALLARI,**

Petitioners,

G.R. No. 223788

Present:

**GESMUNDO, C.J., Chairperson,
HERNANDO,
ZALAMEDA,
LOPEZ, M.,*** and
MARQUEZ, JJ.**

-versus-

**RICARDO D. ANGELES and
FRANCISCO PACHECO,
JR.,****

Respondents.

Promulgated:

AUG 07 2024
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X-----X

* Also referred to as "Mario Mallari" in some parts of the *rollo*.
** Also referred to as "Francisco D. Pacheco, Jr." in some parts of the *rollo*.
*** Designated additional member vice Rosario, J. per Raffle dated July 10, 2024.

DECISION**MARQUEZ, J.:**

Time and again, the Court has explained that under the Labor Code, loss of trust and confidence is a justified cause for dismissal of employees occupying positions of trust and confidence, whether managerial or rank-and-file. Absent substantial evidence that the dismissed employees occupy such positions, their termination on the ground of loss of trust and confidence is illegal and cannot be upheld.

Before the Court are consolidated Petitions for Review on *Certiorari*¹ under Rule 45 of the Rules of Court, assailing the Decision² and Resolution³ of the Court of Appeals (CA) which held that: (a) **Ricardo D. Angeles** (Angeles), petitioner in G.R. No. 223582 and one of the respondents in G.R. No. 223788, was not illegally dismissed by St. Catherine Realty Corporation, Erwin S. Dizon, Celestino S. Dizon, and Mario B. Mallari (St. Catherine et al.), petitioners in G.R. No. 223788 and respondents in G.R. No. 223582; and (b) **Francisco Pacheco, Jr.** (Pacheco), another respondent in G.R. No. 223788, was *illegally* dismissed by St. Catherine et al.

In a Resolution⁴ dated November 16, 2016, the Court ordered the consolidation of G.R. Nos. 223582 and 223788.

As narrated by the CA in its June 8, 2015 Decision, the facts are as follows:

Petitioner St. Catherine Realty Corporation (St. Catherine) is a domestic corporation engaged in subdivision development such as the Dizon Estate Subdivision (DES) in San Agustin, San Fernando, Pampanga.

[Angeles] had worked for St. Catherine from March 2001 until June 1, 2010. Throughout his employment, he worked as a driver, marketing staff and later as surveyor/purchaser. On the other hand, [Pacheco] had worked for St. Catherine from August 2006 until June 1, 2010 as landscaper.

¹ *Rollo* (G.R. No. 223582), pp. 11–33; *rollo* (G.R. No. 223788), pp. 2–19.

² *Rollo* (G.R. No. 223582), pp. 36–47. The June 8, 2015 Decision in CA-G.R. SP No. 127048 was penned by Associate Justice Edwin D. Sorongon and concurred in by Associate Justices Ricardo R. Rosario (now a Member of this Court) and Jane Aurora C. Lantion of the Special First Division, Court of Appeals, Manila.

³ *Id.* at 53–55. The February 29, 2016 Resolution in CA-G.R. SP No. 127048 was penned by Associate Justice Edwin D. Sorongon and concurred in by Associate Justices Ricardo R. Rosario (now a Member of this Court) and Jane Aurora C. Lantion of the Former Special First Division, Court of Appeals, Manila.

⁴ *Id.* at 1028–1029.

Sometime in March 2010, [Angeles and Pacheco] were instructed to canvass the prices of various ornamental plants for landscaping to be planted in DES.

St. Catherine alleged that [Angeles and Pacheco] misrepresented the prices of the ornamental plants which were canvassed at Danbel's Garden as follows:

Qty.	Unit	Articles	Unit Price
1	Pc	Picara Small	[PHP] 40.00
1	Pc	Battle Brush	40.00
1	Pc	Miyagos	60.00
2	Pcs	Peanut	5.00
			[PHP] 145.00

Believing the foregoing to be the true and correct prices of the needed ornamental plants, *St. Catherine directed [Angeles and Pacheco] to purchase the said plants which the duo did on March 24, 2010, shown by Sales Invoice No. 1134 issued by Danbel's Garden, viz:*

Qty.	Unit	Articles	Unit Price	Amount
100	Pcs.	Picara Small	[PHP] 40.00	[PHP] 4,000.00
100	Pcs.	Battle Brush	40.00	4,000.00
100	Pcs.	Miyagos	60.00	6,000.00
220	Pcs.	Peanut	5.00	1,100.00
				[PHP] 15,100.00

After sometime [sic], the top management of St. Catherine conducted an on-site investigation of the area where the ornamental plants were grown. Upon inspection, they got dismayed because the plants have withered. Also, the quantities of the plants purchased were more than what was necessary to cover the specific lands where they should be grown. This prompted St. Catherine to conduct further investigation. *On May 13, 2010, about two months after the time [Angeles and Pacheco] purchased the plants from Danbel's Garden, St. Catherine, thru [sic] its employee Ms. Rowena Tacubanza, made another purchase of the same items from Danbel's Garden as evidenced by Sales Invoice No. 1161, viz:*⁵ (Emphasis supplied, citations omitted)

Qty.	Unit	Articles	Unit Price	Amount
3	Pcs.	Battle Brush	[PHP] 35.00	[PHP] 105.00
3	Pcs.	Miyagos	50.00	150.00
1	Pcs.	Picara Big	25.00	25.00
3	Pcs.	Picara Small	18.00	54.00
				[PHP] 334.00 ⁶

⁵ *Id.* at 36–38.

⁶ *Id.*

The disparity in the prices of allegedly identical items triggered an investigation,⁷ and on June 1, 2010, St. Catherine et al. terminated the employment of Angeles and Pacheco on the ground of “willful breach of the trust reposed in [them].”⁸ As a result, Angeles and Pacheco filed a complaint⁹ for illegal dismissal against St. Catherine et al., who also filed a criminal complaint against Angeles and Pacheco for estafa.¹⁰

The Labor Arbiter (LA) dismissed the complaint for illegal dismissal in its November 8, 2011 Decision,¹¹ the dispositive portion of which reads:

WHEREFORE, premises considered, instant complaint is hereby dismissed for lack of merit.

SO ORDERED.¹² (Emphasis in the original)

On appeal, the National Labor Relations Commission (NLRC) rendered its May 28, 2012 Decision¹³ reversing the LA’s ruling and holding that Angeles and Pacheco were both illegally dismissed:

WHEREFORE, all the foregoing premises considered, judgment is hereby rendered finding merit in the instant appeal; the appealed Decision is hereby **SET ASIDE** and **REVERSED**, and a new one rendered declaring complainants to have been **ILLEGALLY DISMISSED** from employment. Respondents are hereby ordered to **REINSTATE** complainants and pay their backwages from the time of their dismissal up to reinstatement.

This Commission’s Computation and Examination Unit (CEU) computation shall form part of this Resolution.

SO ORDERED.¹⁴ (Emphasis in the original)

The NLRC held that St. Catherine et al. “failed to refute or dispute the garden store owner’s allegation that the ornamental plants first purchased were bigger, in-demand and only a few were in stock with them at that time compared to the ornamental plants purchased on May 13, 2010 thereby

⁷ *Id.* at 38–39.

⁸ *Id.* at 656.

⁹ *Id.* at 34.

¹⁰ *Id.* at 907–908, 911–913.

¹¹ *Id.* at 295–304. The November 8, 2011 Decision in NLRC Case No. RAB III-05-17652-11 was penned by Labor Arbiter Leandro M. Jose, National Labor Relations Commission, Regional Arbitration Branch No. III, San Fernando City, Pampanga.

¹² *Id.* at 304.

¹³ *Id.* at 94–105. The May 28, 2012 Decision in NLRC LAC No. 03-001028-12 [NLRC RAB III Case No. 05-17652-11] was penned by Commissioner Teresita D. Castillon-Lora and concurred in by Presiding Commissioner Raul T. Aquino of the Second Division, National Labor Relations Commission, Quezon City.

¹⁴ *Id.* at 104–105.

necessitating or fetching a higher price,”¹⁵ and that this explanation should have been given credence, as St. Catherine et al. failed to prove otherwise¹⁶ and fraud is never presumed.¹⁷ The NLRC also found that Angeles and Pacheco did not occupy positions of trust and confidence, and their employment could not be terminated on the ground of willful breach of trust.¹⁸

The NLRC denied reconsideration.¹⁹ Hence, St. Catherine et al. appealed to the CA via *certiorari*.

In its June 8, 2015 Decision, the CA granted St. Catherine et al.’s petition for *certiorari*²⁰ in part, finding that Pacheco was illegally dismissed but Angeles was **not** illegally dismissed²¹ and disposing of the petition for *certiorari* as follows:

WHEREFORE, in view of the foregoing premises, the Petition for Certiorari is **PARTIALLY GRANTED**. Accordingly, the assailed Decision of the National Labor Relations Commission (Second Division) dated May 28, 2012 in *NLRC RAB III Case No. 05-17652-11 (NLRC LAC NO[.] 03-001028-12* is hereby **REVERSED** and **SET ASIDE** but only insofar as the portion thereof holding private respondent Ricardo Angeles **ILLEGALLY DISMISSED**. The rest of the dispositions in the assailed decision are **UPHELD**.

SO ORDERED.²² (Emphasis in the original)

According to the CA, Pacheco did not hold a position of trust and confidence and could not be terminated on the ground of loss of trust and confidence. In contrast, Angeles was validly terminated on this ground:

St. Catherine failed to show that Pacheco is holding a position of trust and confidence. Records show that *Pacheco was employed as landscaper and his job is to tend the ornamental plants of the subdivision. While it is his duty to give his own estimate as to the number of plants to be purchased, such does not mean that he is a rank-and-file employee who is routinely charged with the care and custody of his employer’s money or property.* St. Catherine also failed to show that the position of a landscaper is classified by it as a position of trust and confidence. More importantly, *St. Catherine failed to show Pacheco’s involvement in the alleged fraudulent acts.*

¹⁵ *Id.* at 103.

¹⁶ *Id.*

¹⁷ *Id.* at 103–104.

¹⁸ *Id.* at 104.

¹⁹ *Id.* at 109–110. The August 6, 2012 Resolution in NLRC LAC No. 03-001028-12 [NLRC RAB III Case No. 05-17652-11] was penned by Commissioner Teresita D. Castillon-Lora and concurred in by Presiding Commissioner Raul T. Aquino of the Second Division, National Labor Relations Commission, Quezon City.

²⁰ *Id.* at 56–92.

²¹ *Id.* at 36–47.

²² *Id.* at 46.

.....

As for Angeles, however, We are convinced that he occupied a position of trust and confidence. As a surveyor/purchaser for St. Catherine's subdivision project, Angeles had full control of the information on the prices of goods that he submits to the administration of St. Catherine. He also had full control of the means, manner, and terms of the purchase of goods for and in behalf of St. Catherine. It is therefore safe to assume that he is entrusted with confidence with respect to delicate matters such as the handling and protection of the property and assets of St. Catherine.

The discrepancy of the prices in Sales Invoice No. 1134 and Sales Invoice No. 1161 is sufficient to show that Angeles had a hand in manipulating the prices and misleading St. Catherine on the correct prices. While the second purchase was done two months after the initial sales transaction by Angeles, the discrepancy warranted full explanation from the latter. Sadly, he failed to explain the discrepancy. His letter of explanation even confirmed that he was the one who called Danbel's Garden and dictated the price and the number of plants he wanted to buy. There was no explanation proffered by him as to the basis of the prices he had set when he called Danbel's Garden.²³ (Emphasis supplied)

The CA denied reconsideration.²⁴ Hence, the consolidated Petitions.²⁵

While Angeles acknowledges that this Court does not generally review the factual findings of the lower courts, he argues that his Petition falls under the following situations when this Court's review of the facts is permitted: *first*, when the inference made by the courts *a quo* is manifestly mistaken, absurd or impossible; and *second*, when the appealed judgment is based on a misapprehension of facts.²⁶

On the merits, Angeles argues that he was neither a managerial employee in a position of trust and confidence, nor a rank-and-file employee who, in the normal and routine exercise of his functions, regularly handles significant amounts of his employer's money.²⁷ He "had no free hand to disburse money and purchase any materials absent the instructions and approval of [St. Catherine et al]."²⁸ With regard to the discrepancy in the prices of the plants purchased from Danbel's Garden, it was the owner of this store who dictated the prices²⁹ and Pacheco estimated the number of ornamental plants to be purchased.³⁰

²³ *Id.* at 44-45.

²⁴ *Id.* at 53-54.

²⁵ *Id.* at 11-30; *rollo* (G.R. No. 223788), pp. 2-19.

²⁶ *Rollo* (G.R. No. 223582), pp. 18, 1093.

²⁷ *Id.* at 21.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.* at 21-22.

Assuming that Angeles did occupy a position of trust and confidence, “the alleged overpricing could not be considered an act that would justify the loss of trust and confidence,” which “must be based on a [willful] breach of trust and founded on clearly established facts.”³¹ The charges of overbuying and overpricing were not supported by evidence and Angeles’s purchases were made with the prior approval of St. Catherine et al.³² In fact, “Angeles had nothing to do with the canvassed price as well as the number of plants and ornaments to be canvassed,”³³ and St. Catherine et al. failed to refute the explanation of the owner of Danbel’s Garden as to the reasons for the variation in the prices of the plants.³⁴

Finally, even if the accusations against Angeles were true, it did not warrant his immediate dismissal “in view of minimal aggregate amount of [PHP 3,700.00] as compared to [Angeles’s] loyal services of more than [nine years] to [St. Catherine et al.]”³⁵

Pacheco in turn argues that the Petition filed by St. Catherine et al. raises questions of fact which are not proper in a Rule 45 proceeding.³⁶ On the merits, Pacheco reiterates the CA’s finding that he did not participate in any overpricing or fraud,³⁷ and did not hold a position of trust and confidence as to justify his termination on the ground of loss of trust and confidence.³⁸ Pacheco points out that St. Catherine et al. “declared in all their pleadings before the NLRC and even in its Petition for *Certiorari* before the [CA] that [Pacheco] was employed as a landscaper,” and that it was only in its Petition for Review on *Certiorari* before this Court that St. Catherine et al. claimed that Pacheco also “takes delivery of ornamentals to be planted in their subdivisions, which makes respondent Pacheco a custodian of its property (plants).”³⁹ Even if the latter allegation were true, however, that would only entail the physical task of protecting this property.⁴⁰

In G.R. No. 223788, St. Catherine et al. challenge the CA Decision⁴¹ only insofar as the latter affirmed the NLRC’s ruling that Pacheco was illegally dismissed. According to St. Catherine et al., Pacheco held a position of trust and confidence, as he was the custodian of its plants.⁴² The fact that the criminal charges they filed against Angeles and Pacheco passed the

³¹ *Id.* at 22.

³² *Id.*

³³ *Id.* at 1095.

³⁴ *Id.* at 23.

³⁵ *Id.* at 25.

³⁶ *Id.* at 1091–1093.

³⁷ *Id.* at 1094–1095.

³⁸ *Id.* at 1096–1097.

³⁹ *Id.* at 1097–1098.

⁴⁰ *Id.* at 1098.

⁴¹ *Rollo* (G.R. No. 223582), pp. 36–47.

⁴² *Rollo* (G.R. No. 223788), pp. 13–14.

preliminary investigation stage and went to trial shows that their evidence is sufficient to justify the termination of Pacheco's employment.⁴³

We first resolve the procedural question: whether the Court may review the factual findings of the labor tribunals and the CA.

In *Pascual v. Burgos*,⁴⁴ the Court held:

Only questions of law may be raised in a petition for review on *certiorari*. **The factual findings of the Court of Appeals bind this court.** Although jurisprudence has provided several exceptions to these rules, exceptions must be alleged, substantiated, and proved by the parties so this court may evaluate and review the facts of the case. In any event, even in such cases, this court retains full discretion on whether to review the factual findings of the Court of Appeals.⁴⁵ (Emphasis supplied, citations omitted)

In this regard, "a petition for review under Rule 45 is limited only to questions of law. Factual questions are not the proper subject of an appeal by *certiorari*. This Court will not review facts, as it is not our function to analyze or weigh all over again evidence already considered in the proceedings below."⁴⁶ When supported by substantial evidence, the findings of fact of the CA are conclusive and binding on the parties and are not reviewable by this Court.⁴⁷

However, there are exceptions to this rule,⁴⁸ including situations where facts of weight and substance have been overlooked, misapprehended, or misapplied in a case under appeal.⁴⁹

⁴³ *Id.* at 14–15.

⁴⁴ 776 Phil. 167 (2016) [Per J. Leonen, Second Division].

⁴⁵ *Id.* at 169.

⁴⁶ *Gatan v. Vinarao*, 820 Phil. 257, 266 (2017) [Per J. Leonardo-De Castro, First Division].

⁴⁷ *Valencia (Bukidnon) Farmers Cooperative Marketing Association, Inc. v. Heirs of Cabotaje*, 851 Phil. 95, 102 (2019) [Per J. Caguioa, Second Division], *citing Ontimare, Jr. v. Spouses Elep*, 515 Phil. 237, 245 (2006) [Per J. Quisumbing, Third Division].

⁴⁸ *Spouses Miano v. Manila Electric Company*, 800 Phil. 118, 123 (2016) [Per J. Leonen, Second Division], *citing Medina v. Mayor Asistio, Jr.*, 269 Phil. 225 (1990) [Per J. Bidin, Third Division], lists the following exceptions: (1) When the conclusion is a finding grounded entirely on speculations, surmises, or conjectures; (2) When the inference made is manifestly mistaken, absurd, or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the CA, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the CA are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the CA is premised on the supposed absence of evidence and is contradicted by the evidence on record.

⁴⁹ *People v. Lumikid*, 875 Phil. 467, 480 (2020) [Per C.J. Peralta, First Division], *citing People v. Credo*, 857 Phil. 345 (2019) [Per J. Carandang, First Division].

The Court has also held that in labor cases, the Court may review findings of fact *when the labor tribunals and the CA reach conflicting conclusions*:

At the outset, it should be emphasized that as a rule, *this Court is not a trier of facts and this applies with greater force in labor cases*. Hence, factual findings of quasi-judicial bodies like the NLRC, particularly when they coincide with those of the Labor Arbiter and if supported by substantial evidence, are accorded respect and even finality by this Court. *But where the findings of the NLRC and the Labor Arbiter are contradictory, as in the present case where the LA and the CA are one in ruling that respondent was illegally dismissed from work while the NLRC ruled otherwise, this Court may delve into the records and examine for itself the questioned findings.*⁵⁰ (Emphasis supplied, citation omitted)

Here, the LA dismissed the complaint⁵¹ of Angeles and Pacheco, while the NLRC ruled that both were illegally dismissed. On the other hand, the CA held that Pacheco was illegally dismissed, while Angeles was not. The labor tribunals and the CA having reached contradictory conclusions, the Court may delve into the records and resolve the factual issues itself.

Under Article 297(c) of the Labor Code,⁵² fraud or willful breach by employees of the trust reposed in them by the employer or the latter's duly authorized representative is a just cause for termination of employment. As previously explained by the Court:

The language of Article 282(c) of the Labor Code states that the loss of trust and confidence must be based on willful breach of the trust reposed in the employee by [the] employer. Such breach is willful if it is done intentionally, knowingly, and purposely, without justifiable excuse, as distinguished from an act done carelessly, thoughtlessly, heedlessly[,] or inadvertently. Moreover, it must be based on substantial evidence and not on the employer's whims or caprices or suspicions otherwise, the employee would eternally remain at the mercy of the employer. Loss of confidence must not be indiscriminately used as a shield by the employer against a claim that the dismissal of an employee was arbitrary. And, in order to constitute a just cause for dismissal, the act complained of must be work-related and shows that the employee concerned is unfit to continue working for the employer. In addition, loss of confidence as a just cause for termination of employment is premised on the fact that the employee concerned holds a position of responsibility, trust and confidence or that the employee concerned is entrusted with confidence with respect to delicate matters, such as the handling or care and protection of the property and assets of the employer. The betrayal of this trust is the essence of the

⁵⁰ *East Asia Utilities Corp. v. Arenas*, G.R. No. 211443, December 1, 2021 [Per J. Carandang, Special First Division].

⁵¹ *Rollo* (G.R. No. 223582), p. 34.

⁵² Previously LAB. CODE, art. 282(c).

*offense for which an employee is penalized.*⁵³ (Emphasis supplied, citation omitted)

In *Colegio San Agustin-Bacolod v. Montaña*,⁵⁴ the Court laid out the requisites for a valid dismissal on the ground of loss of trust and confidence:

First, *the employee must be holding a position of trust; and second, the employer shall sufficiently establish the employee's act that would justify loss of trust and confidence.* The act must be characterized as real wherein the facts that brought about the act were clearly established, and that the employee committed the same without any justifiable reason.⁵⁵ (Emphasis supplied, citation omitted)

To justify a dismissal on this ground, the loss of trust and confidence must be substantial and “attended by a degree of severity”:

Loss of trust and confidence may be a just cause for termination of employment only upon proof that: (1) the dismissed employee occupied a position of trust and confidence; and (2) the dismissed employee committed “an act justifying the loss of trust and confidence.”

....

*For loss of trust and confidence to be a valid ground for dismissal, it must be substantial, and not arbitrary, whimsical, capricious, and concocted. It demands that a degree of severity attends the employee's breach of trust.*⁵⁶ (Emphasis supplied, citation omitted)

Only substantial evidence is required to justify termination on the ground of loss of trust and confidence.⁵⁷ However, *the precise degree differs depending on whether the employee occupying a position of trust and confidence is a managerial employee or a rank-and-file employee:*

As to the second requisite that there must be an act that would justify the loss of trust and confidence, however, *the degree of proof required in proving loss of trust and confidence differs between a managerial employee and a [rank-and-file] employee.* The Court already made the distinction between managerial employees and rank-and-file personnel insofar as terminating them on the basis of loss of trust and confidence; thus:

⁵³ *University of the Immaculate Conception v. Office of the Secretary of Labor and Employment*, 769 Phil. 630, 655–656 (2015) [Per J. Jardeleza, Third Division], citing *Cruz v. Court of Appeals*, 527 Phil. 230 (2006) [Per J. Austria-Martinez, First Division].

⁵⁴ G.R. No. 212333, March 28, 2022 [Per J. Hernando, Second Division].

⁵⁵ *Id.* at 13. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

⁵⁶ *Systems and Plan Integrator and Development Corp. v. Ballesteros*, G.R. No. 217119, April 25, 2022 [Per J. Hernando, Second Division] at 12. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

⁵⁷ *Lagamayo v. Cullinan Group, Inc.*, G.R. No. 227718, November 11, 2021 [Per J. J. Lopez, First Division].

... [W]ith respect to rank-and-file personnel, loss of trust and confidence, as ground for valid dismissal, requires proof of involvement in the alleged events in question, and that mere uncorroborated assertions and accusations by the employer will not be sufficient.⁵⁸ (Emphasis supplied, citations omitted)

It bears stressing that “it is not the job title but *the nature of the work that the employee is duty-bound to perform* which is material in determining whether [the employee] holds a position where greater trust is placed by the employer and from whom greater fidelity to duty is concomitantly expected.”⁵⁹

St. Catherine et al. do not claim that Angeles is a managerial employee. Consequently, his dismissal on the ground of loss of trust and confidence can only be upheld if he was a fiduciary rank-and-file employee.

Fiduciary rank-and-file employees include *cashiers, auditors, property custodians, or those who, in the normal exercise of their functions, regularly handle significant amounts of money or property.*⁶⁰ Whether an employee occupied a position of trust and confidence or was routinely charged with the care and custody of the employer’s money or property, is a factual question.⁶¹

The LA did not make any factual determination that Angeles regularly handled significant amounts of St. Catherine’s money or property, while the CA merely stated that it was “convinced that [Angeles] occupied a position of trust and confidence,” as he had “full control of the information on the prices of goods that he submits to the administration of St. Catherine,” and “full control of the means, manner, and terms of the purchase of goods for and in behalf of St. Catherine.”⁶² Based on the foregoing, the CA concluded that it is “safe to assume that [Angeles] is entrusted with confidence with respect to delicate matters such as the handling and protection of the property and assets of St. Catherine.”⁶³ Absent substantial evidence that Angeles regularly handled significant amounts of St. Catherine’s money or property, this assumption is not sufficient to qualify Angeles as a fiduciary rank-and-file employee who could be dismissed for loss of trust and confidence.

⁵⁸ *East Asia Utilities Corp. v. Arenas*, G.R. No. 211443, December 1, 2021 [Per J. Carandang, Special First Division].

⁵⁹ *JR Hauling Services v. Solamo*, 886 Phil. 842, 869–870 (2020) [Per J. Hernando, Second Division].

⁶⁰ *Jalit, Sr. v. Cargo Safeway, Inc.*, G.R. No. 238147, September 29, 2021 [Per J. J. Lopez, First Division].

⁶¹ *Coca-Cola Femsa Philippines, Inc. v. Alpuerto*, 872 Phil. 282, 300 (2020) [Per J. J. Reyes, Jr., First Division].

⁶² *Rollo* (G.R. No. 223582), p. 45.

⁶³ *Id.*

Even assuming that Angeles was a fiduciary rank-and-file employee, St. Catherine et al. failed to prove that he committed willful and deliberate acts leading to a loss of trust and confidence.

In an illegal dismissal case, *the onus probandi rests on the employer to prove that its dismissal of an employee was for a valid cause.*⁶⁴

In *Casco v. National Labor Relations Commission*,⁶⁵ the Court held that respondent, a managerial employee holding a position of trust and confidence, was illegally dismissed as *the employer was not able to prove her participation in the loss of the employer's property, nor that she committed willful and deliberate acts leading to this loss:*

Herein, the respondents could not simply dismiss the petitioner on account of her position. Although a less stringent degree of proof was required in termination cases involving managerial employees, the employers could not invoke the ground of loss of trust and confidence arbitrarily. *There must still be some basis to justify that the petitioner was somehow responsible for the loss of the equipment, and to show that her participation in the loss rendered her unworthy of the trust and confidence demanded of her position as the Nurse Supervisor.* As already discussed, however, she could not be made accountable for the missing property for several reasons. Firstly, she was not vested with the responsibility of safekeeping of the hospital equipment and machines. And, secondly, *the respondents did not adduce evidence showing that she had committed [willful] and deliberate acts that led to the loss. As such, her dismissal based on loss of trust and confidence should not be upheld.*⁶⁶ (Emphasis supplied, citations omitted)

In *Coca-Cola Femsá Philippines, Inc. v. Alpuerto*,⁶⁷ Court stressed that the breach of trust must be willful, and that careless, thoughtless, heedless, or inadvertent acts do not justify the termination of employment on the ground of loss of trust and confidence.⁶⁸

Here, the LA found that St. Catherine et al.'s "main evidence" consisted of Sales Invoice Nos. 1133⁶⁹ and 1161,⁷⁰ then went on to conclude that the presentation of these invoices was "substantial basis for dismissing [Angeles and Pacheco],"⁷¹ and that St. Catherine et al. "are deemed to have discharged

⁶⁴ *Ginta-Ason v. J.T.A. Packaging Corp.*, G.R. No. 244206, March 16, 2022 [Per J. Hernando, Second Division] at 5, citing *Atienza v. Saluta*, 853 Phil. 661 (2019) [Per J. J. Reyes, Jr., Second Division]. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

⁶⁵ 826 Phil. 284 (2018) [Per J. Bersamin, Third Division].

⁶⁶ *Id.* at 300-301.

⁶⁷ *Coca-Cola Femsá Philippines, Inc. v. Alpuerto*, 872 Phil. 282 (2020) [Per J. J. Reyes, Jr., First Division], citing *Inocente v. St. Vincent Foundation For Children and Aging, Inc.*, 788 Phil. 62, 86-87 (2016) [Per J. Brion, Second Division].

⁶⁸ *Id.* at 301-302.

⁶⁹ *Rollo* (G.R. No. 223582), p. 189.

⁷⁰ *Id.* at 190.

⁷¹ *Id.* at 925-926.

their burden of proof.”⁷² Similarly, the CA held that the discrepancy in the prices indicated in Sales Invoice Nos. 1133⁷³ and 1161⁷⁴ “is sufficient to show that Angeles had a hand in manipulating the prices and in misleading St. Catherine on the correct prices,”⁷⁵ and that this discrepancy constituted a “*prima facie* case against Angeles” which the latter had the burden to disprove.⁷⁶ According to the CA, Angeles’s letter of explanation⁷⁷ “even confirmed that he was the one who called Danbel’s Garden and dictated the price and the number of plants he wanted to buy. There was no basis proffered by him as to the basis of the prices he has set when he called Danbel’s Garden.”⁷⁸

This “discrepancy” between the two sales invoices is hardly substantial evidence that Angeles willfully and deliberately misled St. Catherine et al.

First, the CA conveniently dismissed explanations offered by the owner of Danbel’s Garden for the variation in prices,⁷⁹ holding that the burden was on Angeles to substantiate these explanations. This is inconsistent with the Court’s previous pronouncement that “[t]he employer’s case succeeds or fails on the strength of its evidence and not the weakness of that adduced by the employee, in keeping with the principle that the scales of justice should be tilted in favor of the latter in case of doubt in the evidence presented by them.”⁸⁰

Second, Angeles claims that when he called Danbel’s Garden and placed the order upon the instructions of St. Catherine, the prices he “dictated” (in the language of the CA) were based on the canvass form and the information provided by Danbel’s Garden.⁸¹ To reiterate, the employer’s case must rest on the strength of its own evidence and not on the weakness of the evidence presented by the employee. St. Catherine et al. have not presented evidence, much less substantial evidence, to rebut Angeles’s explanations and prove that he connived with the owner of Danbel’s Garden to mislead St. Catherine as to the prices of the ornamental plants or otherwise misappropriated money or property belonging to St. Catherine.

⁷² *Id.* at 926.

⁷³ *Id.* at 189.

⁷⁴ *Id.* at 190.

⁷⁵ *Id.* at 45.

⁷⁶ *Id.* at 45–46.

⁷⁷ *Id.* at 126.

⁷⁸ *Id.* at 45.

⁷⁹ *Id.* at 149–152. See *Kontra-Salaysay* executed by Danilo M. Gonzales (owner of Danbel’s Garden) and Ricardo D. Angeles.

⁸⁰ *Philippine Savings Bank v. Genove*, 874 Phil. 1, 17 (2020) [Per J. J. Reyes, Jr., First Division], citing *Prudential Guarantee and Assurance Employee Labor Union v. National Labor Relations Commission*, 687 Phil. 351, 369–370 (2012) [Per J. Mendoza, Third Division].

⁸¹ *Rollo* (G.R. No. 223582), p. 21.

As to Pacheco, the CA correctly held that he did not occupy a position of trust and confidence and was, therefore, illegally dismissed.

In *Pacific Royal Basic Foods, Inc. v. Noche*,⁸² the Court held that coconut parers, while performing essential roles in their employer's coconut business, were not fiduciary rank-and-file employees who could legally be dismissed on the ground of loss of trust and confidence:

Respondents' positions as coconut parers are essential in PRBFI's business of coconut products, but in no case do they fit the job description of managerial employees and fiduciary rank-and-file employees. *Manual work such as paring coconuts for commercial production is a task that does not entail being routinely entrusted with the care and custody of money and property belonging to the company like fiduciary rank-and-file employees. Much less can coconut parers be considered to be directly involved in the management and policy-making of their employer as managerial employees.*

Indeed, trust is fundamental in every employer-employee relationship. Not all employees, however, are dismissible on the basis of loss of trust and confidence. *Only managerial employees and fiduciary rank-and-file employees may be terminated from work on such ground. If PRBFI's theory would be sustained, then all employees shall be inequitably deemed as holding positions of fiduciary nature. Respondents having occupied ordinary rank-and-file posts with petitioner, their dismissal on the ground of loss of trust and confidence is illegal.*⁸³ (Emphasis supplied)

Similarly, Pacheco may have performed essential tasks as one of St. Catherine's landscapers. However, such tasks are manual work that do not entail being routinely entrusted with the care and custody of money and property belonging to the employer.

Having found that Angeles and Pacheco were both illegally dismissed, the Court must now determine the consequences of their illegal termination.

In *Dela Fuente v. Gimenez*,⁸⁴ the Court explained that a finding of illegal dismissal results in reinstatement without loss of seniority rights and payment of backwages computed from the time compensation was withheld up to the date of actual reinstatement. Where reinstatement is no longer viable, separation pay equivalent to one-month salary for every year of service should be awarded. The payment of separation pay is in addition to the payment of backwages.⁸⁵ One instance when reinstatement is no longer deemed viable is

⁸² G.R. No. 202392, October 4, 2021 [Per J. Hernando, Second Division].

⁸³ *Id.*

⁸⁴ G.R. No. 214419, November 17, 2021 [Per J. Zalameda, Third Division].

⁸⁵ *Id.*

when a considerable time has lapsed, e.g., eight years or more from the filing of the complaint for illegal dismissal to the resolution of the case.⁸⁶

Angeles and Pacheco filed their complaint for illegal dismissal in 2011, or more than a decade ago. Reinstatement being no longer viable, the Court grants Angeles and Pacheco separation pay of one month for every year of service until the finality of this Decision, with a fraction of a year of at least six months being counted as one whole year. They are also entitled to receive full backwages, which include allowances and other benefits or their monetary equivalent due to them, computed from the time of their illegal dismissal up to the finality of this Decision.

The backwages including allowances and other benefits or their monetary equivalent shall earn legal interest of 12% per annum from the time these were withheld until June 30, 2013, and thereafter, 6% per annum from July 1, 2013 until finality of this Decision.⁸⁷ Additionally, all monetary awards shall earn interest at the rate of 6% per annum from the date of the finality of this Decision until fully paid.⁸⁸

ACCORDINGLY, the Petition⁸⁹ in **G.R. No. 223582** is **GRANTED**, while the Petition⁹⁰ in **G.R. No. 223788** is **DENIED**. The Decision of the National Labor Relations Commission dated May 28, 2012 in NLRC LAC No. 03-001028-12 [NLRC RAB III Case No. 05-17652-11] is **REINSTATED** with **MODIFICATION** that Ricardo D. Angeles and Francisco Pacheco, Jr. are granted separation pay in lieu of reinstatement and backwages including allowances and other benefits or their monetary equivalent.

The backwages including allowances and other benefits or their monetary equivalent shall earn legal interest at the rate of 12% per annum from the time they were withheld until June 30, 2013; and at the rate of 6% per annum from July 1, 2013 until the date of finality of this Decision. All the said monetary awards shall be subject to interest of 6% per annum from the date of finality of this Decision until full satisfaction of the same.

The case is **REMANDED** to the arbitration branch of origin for the computation of separation pay and backwages, including allowances and other benefits or their monetary equivalent due Ricardo D. Angeles and Francisco Pacheco, Jr., in accordance with this Decision.

⁸⁶ *Id.*

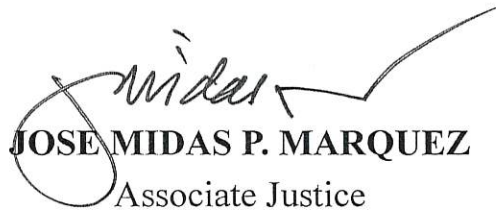
⁸⁷ See *Angono Medics Hospital, Inc. v. Agabin*, 892 Phil. 89, 105 (2020) [Per J. Hernando, Third Division], citing *Nacar v. Gallery Frames*, 716 Phil. 267, 280-283 (2013) [Per J. Peralta, *En Banc*].

⁸⁸ *Id.*

⁸⁹ *Rollo* (G.R. No. 223582), pp. 11-30

⁹⁰ *Rollo* (G.R. No. 223788), pp. 2-17.

SO ORDERED.



JOSE MIDAS P. MARQUEZ
Associate Justice

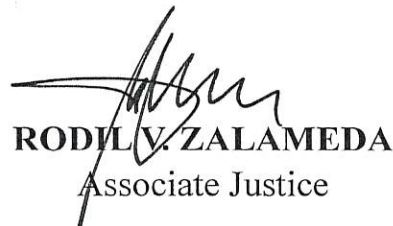
WE CONCUR:



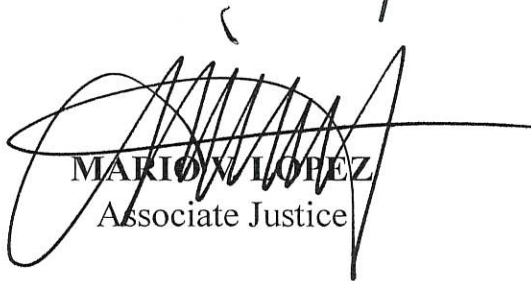
ALEXANDER G. GESMUNDO
Chief Justice



RAMON PAUL L. HERNANDO
Associate Justice



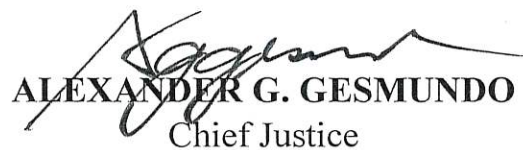
RODIL V. ZALAMEDA
Associate Justice



MARION V. LOPEZ
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 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.



ALEXANDER G. GESMUNDO
Chief Justice

CERTIFIED TRUE COPY
Maria Teresa B. Sibulo
MARIA TERESA B. SIBULO
DIVISION CLERK OF COURT
OCC-FIRST DIVISION