

**\*\*Title:\*\*** Fernandez et al. vs. NLRC and Lhuillier: A Landmark Case on the Rights of Illegally Dismissed Employees in the Philippines

**\*\*Facts:\*\***

This case originated from a consolidated complaint against Agencia Cebuana-H. Lhuillier and/or Marguerite Lhuillier for illegal dismissal. The complainants, Leiden E. Fernandez, Gloria B. Adriano, Emilia A. Negapatan, Jesus P. Tomongha, Eleonor A. Quiñanola, Asteria C. Ocampo, Florida Villaceran, Florida B. Tallado, Brenda A. Gadiano, Marilyn E. Lim, and Joseph Canonigo, were all employees of Agencia Cebuana, a sole proprietorship operated by Marguerite Lhuillier.

Their dismissal transpired after a series of events following their demands for increased wages and intention to join a labor union. They were accused of various offenses leading up to their termination. They filed their complaints which were eventually consolidated. The labor arbiter ruled in favor of the complainants, ordering their reinstatement or payment of separation pay if reinstatement was not feasible, along with service incentive leave pay, backwages, moral and exemplary damages, attorney's fees, and litigation expenses. The National Labor Relations Commission (NLRC) vacated this decision and remanded the case back to the Regional Arbitration Branch. The petitioners then elevated the case to the Supreme Court challenging the NLRC's decision and its denial of their motion for reconsideration.

**\*\*Issues:\*\***

1. Whether the NLRC erred in finding that the labor arbiter deprived the private respondent of due process.
2. Whether the petitioners were illegally dismissed.
3. The correctness of the computation of the backwages, service incentive leave pay, and damages awarded by the labor arbiter.
4. The sufficiency of the appeal bond posted by the respondents and its effect on the jurisdiction of the NLRC over the appeal.

**\*\*Court's Decision:\*\***

The Supreme Court granted the petition, reversing and setting aside the NLRC decision and resolution and reinstating the labor arbiter's decision with modifications. The Court held that:

1. Private respondents were not denied due process in the proceedings before the labor arbiter as they were given the opportunity to present their evidence.

2. Nine petitioners were illegally dismissed, except for Marilyn Lim and Joseph Canonigo who voluntarily resigned.
3. The award for service incentive leave pay should be computed from December 16, 1975, up to the actual reinstatement of the petitioners. Additionally, full backwages, including the accrued thirteenth-month pay, were awarded to the nine petitioners who were illegally dismissed from the date of their illegal dismissal to the time of their actual reinstatement.
4. The posting of a bond that is slightly more than required does not affect the appeal's validity as it adheres to the intent of labor laws focusing on merits.

**\*\*Doctrine:\*\***

- **Illegal Dismissal:** Employees who are found to have been illegally dismissed are entitled to reinstatement without loss of seniority rights and other privileges and to their full backwages, inclusive of allowances, and to their other benefits or their monetary equivalent computed from the time their compensation was withheld from them up to the time of their actual reinstatement.
- **Service Incentive Leave:** An employee who has rendered at least one year of service is entitled to a yearly service incentive leave of five days with pay, which is commutable to its money equivalent if not used or exhausted at the end of the year, computed from December 16, 1975, up to their actual reinstatement.
- **Due Process in Labor Proceedings:** The essence of due process is simply an opportunity to be heard, or to have a reasonable opportunity to present one's case.

**\*\*Class Notes:\*\***

- In labor cases, an illegally dismissed employee is entitled to full backwages, including allowances and other benefits, computed from the time of dismissal until actual reinstatement.
- Service incentive leave is a right that accrues to every employee who has served at least one year, whether continuous or broken, and is commutable to its money equivalent if not used or exhausted at the end of the year.
- The sufficiency of an appeal bond in labor cases is crucial for the NLRC's jurisdiction over the appeal. The bond should generally be equivalent to the monetary award ordered by the Labor Arbiter, excluding moral and exemplary damages as well as attorney's fees, according to the implementing rules and regulations of the NLRC.

**\*\*Historical Background:\*\***

This case reflects the Philippine judiciary's evolving stance towards labor rights, particularly on the issues of illegal dismissal and due process in labor disputes. It underscores the

Supreme Court's commitment to uphold the labor code's provisions and the rights of workers to fair wages, benefits, and security of tenure, as well as the proper procedural protocols in labor disputes resolution.