



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

SANTIAGO DJ. SILLANO,
Petitioner,

G.R. No. 273562

Present:

- versus -

CAGUIOA, J., Chairperson,
INTING,
GAERLAN,
DIMAAMPAO, and
SINGH, JJ.

JGC PHILIPPINES, INC. and/or
VIRGILIO SAAVEDRA, ERIC
TANJUTCO, and LOLITA
FALLER,

Respondents.

Promulgated:

FEB 24 2025

MisDC Bat

X-----X

DECISION

GAERLAN, J.:

Before this court is a Petition for Review¹ under Rule 45 of the Rules of Court, seeking to reverse and set aside the Decision² and the Resolution³ dated July 31, 2023, and March 14, 2024, respectively, of the Court of Appeals (CA), which held petitioner, Santiago dJ. Sillano (Sillano), illegally dismissed in the case docketed as CA G.R. SP No. 165691.

Sillano filed the present petition specifically to question the legality of his suspension and his entitlement to benefits, attorney's fees and damages. The facts of the case as summarized by the CA is as follows:

JGC Philippines, Inc. (JGC) is engaged in the business of design engineering and construction management. On June 1, 1994, it employed

¹ *Rollo*, pp. 3–22.

² *Id.* at 28–43. Penned by Associate Justice Raymond Reynold R. Lauigan and concurred in by Presiding Justice Remedios A. Salazar-Fernando and Associate Justice Pablito A. Perez of the First Division, Court of Appeals, Manila

³ *Id.* at 44–48. Penned by Associate Justice Raymond Reynold R. Lauigan and concurred in by Associate Justices Pablito A. Perez and Carlito B. Calputura of the Special Former First Division, Court of Appeals, Manila

Sillano as Junior Engineer. When JGC terminated Sillano's employment on February 16, 2004, Sillano was already a Senior Engineer receiving a monthly salary of PHP 32,409.00.

During his employment with JGC, Sillano developed computer programs with the following titles: (1) "Connection Input Instant," (2) "XSTEEL to STAAD Converter Ver. 1," (3) "Windload Generator, Ver. 2" (4) "Rebar Extractor," and (5) "Compression Check." (subject computer programs)

Sometime in January 2004, Sillano and JGC began their dispute as to the ownership of the subject computer programs. On one hand, Sillano claimed that as the program's creator, he owned the same; while JGC, on the other hand, countered that it was the owner since Sillano created them within the course of his employment with the company. According to JGC, any work product of an employee during the period of employment automatically becomes its property. Thereafter, Sillano activated the security features of the program, making them inaccessible and ineffective for JGC's business projects.

On January 14, 2004, JGC served upon Sillano Notice to Explain and Notice of Preventive Suspension⁴ in relation to the following infractions: (1) unauthorized destruction, tampering, taking or concealment of company records; and (2) failure to comply with official orders and/or perform regular assigned duties or specific instructions related to his duties.

On January 15, 2004, a demand letter was sent by JGC to Sillano directing him to unlock the security features of the subject computer programs. On the same day, Sillano submitted his written explanation, averring that as a compromise, he would adjust the time-lock mechanism of the programs; however, he refused to remove the security features altogether.

Thereafter, JGC served upon Sillano on January 22, 2004 a Final Demand to Unlock the Security Features and Turnover the Source Codes and Related Documentation of the programs. On January 27, 2004, Sillano contested his preventive suspension considering JGC had yet to establish its ownership over the same.

On February 16, 2004, JGC sent Sillano a Notice of Termination,⁵ finding that he committed willful disobedience of its lawful and reasonable orders in connection with his duties by: (1) violating company rules and

⁴ *Id.* at 127.

⁵ *Id.* at 130.

policies in total disregard of his superior's authority; (2) deliberately refusing direction orders to unlock and surrender the source codes of the subject computer programs.

On March 15, 2004, JGC filed a complaint for breach of employment agreement against Sillano before the National Labor Relations Commission (NLRC).⁶

For his part, Sillano filed an administrative complaint against JGC before the Intellectual Property Office (IPO) on March 29, 2004. On April 2, 2004, he also filed a criminal complaint for violation of Section 217 of the Intellectual Property Code against JGC. On the same day, Sillano filed the instant Complaint against JGC before the NLRC.

In his Complaint⁷ before the NLRC, Sillano sought relief for illegal dismissal; illegal suspension; unpaid wages; actual, moral, and exemplary damages; and attorney's fees. According to Sillano, his refusal to obey JGC's order to remove the security features of his programs was based on his claim of ownership over the same; thus, JGC illegally dismissed him. He argued that as the owner of the programs, he had the authority to place security measures against its unauthorized users. Moreover, Sillano claimed that his employment contract neither stated the creation, writing, and/or development of computer programs was among his functions, nor provided that JGC was automatically the owner of programs he would create as a JGC employee. As such, he maintained that JGC could not claim ownership over the said programs. Further, while he allowed JGC and his co-employees to use the said programs, such did not mean that he abandoned or waived his ownership over the same.

For its part, JGC countered that it was the owner of the programs since Sillano created them in the course of his employment with the company and his performance regularly assigned duties, particularly, the execution of engineering design projects using company facilities and resources. JGC averred that as the owner of the programs, it could order Sillano to remove its security features and unlock the same. JGC claimed that Sillano's refusal to comply with its lawful order constitutes insubordination, which was a ground for dismissal.

Both parties presented Certificates of Copyright Registration and Deposit of the programs under their respective names, issued by the National Library.

⁶ *Id.* at 104–105.

⁷ *Id.* at 102–103.

In resolving the complaints of both parties, the Labor Arbiter ruled that Sillano's dismissal is with a just cause and that the procedural due process was complied. Consequently, the complaint filed by Sillano for illegal dismissal was dismissed including his monetary claims, attorney's fees and damages.⁸

Sillano appealed before the NLRC. Attached to his appeal is an Order issued by the IPO issuing a Writ of Preliminary Injunction against JGC to desist from using, copying, reproducing, and modifying the programs created by Sillano.

On June 27, 2008, the NLRC dismissed Sillano's appeal on the ground of non-perfection as the appeal failed to attach a Certification of Non-Forum Shopping. Thereafter, Sillano filed a Motion for Reconsideration attaching the following: (1) his Verification and Certification against Non-Forum Shopping; and (2) the IPO's Decision dated September 28, 2007 declaring him as the owner of the said programs, enjoining JGC from using the same, and ordering it to pay Sillano actual and moral damages in the aggregate amount of PHP 800,000.00. However, the NLRC denied Sillano's motion. Thus, Sillano filed an earlier Petition for *Certiorari* before the CA.

On September 22, 2009, the CA rendered a Decision ordering the remand of the case to the NLRC for the determination of the case on the merits. The said Decision became final and executory on October 13, 2009. On April 10, 2019, the records of the case were endorsed to the NLRC's Second Division. Several conferences were held to discuss the possibility of amicable settlement but to no avail.

On the other hand, on November 25, 2011, the IPO issued an Alias Writ of Execution implementing its September 28, 2007 Decision.

Ruling of the NLRC

In its Decision⁹ dated July 31, 2019, the NLRC reversed the Labor Arbiter's Decision and held that Sillano's preventive suspension was valid but nevertheless he was illegally dismissed.

The NLRC explained that JGC complied with all the requisites provided by law in order to legally impose preventive suspension upon Sillano. Sillano was a Senior Engineer and poses a serious and imminent threat of tampering with the employer's property, like the documentary

⁸ *Id.* at 59–67. Penned by Executive Labor Arbiter for Adjudication, Fatima Jambaro Franco.

⁹ *Id.* at 68–88. Penned by Commissioner Dominador B. Medroso, Jr.

evidence under his custody, while the investigation was ongoing. The suspension did not exceed 30 days as well.

JGC was also found to have complied with the procedural due process in terminating Sillano. However, it failed to establish a just and valid cause for the dismissal.

The ground of willful disobedience of a lawful order or insubordination invoked by JGC was absent because JGC failed to prove that the refusal of Sillano to remove the security feature of the programs was tainted with a wrongful or perverse attitude. When Sillano was dismissed in 2004, the ownership of the said programs had yet to be established by a competent authority. The NLRC opined that while JGC had valid grounds to order the removal of the security measures in the programs, Sillano, as the creator, also had an equally valid ground to refuse to comply with JGC's order. Further, the NLRC considered the IPO's ruling in its September 28, 2007 Decision that Sillano was the right owner of the programs, therefore concluding that he had all the right to refuse to comply with JGC's order to remove the security features he placed in the programs.

Finding JGC to have illegally dismissed Sillano, the NLRC ordered payment of separation pay and backwages. Notably, the NLRC dismissed the rest of Sillano's claims for lack of merit. Thus,:

WHEREFORE, Santiago Sillano's appeal is **GRANTED** and the Decision of Labor Arbiter Fatima Jambaro-Franco is **REVERSED AND SET ASIDE**. Santiago Sillano was illegally dismissed from employment. JGC Philippines, Inc. is **ORDERED** to pay Santiago Sillano separation pay and backwages computed until the finality of this Decision.

All other claims are dismissed for lack of merit.

SO ORDERED.¹⁰ (Emphasis in the original)

Both parties thereafter filed their respective Motions for Partial Reconsideration; however, the NLRC denied the same. Thus, the case was elevated to the CA.

Ruling of the Court of Appeals

From the undisputed facts, the CA threshed out the following issues to be resolved:

¹⁰ *Id.* at 88.

1. Whether JGC validly placed Sillano under preventive suspension;
2. Whether Sillano's dismissal was made in compliance with procedural due process requirements; and
3. Whether Sillano is entitled to moral and exemplary damages amounting to PHP 500,000.00, unpaid earned benefits under the EWSF of PHP 83,232.14, employer's contribution of PHP 3,240.90 per month also under the EWSF, the monetary equivalent of his multipurpose leave benefits, the yearly 13th month pay, and attorney's fees.¹¹

Anent the issue of preventive suspension, the CA held that NLRC correctly ruled that Sillano's preventive suspension was valid. It complied with all the requisites provided in our jurisprudence. The ownership of the computer program was not yet ascertained at the time of the suspension. Thus, Sillano's acts to restrict access to the same posed a serious and imminent threat to what his employer, JGC, deemed to be its property pending investigation and a definitive ruling from IPO on the copyright ownership of the subject programs. Moreover, there was no showing that the preventive suspension exceeded the maximum 30-day period provided by law.

At the same time, the CA ruled that the procedural due process was properly complied with albeit without the substantial due process. JGC complied with the notice requirements of the law, giving Sillano a chance to explain and informing him of his termination and the reason of the said decision. As the substantial aspect, Sillano was dismissed by JGC on the ground of willful disobedience of employer's lawful and reasonable orders. Sillano's employment agreements at the time he was a Junior Engineer and when he was promoted to Senior Engineer with JGC did not mention that creating, writing or developing computer programs were among his duties. There was neither an agreement between JGC and Sillano as who between them shall be the owner of the programs nor any agreement that whatever program Sillano would create shall be owned by JGC. Irrefutably, it is Sillano who is the owner of the subject computer programs. Thus, the orders of JGC to unlock and surrender the source codes of the same cannot be said to be lawful or reasonable. Without this requisite, then Sillano's termination is devoid of substantial due process.

As to the monetary claims, the CA affirmed the NLRC's ruling as there was no clear evidence was presented by Sillano to support that he is entitled to moral and exemplary damages.

¹¹ *Id.* at 36.

The CA has also ruled that they cannot grant Sillano's claims for unpaid employment benefits. The CA found that the records are bereft of any evidence that this entitlement issue was previously raised in the labor tribunals. In his complaint as well as position papers, he merely denominated them as "unpaid salaries." Sillano mentioned these claims only for the first time on appeal, and as such cannot be entertained.

Lastly, the CA also found that an award of attorney's fees is not proper as the circumstances provided in our jurisprudence on the award of such is not present in the case at bar.

Consequently, based on the foregoing, the CA denied the petition and affirm the NLRC petition, to wit:

WHEREFORE, the petition is **DENIED**. The 31 July 2019 Decision and 23 January 2020 Resolution of the National Labor Relations Commission, Second Division in NLRC NCR Case Nos. 03-03630-04 and 04-04463-04 **STAND**.

SO ORDERED.¹² (Emphasis in the original)

Aggrieved, Sillano sought for reconsideration. However, the CA denied the same. The CA pointed out that the issues raised in the motion was merely a rehash of the issues raised in the petition. The CA further called out Sillano for his erroneous, misleading and disparaging argument that CA's Decision suggested that lying, fraud and copyright infringement are acts of good faith. The CA further held that Sillano's claim that the CA cited jurisprudence contradicting its conclusion was misleading. The cited jurisprudence merely discussed the general rule and proceeded to conclude that Sillano's case falls under the same, rather than under the exception. The matters in the present petition do not warrant the relaxation of rules concerning a matter of public policy. Thus, CA cannot pass upon issues raised for the first time on appeal.

Lastly, CA notes the Sillano admitted that he belatedly submitted evidence pertaining to the benefits his claiming and attributing such to his former counsel who did not "ask for such proofs" from him. Unfortunately, our jurisprudence dictates that clients are bound by the mistake of their counsel.

Undaunted, Sillano now comes before this Court assailing the CA Decision and Resolution. Sillano strongly questions the competence of the CA for "exhibiting poor reading comprehension and do basic addition."¹³

¹² *Id.* at 43.

¹³ *Id.* at 10.

Sillano claims that the NLRC's ruling is ambiguous since it agreed with the statement of the LA, therefore implying that an illegally dismissed employee is entitled to reinstatement or separation pay and backwages as well as moral and exemplary damages and attorney's fees. Yet, the NLRC dismissed all his claims for lack of merit. Further, he claims that this ruling did not state the facts and law on which it is based and thus, he concludes that it is void and unconstitutional.

Sillano also argues that the CA modified the IPO ruling when it ruled that his preventive suspension was valid. IPO held that copyright subsists from the time of the creation of the programs, which is from 2001 to 2003. Thus, when Sillano was preventively suspended in 2004, he was already the owner of the copyright and thus, the suspension has no basis. Assuming that ownership is still to be ascertained, then applying the equipoise rule, it must favor him as the employee. Sillano further states that his preventive suspension lasted more than 30 days.

Lastly, Sillano claims that he is entitled to all the benefits even if not raised in his position paper. He claims that jurisprudence supports this as well as his employment contract with JGC. JGC committed copyright infringement, illegally terminated Sillano and even asked him to pay PHP 2,000,000. Because of these, Sillano argues that he is entitled to moral, exemplary as well as attorney's fees.

Thus, We resolve the present case.

Issues

As quoted in the petition, Sillano argues that the CA acted with grave abuse of discretion:

- I. BY DISREGARDING THE LA'S DECISION, MISCONSTRUING THE NLRC'S DECISION AND AFFIRMING AN UNCONSTITUTIONAL ORDER.
- II. BY MODIFYING THE FINAL DECISION OF IPO AND THE FINAL DECISION OF THE CA IN THE EARLIER PETITION.
- III. IN CONCLUDING THAT THE PREVENTIVE SUSPENSION WAS LEGAL AND EVEN FAILED TO APPLY THE EQUIPOISE RULE.
- IV. BY GOING BEYOND THE ISSUES OF THE CASE AND THE SAME IS CONTRARY TO RESPONDENT JUDICIAL ADMISSION AND THE EMPLOYMENT CONTRACT.

V. BY REINSTATING MATTERS AND/OR FACTS MADE BY JUDICIAL ADMISSIONS INTO THE FIELD OF CONTROVERSY.

VI. BY CAPRICIOUSLY AND/OR ARBITRARILY DISREGARDING JGC'S FRAUDULENT REGISTRATION.

VII. BY CAPRICIOUSLY AND/OR ARBITRARILY DISREGARDING FACTS, ADMISSIONS AND EVIDENCE MATERIAL TO THE CASE.

VIII. IN DISREGARDING JGC'S PROCEDURAL VIOLATIONS.¹⁴

Court's Ruling

The present petition was filed by Sillano only to resolve his claim regarding his preventive suspension and the moral and exemplary damages as well as the attorney's fees which were not awarded to him. To reiterate, the NLRC and CA already ruled that he was illegally dismissed and awarded him separation pay and backwages computed until finality of the decision.

The petition is denied. There is no error committed by the CA to warrant reversal of its decision. The issues raised are not only a rehash of the previous issues before the labor tribunals and the appellate court but at the same time factual which is beyond the scope of review of this court.

This Court finds no merit in Sillano's arguments. In review of labor cases, factual findings of the labor tribunals which are affirmed by the CA are not only afforded with great weight and respect but also conclusive to this Court. Only in exceptional circumstances will this Court deviate from the established rules and conduct its own review to serve the ends of justice. Such is not obtaining in the present case.

The question on the validity of Sillano's preventive suspension has already been resolved by both the NLRC and the CA. The requirements for a valid imposition of preventive suspension were complied with in the present case. Preventive suspension is not a penalty but a disciplinary measure to protect life or property of the employer or the co-workers pending investigation of any alleged infraction committed by the employee. Thus, it is justified only when the employee's continued employment poses a serious and imminent threat to the employer's or co-workers' life or property. When justified, the preventively suspended employee is not entitled to the payment of his salaries and benefits for the period of suspension.¹⁵

¹⁴ *Id.* at 9.

¹⁵ *Every Nation Language Institute, et al. v. Dela Cruz*, 871 Phil. 323, 340 (2020) [Per J. Reyes, Jr., First Division].

To reiterate, at the time when JGC imposed the preventive suspension, there was still no IPO ruling on who is the owner of the subject programs. As such, when JGC, acting as the owner of the subject programs, was asking for the turnover of the source codes from Sillano and he did not obey, it was viewed as a serious and imminent threat to their property as their access was restricted. Thus, at the time when Sillano was preventively suspended, JGC has a valid ground to do so.

The CA also correctly ruled that the preventive suspension did not exceed the 30-day limit provided under the Labor Code. As stated in Section 9 of the Omnibus Rules Implementing the Labor Code, “No preventive suspension shall last longer than 30 days. The employer shall thereafter reinstate the worker in his former or in a substantially equivalent position or the employer may extend the period of suspension provided that during the period of extension, he pays the wages and other benefits due to the worker.”

Sillano was preventively suspended starting on January 14, 2004, when he received the Notice to Explain and Notice of Preventive Suspension. On February 16, 2004, Sillano was terminated. It must be noted that the 30-day period ended on a Friday, February 13, 2004. Thus, immediately on the next working day, which is February 16, 2004 (Monday), JGC already resolved the issue and terminated Sillano’s employment. Taking note of this circumstance, this Court agrees with the CA that it is still within the prescribed period.

Anent the moral and exemplary damages, as well as the attorney’s fees, the CA found that there was no sufficient evidence showing the circumstances in which these damages are to be awarded. This is also the same with the other benefits Sillano is claiming. As found by the CA and admitted by Sillano himself, he belatedly submitted the evidence pertaining to the claimed benefits. These claims were not even included in his Complaint and thus, fair play dictates that these cannot be raised for the first time on appeal.

Moreover, Sillano cannot make a sweeping conclusion that just because his appeal was granted, then all his benefits should have been granted too. Still, he must prove that he is entitled to the benefits and damages he is claiming, and that evidence must still be presented to support these claims; otherwise, the same cannot be awarded. This is also in view of the basic rule that mere allegation is not evidence and is not equivalent to proof, the allegation is essentially self-serving and devoid of any evidentiary weight.¹⁶


¹⁶ *Menez v. Status Maritime Corp., et al.* 839 Phil. 360, 369 (2013) [Per J. Caguioa. Second Division].

However, based on the prevailing jurisprudence,¹⁷ this Court finds the need to modify the decision of the CA in order to reflect the imposition of legal interest of 6% per annum on the amount of separation pay and backwages awarded to Sillano, from the finality of this Decision until full payment.

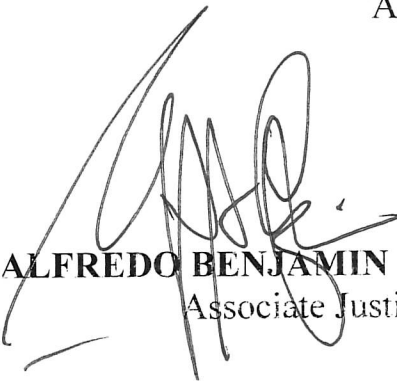
Lastly, We find that other issues raised are factual in nature which are beyond the ambit of review. This Court has consistently held that only questions of law may be raised in a petition for review on *certiorari* under Rule 45 of the Rules of Court, as amended. This Court is not a trier of facts and its jurisdiction is limited to questions of law. A question of law arises when there is doubt as to what the law is on a certain state of facts; We cannot rule on questions of fact, i.e., on the truth or falsity of the facts alleged by the parties.¹⁸

ACCORDINGLY, the Petition for Review is **DENIED**. The Decision and the Resolution dated July 31, 2023, and March 14, 2024, respectively, of the Court of Appeals in CA-G.R. SP No. 165691 are **AFFIRMED with MODIFICATION** that the monetary award adjudged in favor of petitioner, Santiago dJ. Sillano, shall earn legal interest at the rate of 6% per annum from the date of the finality of this Decision until full payment.


SO ORDERED.


SAMUEL H. GAERLAN
Associate Justice

WE CONCUR:


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice


HENRI JEAN PAUL B. INTING
Associate Justice

*See DISSENTING
OPINION*

JAPAR B. DIMAAMPAO
Associate Justice

¹⁷ *Nacar v. Gallery Frames, et al.* 716 Phil. 267 (2013) [Per J. Peralta, *En Banc*].
¹⁸ *Tongonan Holdings and Dev't Corp. v. Atty. Escañó, Jr.*, 612 Phil. 747, 756 (2011) [Per J. Mendoza, Third Division].



MARIA FILOMENA D. SINGH

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.



ALFREDO BENJAMIN S. CAGUIOA

Associate Justice

Chairperson, Third Division

CERTIFICATION

Pursuant to Article VIII, Section 13 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

4