

Title: Antonio Locsin II vs. Meken Food Corporation

Facts:

In February 2004, Antonio Locsin II was offered a position as Regional Sales Manager by Meken Food Corporation (Mekeni), a Philippine food manufacturing and meat-processing company. The offer included a car plan where Mekeni would pay for half the cost of the vehicle, and the other half would be deducted from Locsin's salary. Locsin began his employment on March 17, 2004, and was provided with a used Honda Civic valued at P280,000.00, with a monthly salary deduction of P5,000.00 for his share.

Locsin resigned effective February 25, 2006, with P112,500.00 already deducted from his salary for the car plan. He offered to purchase the vehicle by paying the outstanding balance, but negotiations with Mekeni failed. Mekeni stated that the car plan benefit was only for those with five years of service and demanded P116,380.00 from Locsin to purchase the vehicle. Unable to agree, Locsin returned the vehicle to Mekeni on May 2, 2006.

Locsin later pursued unpaid salaries, commissions, benefits, and reimbursement for the car plan deductions. Mekeni stood firm on the five-year requirement and refused to refund the deductions. Consequently, Locsin filed a complaint for monetary claims, which included the recovery of deductions for the car plan, with the National Labor Relations Commission (NLRC).

Labor Arbiter Ramos ruled that Mekeni should release the vehicle to Locsin upon his payment of P100,435.84. Mekeni appealed the decision, and the NLRC reversed the Labor Arbiter's decision ordering Mekeni to pay Locsin various amounts including the reimbursement of his P112,500.00 car plan payments and Mekeni's equivalent share of P112,500.00. Mekeni then filed a Petition for Certiorari with the Court of Appeals (CA), which granted the petition and modified the NLRC decision, deleting the reimbursements concerning the car plan. Locsin filed a Motion for Partial Reconsideration, which was denied, leading him to appeal to the Supreme Court.

Issues:

The central legal issue raised in the Supreme Court's decision was whether the car plan payments made by Locsin should be refunded, or considered as rentals for the use of the service vehicle during his employment, in the absence of specific terms and conditions governing the car plan agreement between Mekeni and Locsin.

Court's Decision:

The Supreme Court partly granted the petition, ruling that Mekení must refund Locsin's car plan payments totaling P112,500.00. The Court held that the CA erred in considering the payments as rentals, observing a lack of evidence supporting such a condition. Since the vehicle was a necessity for Mekení's operations, and the benefit to Locsin was incidental, the Court found it unfair for Mekení to keep the payments without refunding them. The Court also determined that Locsin could not recover the counterpart value of Mekení's share in the car plan, as it was not part of his compensation package.

#### Doctrine:

The doctrine established in this case emphasizes that in the absence of specific terms and conditions in an employer-employee car plan agreement, an employer cannot treat the installment payments made by an employee as rentals upon the termination of employment. To avoid unjust enrichment at the expense of another, a quasi-contractual relation arises, which necessitates the return of the employee's contributions to the car plan.

#### Class Notes:

- Installment payments made by an employee under a car plan are not automatically deemed rentals in the absence of a specific agreement to that effect.
- Unjust enrichment principles (Civil Code, Articles 22 and 2142) may provide legal grounds for the return of payments when no specific stipulations govern an agreement, and one party benefits at the expense of another without just cause.
- Protection of labor is paramount, and ambiguities in the agreement are resolved in favor of the employee.

#### Historical Background:

This case reflects the Philippine legal system's pro-labor orientation and its commitment to protecting workers from unjust enrichment by employers. It also illustrates the necessity of clearly defined terms and conditions in employment agreements, particularly for benefits such as car plans that tie closely to an employee's role and responsibilities within a company.