

****Title**:** Cuartocruz v. Active Works, Inc. & Ma. Isabel E. Hermosa

****Facts**:**

Arlene A. Cuartocruz entered into an employment contract on June 4, 2007, with Cheng Chi Ho to work as a domestic helper in Hong Kong for two years. Active Works, Inc., a Philippine recruitment agency, facilitated her employment, with Ma. Isabel Hermosa as its Branch Manager. Cuartocruz arrived in Hong Kong on August 3, 2007, and began work the next day. On August 11, she received a warning for purportedly poor work performance, and on August 16, her employment was terminated for various reasons, including disobedience and refusal to care for her employer's baby.

Cuartocruz's claim for illegal dismissal was initially dismissed by a Minor Employment Claims Adjudication Board in Hong Kong, leading to her repatriation. Rejecting AWI's offer of a settlement fee, she filed a complaint before the Labor Arbiter (LA) in the Philippines for illegal dismissal, unpaid salaries, and damages. The Executive LA found her termination valid, attributing it to her failure to improve work performance and providing misleading information about her civil status. An appeal to the National Labor Relations Commission (NLRC) resulted in a reversal, finding her dismissal illegal due to insufficient evidence of poor performance and trivial dishonesty regarding her civil status. The NLRC awarded her money claims, including salary for the unexpired contract, which the Court of Appeals (CA) later affirmed with modifications, adjusting the monetary awards and finding AWI liable regardless of its claims against its foreign principal's liability.

****Issues**:**

1. Whether Cuartocruz was illegally dismissed from her employment.
2. Proper computation of monetary awards due to the illegal termination, particularly the salaries for the unexpired portion of the employment contract.
3. The applicability of foreign law versus Philippine law in resolving the employment dispute.

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

The Court granted the petition, affirming the finding of illegal dismissal and modifying the CA's decision regarding the monetary awards. It held that Cuartocruz was entitled to her salary for the unexpired portion of the contract, without the cap imposed by Section 10, RA 8042, which was declared unconstitutional. The Court iterated the principles of labor protection under Philippine law, emphasizing the lack of substantial evidence for the termination's grounds, the inadequate provision of procedural due process, and the

procedural errors in the application of foreign law specifications in employment contracts.

****Doctrine**:**

The Court reiterated the unconstitutionality of the “whichever is less” proviso in RA 8042 regarding the computation of damages for illegally dismissed overseas Filipino workers (OFWs). It emphasized the social justice principle that any doubt in interpreting agreements should be resolved in favor of labor. The case reaffirmed the doctrine of joint and solidary liability of recruitment agencies with their foreign principals for the liabilities to OFWs.

****Class Notes**:**

- Courts apply Philippine law in cases where the foreign law intended to govern the employment contract is neither pleaded nor proved.
- Illegal dismissal claims require substantial evidence for valid termination grounds and adherence to procedural due process.
- The presumption of similarity rule where foreign law is treated the same as Philippine law in the absence of its specific proof.
- The principle that doubts in agreements’ interpretations are resolved in favor of labor.
- Monetary awards for illegally dismissed OFWs should cover the entire unexpired portion of their contract as mandated by Philippine labor laws, not limited by unconstitutional provisions.

****Historical Background**:**

This case underscores the evolution of the legal protections afforded to OFWs, particularly in light of the shifting interpretations and applications of RA 8042. The judicial pronouncements relating to the rights of OFWs reflect the broader social and legislative intent to offer greater protection and assurance to Filipino workers abroad, solidifying the policy that any ambiguity regarding labor rights should be construed in favor of labor.