

Title: Century Canning Corporation vs. Court of Appeals and Gloria C. Palad (G.R. No. 147520)

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

1. **\*\*Employment and Apprenticeship Agreement\*\***: On 15 July 1997, Century Canning Corporation hired Gloria C. Palad as a “fish cleaner”. Palad signed an apprenticeship agreement with the company on 17 July 1997, receiving an apprentice allowance of P138.75 daily.
2. **\*\*Approval of Apprenticeship Program\*\***: On 25 July 1997, Century Canning submitted its apprenticeship program for TESDA approval, which was granted on 26 September 1997.
3. **\*\*Termination\*\***: On 22 November 1997, Century Canning issued a notice to Palad, terminating her effective 28 November 1997, citing “needs improvement” due to poor performance evaluations and numerous absences and tardiness.
4. **\*\*Filing Complaint\*\***: Palad filed a complaint for illegal dismissal, underpayment of wages, and non-payment of pro-rated 13th month pay in 1997.
5. **\*\*Labor Arbiter Decision (25 February 1999)\*\***: The Labor Arbiter dismissed the illegal dismissal complaint but ordered Century Canning to pay Palad her last salary and pro-rated 13th month pay.
6. **\*\*NLRC Decision\*\***: On appeal, the NLRC affirmed the Labor Arbiter’s decision but modified it to include payment of back wages for two months.
7. **\*\*Court of Appeals Decision (12 November 2001)\*\***: The Court set aside the NLRC decision, declaring Palad’s dismissal illegal and ordering her reinstatement with full back wages, attorney’s fees, and costs of the suit.
8. **\*\*Supreme Court Petition\*\***: Century Canning petitioned the Supreme Court to review the Court of Appeals’ decision.

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

1. Whether the Court of Appeals erred in ruling that Palad was not an apprentice.
2. Whether the Court of Appeals erred in determining that Century Canning failed to prove valid cause for Palad’s termination.

**\*\*Court’s Decision:\*\***

1. **Apprenticeship Agreement Validity**: The Supreme Court held that prior approval by TESDA is a prerequisite for the validity of an apprenticeship agreement. Since Palad's apprenticeship agreement was signed before TESDA's approval of the training program, it was void. Consequently, Palad was deemed a regular employee, not an apprentice.

2. **Illegal Dismissal**: The Supreme Court found that Century Canning failed to meet both requisites for a valid dismissal under the Labor Code: a just or authorized cause and due process. The performance evaluation used to justify Palad's dismissal lacked authenticity and credibility, and Palad was neither informed of her performance's standards nor given due process (notice and opportunity to explain/her defense).

The Supreme Court affirmed the Court of Appeals' decision, rendering Palad's dismissal illegal and entitling her to reinstatement with full back wages, attorney's fees, and costs of suit.

**Doctrine:**

- **Prior TESDA Approval**: The prior approval of TESDA for apprenticeship programs is a condition sine qua non for a valid apprenticeship agreement (*Nitto Enterprises v. NLRC*).
- **Protection of Apprentices**: Compliance with labor standards and the need to secure TESDA's approval ensures protection against circumvention of employee rights.
- **Due Process Requirement**: For a valid dismissal, employers must prove the dismissals were for just or authorized cause and adhere to due process, including providing notice and opportunity for the employee to be heard.

**Class Notes:**

- **Apprenticeship Regulation**: Apprenticeship agreements require TESDA approval prior to being effective (Articles 60 and 61, Labor Code; RA 7796).
- **Regular Employment**: Engaging in tasks necessary/desirable to business makes an employee regular (Article 280, Labor Code).
- **Just Cause for Termination**: Serious misconduct, gross neglect, fraud, committing crimes, etc., justify cause dismissal but must be substantiated (Article 282, Labor Code).
- **Due Process in Dismissal**: Employees must be duly notified and given a chance to be heard before termination (Article 277[b], Labor Code).

**Historical Background:**

- The case is situated in a context where labor protection laws strictly regulate apprenticeships and dismissals. This regulation ensures the protection of worker rights

against exploitation and unjust treatment. The adjudication highlights the Supreme Court's role in interpreting these legal provisions to guard against bypassing labor rights in the Philippines.