

**\*\*Title: Central Azucarera de Bais vs. Heirs of Zuelo Apostol\*\***

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

Zuelo Apostol began working for Central Azucarera de Bais (CAB) on March 1, 1982, as a Motor Pool Over-All Repairs Supervisor. His duties involved repairing company vehicles, assigning personnel and equipment for repair jobs, and taking custody of repair equipment. He also enjoyed company-provided housing as part of his employment benefits.

On February 2, 2002, a security guard observed that Apostol was using his company house and company equipment to repair private vehicles. Specifically, a white Lancer was being repaired using company lighting, metal sheets, and an oxygen-acetylene outfit. This prompted CAB's resident manager, Robert Y. Dela Rosa, to issue a memorandum to Apostol for violating Rule 9 of CAB's Rules of Discipline.

Apostol admitted to using a trouble light and his personal acetylene and oxygen but did not seek permission for these activities. On February 9, 2002, CAB terminated Apostol's employment, prompting him to file a complaint with the Sub-Regional Arbitration Branch No. VII of Dumaguete City for constructive dismissal, illegal suspension, unfair labor practice, and other claims.

**\*\*Procedural Posture:\*\***

1. **\*\*Labor Arbiter Decision (May 30, 2002):\*\*** Dismissed Apostol's complaints, determining CAB had grounds to terminate his employment and complied with procedural due process.
2. **\*\*National Labor Relations Commission (NLRC) Decision (October 28, 2011):\*\*** Reversed the Labor Arbiter's decision, ruling that Apostol was dismissed without just cause and was not given a proper hearing. Ordered CAB to pay back wages and separation pay, totaling P554,129.00.
3. **\*\*Court of Appeals Decision (May 22, 2013) & Resolution (October 29, 2014):\*\*** Affirmed the NLRC decision, holding that Apostol's violation was not grave enough to warrant termination.

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

1. **\*\*Whether CAB complied with procedural and substantive due process in terminating Apostol's employment.\*\***
2. **\*\*Whether the penalty of dismissal was commensurate to Apostol's violation.\*\***

3. **Whether Apostol was entitled to back wages and separation pay.**

**Court's Decision:**

1. **Procedural Due Process:** The Supreme Court held that CAB complied with procedural due process by providing Apostol with two notices: the first detailing the charges against him and the second informing him of his termination. An actual hearing was not deemed necessary as Apostol had ample opportunity to explain his side in writing.

2. **Substantive Due Process:** The Court agreed with the lower courts that Apostol violated company rules by using CAB's materials and equipment for personal repairs. Considering Apostol's role as a supervisor and the trust placed in him, his violation justified a loss of trust and confidence. Under Article 297(c) of the Labor Code, this warranted termination.

3. **Penalty's Appropriateness:** Termination was deemed appropriate given Apostol's violation of CAB's rules, his supervisory position, and the breach of trust involved.

4. **Back Wages and Separation Pay:** As the dismissal was ruled lawful, Apostol was not entitled to back wages or separation pay.

**Doctrine:**

The case reiterates that while employees' welfare is protected under labor laws, employers have the right to exercise management prerogative, including dismissing employees for just cause if done in good faith and according to procedural due process.

1. **Loss of Trust and Confidence:** Employers can dismiss employees in positions of trust for valid reasons, including misuse of company property.

2. **Procedural Due Process:** Requires notifying the employee of charges and decision, not necessarily a formal hearing—ample opportunity to respond suffices.

**Class Notes:**

1. **Elements of Procedural Due Process (Perez vs. Philippine Telegraph and Telephone Co. case):**

- Ample opportunity to be heard, not confined to formal hearings.

- Compliance with twin notice requirement—notice of charges and notice of decision.

2. **Substantive Due Process:**

- Grounds for valid dismissal include willful breach of trust.
- Supervisory positions and misuse of company resources justify termination under Article 297(c) of the Labor Code.

**Historical Background:**

The case mirrors the continued balancing act in Philippine labor law between protecting employee rights and recognizing employer's management prerogatives. The decision emphasizes procedural fairness while upholding an employer's discretion in maintaining workplace discipline and trust. This context is rooted in the evolving labor laws and jurisprudence focused on preventing capricious termination while maintaining organizational integrity and efficiency.