

****Title:**** Netlink Computer Incorporated vs. Eric Delmo

****Facts:****

- ****Initial Employment and Role:**** On November 3, 1991, Netlink Computer, Inc. hired Eric S. Delmo as an account manager to canvass and source clients for Netlink's products and services. Delmo, working mostly in the field, generated sales worth approximately P35,000,000.00, earning commissions amounting to P993,558.89 and US\$7,588.30.
- ****Request for Payment:**** Delmo requested payment of his commissions but received only partial cash advances. Subsequently, Netlink began issuing memoranda accusing him of absences and tardiness.
- ****Refusal of Entry and Complaint:**** On November 28, 1996, Delmo was barred from entering the company premises and subsequently filed a complaint for illegal dismissal.
- ****Netlink's Defense:**** Netlink argued that all employees, except officers and field personnel, were required to use time clocks and that Delmo violated attendance policies. They also claimed Delmo was underperforming.
- ****Labor Arbiter's Decision:**** On September 23, 1998, the Labor Arbiter ruled in Delmo's favor, ordering his reinstatement and payment of backwages, unpaid commissions, 13th month pay, and attorney's fees.
- ****NLRC's Decision:**** On appeal, the NLRC modified the decision, noting Delmo's dismissal was for valid causes but without due process, thereby removing backwages and reinstatement. Netlink was ordered to pay various unpaid commissions and indemnity.
- ****CA Ruling:**** The Court of Appeals (CA) upheld the NLRC's ruling but modified some payments due to unpaid client accounts and confirmed Delmo's commission entitlements, including payment in US dollars.

****Issues:****

1. Whether Delmo's commissions should be paid in US dollars at the exchange rate during sales generation or at the time of payment.
2. Whether the award of attorney's fees was warranted.

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

- ****Payment in US Dollars:**** The Supreme Court ruled that even in the absence of a written agreement, Delmo's commissions should be paid in US dollars or their equivalent at the time of payment based on the established company practice of paying sales agents in US dollars for US dollar-denominated sales. This aligns with the principle of non-diminution of benefits as outlined in Article 100 of the Labor Code.
- ****Attorney's Fees:**** The Court affirmed the award of attorney's fees to Delmo, consistent

with the jurisprudence that supports such awards where employees are forced to litigate to recover wages or commissions.

****Doctrine:****

- ****Non-Diminution of Benefits (Labor Code, Article 100):**** Employers cannot unilaterally reduce, discontinue, or eliminate benefits that employees have been enjoying.
- ****Payment in Foreign Currency (RA 8183):**** Obligations may be settled in foreign currencies if agreed upon by the parties at the time of payment.

****Class Notes:****

- ****Key Concepts:****

- Non-diminution of benefits: Employers must maintain the benefits and compensation practices once established.
- Foreign currency obligations: Payment often reflects the agreed stipulations or practical business practices.
- Attorney's fees in labor disputes: Recognized when employees incur litigation costs to enforce their lawful claims.
- ****Relevant Legal Provisions:****
- Labor Code, Art. 100: Protects employees from reductions in agreed compensation packages.
- Republic Act No. 8183: Allows for foreign currency stipulations in settling monetary obligations.

****Historical Background:****

The case emphasizes the application and interpretation of labor laws, particularly regarding compensation practices. It underlines the judiciary's stance on protecting employee rights, consistent with established company practices and legal principles. The ruling signals stringent enforcement of the Labor Code's non-diminution principle and Republic Act No. 8183, reflecting the progressive labor law landscape of the Philippines aimed at ensuring fair compensation and benefits for employees.