

Title: Chiang Kai Shek School vs. Court of Appeals and Faustina Franco Oh

Facts:

Faustina F. Oh, a teacher at Chiang Kai Shek School in Sorsogon since 1932, discovered in the first week of July 1968 that she had no assignment for the next semester, effectively dismissing her without apparent reason after almost 33 years of service. She filed a lawsuit demanding separation pay, social security benefits, salary differentials, maternity benefits and moral and exemplary damages. Initially, the lawsuit named the school as the defendant, but after the school filed a motion to dismiss on the ground of not being suable due to its non-incorporation, certain school officials were also added as defendants to hold them solidarily liable. The Court of First Instance of Sorsogon dismissed the complaint, but the appellate court reversed this decision, recognizing the school's suability and liability while absolving the individual officials. The school sought a review on certiorari from the Supreme Court after its motion for reconsideration was denied.

Issues:

1. Can a non-incorporated school be sued simply due to its long continuous existence and government recognition?
2. Does filing a complaint against individuals associated under a common name justify a judgment against the association itself and not against its individual members?
3. Does the collection of tuition fees and book rentals render a school profit-making rather than charitable?
4. Was the Termination Pay Law applicable to Faustina F. Oh, who was employed on a year-to-year basis?
5. Were the awards made by the appellate court justified?

Court's Decision:

The Supreme Court ruled:

1. **Against the petitioner on the first question:** It underscored that the school's failure to incorporate despite being required does not prevent liability in civil actions, employing the doctrine of estoppel.
2. **Association vs. Individual Members:** Since the school itself could be sued, there was no need to press the issue further regarding the association without juridical personality.
3. **Charitability vs. Profit-making:** It indicated that collecting fees does not automatically make the institution profit-making but diminishes its claim of being entirely non-profit.
4. **Termination Pay Law applicability:** Affirmed that the law was applicable, holding that Oh had become a permanent employee entitled to security of tenure, her dismissal without

cause or notice was invalid.

5. **On the awards:** The Court adjusted Oh's separation pay as specified by law but upheld the moral and exemplary damages awarded by the appellate court.

Doctrine:

The Supreme Court reiterated the doctrine of estoppel, preventing the school from denying its juridical personality to defeat Oh's claim. It also highlighted the application of labor laws to charitable institutions, emphasizing employees' entitlement to security of tenure and other protections under such laws.

Class Notes:

- **Estoppel:** An admission or representation is conclusive upon the person making it against anyone relying on it.
- **Security of Tenure:** Employees, after serving a significant period, attain a status that protects them from being dismissed without just cause and due notice.
- **Termination Pay Law:** Specifies the amount of separation pay entitled to an employee upon unlawful termination.
- **Charitable vs. Profit-making Schools:** The nature of an institution doesn't exempt it from compliance with labor laws ensuring employee protections.

Key Statutes and Principles:

- **Labor Code, Article 1431 (Estoppel)**
- **Termination Pay Law provisions on separation compensation**
- **Doctrine of Security of Tenure under Philippine Law**

Historical Background:

The case reflects the evolving legal standards regarding employees' rights and protections in the Philippines, particularly in sectors traditionally viewed as charitable. It underscores the judiciary's role in interpreting labor laws to protect workers' rights, regardless of the employer's charitable status or incorporation status.