

### Title:

First Dominion Resources Corp. vs. Peñaranda & Vidal: A Revisitation of Lawful Dismissal and Due Process in Employment Law

### Facts:

The case originated from First Dominion Resources Corporation (the petitioner), a textile manufacturing company, firing Mercurio Peñaranda and Romeo Vidal (the respondents) for repeatedly violating a company rule against sleeping on duty. The procedural journey began with both individuals being terminated on June 20, 2001, after each had been caught sleeping during their shift on two separate occasions, despite previous warnings and penalties.

Peñaranda and Vidal then filed separate complaints for illegal dismissal, which were consolidated. The labor arbiter initially sided with the petitioner, dismissing the complaints. However, the National Labor Relations Commission (NLRC) reversed this decision, finding no just cause for dismissal but stopped short of ordering reinstatement or backwages. The respondents sought further redress with the Court of Appeals, which ruled the dismissals were illegal due to lack of just cause and procedural due process, thus awarding full backwages and attorney's fees.

The petitioner subsequently filed a petition for review under Rule 45 with the Supreme Court, challenging the appellate court's decision on grounds of error concerning just cause and procedural due process for dismissal.

### Issues:

1. Whether the Court of Appeals erred in finding the dismissals lacked just cause.
2. Whether the Court of Appeals erred in ruling the dismissals violated procedural due process.

### Court's Decision:

The Supreme Court granted the petition, reversing the decision of the Court of Appeals and reinstating the labor arbiter's original decision. It thoroughly analyzed the applicable laws and prior jurisprudence, affirming that:

- **\*\*On just cause for dismissal\*\***: The Supreme Court found that the respondents' actions constituted willful disobedience, a valid cause for dismissal under Article 282 of the Labor Code. The Court emphasized that for disobedience to be a just cause for dismissal, the employer's orders must be lawful, reasonable, made known to the employee, and must

pertain to duties related to the employee's job, all of which were satisfied in this case.

- **\*\*On procedural due process\*\***: The Court held that the petitioner complied with procedural due process requirements by issuing two written notices and providing an opportunity for the respondents to explain their side. The refusal of Vidal to comply and Peñaranda's inadequate response were highlighted as indicators that due process had been observed.

### ### Doctrine:

This case reiterated the doctrine that for a dismissal to be lawful, it must be for just cause and after observance of procedural due process. Just cause is established when an employee's conduct is willfully disobedient to lawful orders related to their work duties, and procedural due process is satisfied through the twin-notice requirement and opportunity to be heard.

### ### Class Notes:

- **\*\*Just Cause for Dismissal\*\***: Employee behavior must be willful or intentional, characterized by a "wrongful and perverse attitude," and the employer's orders must be lawful, reasonable, and related to job duties.

- **\*\*Procedural Due Process in Employment\*\***: Requires two notices - one to inform the employee of the cause for termination and another to notify the decision to terminate, coupled with an opportunity for the employee to respond and defend themselves.

- **\*\*Management's Right to Impose Reasonable Rules\*\***: Employers can formulate and enforce reasonable work rules; violation of such rules may constitute just cause for dismissal if the rules are known and related to job performance.

### ### Historical Background:

The context of this decision touches on the continuing tension between an employer's right to manage and discipline their workforce and the safeguards against arbitrary termination. The Supreme Court's ruling underscores the balance the law seeks to maintain between these interests, affirming that while employers have broad leeway to enforce reasonable work rules, the dismissal process must be marked by fairness and due process.