

****Title:****

Romeo Lagatic vs. National Labor Relations Commission, Cityland Development Corporation, Stephen Roxas, Jesus Go, Grace Liuson, and Andrew Liuson

****Facts:****

Romeo Lagatic began his employment with Cityland Development Corporation in May 1986 as a sales agent, progressing to the position of marketing specialist. His duties included soliciting sales, accepting client calls and referrals, and making cold calls. Cityland mandated that all marketing specialists submit daily progress reports of their cold calls as a measure of sales effectiveness.

Starting from September 1991, Lagatic received a written reprimand for missing cold call reports on specified dates in September and October of 1991. Despite this, he continued to miss several deadlines for cold call reports throughout late 1992. Cityland issued a suspension for this behavior in November 1992, coupled with a warning that further non-compliance could lead to termination.

In February 1993, Lagatic again neglected to submit cold call reports, culminating in an incident where he scribbled, "TO HELL WITH COLD CALLS! WHO CARES?" on a note left on his desk. Cityland issued a memorandum reminding him of the possible consequences of his actions and his failure to submit the cold call reports. Lagatic replied, denying gross insubordination and any knowledge of the offensive statement. Based on continued non-compliance and offensive behavior, Cityland terminated his employment on February 26, 1993.

Lagatic filed a complaint for illegal dismissal, among other claims, before the labor arbiter, which ruled in favor of Cityland. He appealed to the National Labor Relations Commission (NLRC), which affirmed the labor arbiter's decision. Subsequently, he filed a petition for certiorari with the Supreme Court.

****Issues:****

1. Whether the NLRC gravely abused its discretion in not finding Lagatic's dismissal illegal.
2. Whether the NLRC gravely abused its discretion in ruling that Lagatic was not entitled to compensation, including salary differentials, back wages, separation pay, and other claims.

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

The Supreme Court dismissed Lagatic's petition for lack of merit.

1. **Whether Lagatic's Dismissal was Illegal:** The Court held that the dismissal was valid, as it met two essential requisites: due process and a valid cause. Lagatic's repeated failure to submit required reports constituted willful disobedience, thereby justifying his dismissal. The Court recognized Cityland's authority to enforce reasonable company policies and found that requiring cold call reports was lawful and pertinent to Lagatic's duties. His act of writing and displaying the offensive note solidified the characterization of his behavior as willful insubordination.

2. **Compliance with Due Process:** The Court determined that Lagatic was afforded due process. Cityland provided two notices: an initial memorandum outlining his failures and a termination notice. Despite Lagatic's argument about the lack of a formal hearing, the Court found his opportunity to respond via letter-reply sufficient. He failed to present evidence or confront the accounts presented by his colleagues, further weakening his procedural due process claims.

3. **Claims for Compensation:** The Court denied Lagatic's claims for additional compensation. His argument about illegal deductions from commissions based on Cityland's formula was unavailing. The Court noted that the computation method, which Lagatic had accepted, did not violate any compensation laws. Claims for unpaid overtime, rest day pay, and other premiums were unsupported by sufficient evidence showing actual work performed during those periods. The Court upheld that Lagatic's dismissal on just cause invalidated his claims for moral and exemplary damages, along with attorney's fees.

Doctrines:

- An employer's reasonable rules and policies, once made known to the employee, form part of the employment contract and must be adhered to by the employee.
- Due process in employee dismissal necessitates the provision of a notice outlining specific charges and a subsequent notice of the decision.
- Opportunity to be heard does not always require a formal hearing; written explanations can suffice.
- Willful disobedience of company rules, particularly after warnings and suspensions, justifies dismissal.

Class Notes:

1. **Willful Disobedience:** Requires intentional violation of reasonable, lawful orders related to the employee's duties.
2. **Due Process in Dismissal:** Twin requirements include notice of violation and notice of

dismissal decision.

3. **Commissions and Deductions:** Employer-prescribed formulas for commissions, if agreed upon, hold validity unless shown to contravene established laws.

Historical Background:

This case reflects the judiciary's stance in the mid-1990s on upholding employer prerogatives in maintaining workplace discipline and policy enforcement. It underscores the legal framework surrounding employment relations, particularly concerning the just causes for dismissal and adherence to procedural due process. The era saw an alignment between judicial interpretation and labor policies aimed at balancing fair treatment of employees with legitimate business interests of employers. The ruling reinforces employers' rights to impose and enforce reasonable regulations essential for efficient business operations.