

Title: Wensha Spa Center, Inc. and/or Xu Zhi Jie v. Loreta T. Yung

Facts:

Wensha Spa Center, Inc. (Wensha) is a sauna and massage service business in Quezon City, and Xu Zhi Jie, also known as Pobby Co, serves as its president. Respondent Loreta T. Yung (Loreta) was employed as Wensha's administrative manager when she was terminated. Previously, Loreta worked for Manmen Services Co., Ltd. (Manmen) and was persuaded by Xu, a client who admired her work, to join Wensha for a higher salary. Loreta began working for Wensha on April 21, 2004, as a personal assistant and interpreter, later promoted to Administrative Manager on May 18, 2004, due to her contributions.

On August 10, 2004, Xu and a Feng Shui master evaluated the office premises, after which Xu asked Loreta to take a leave with pay, citing Feng Shui advice that her aura was not compatible with him. Loreta filed a case against Xu and Wensha for illegal dismissal at the National Labor Relations Commission (NLRC) after being refused her position on returning from her leave on September 10, 2004.

Wensha argued Loreta was terminated on August 31, 2004, due to trust issues stemming from alleged employee complaints. Labor Arbiter Francisco Robles dismissed the complaint, finding that Loreta was terminated due to loss of trust, supported by employee affidavits. The NLRC affirmed this decision.

Loreta then filed a petition for certiorari with the Court of Appeals (CA), which reversed the NLRC's ruling, finding inconsistencies in Wensha's evidence and lack of due process in Loreta's dismissal. The CA ordered Wensha and Xu to pay Loreta back wages, separation pay, damages, and attorney's fees. Xu and Wensha elevated the case to the Supreme Court.

Issues:

1. Whether Loreta T. Yung's termination was made with legal cause and due process.
2. Whether Xu Zhi Jie can be held solidarily liable with Wensha for damages awarded to Loreta T. Yung.
3. Whether the ruling by the Court of Appeals involves a grave abuse of discretion or factual errors.

Court's Decision:

1. The Supreme Court found that Loreta's termination was not supported by valid cause and lacked due process as mandated by labor laws. The burden of proof that dismissal was justified fell on Wensha, which they failed to discharge. Loreta had not been informed of

charges against her nor given the opportunity to defend herself, making her dismissal illegal.

2. Regarding Xu Zhi Jie's liability, the Court found no specific findings or proof of malice, bad faith, or intentional wrongdoing on his part, negating his solidary liability with the company for the damages awarded to Loreta.

3. The Court partially granted the petition, modifying the CA's decision to exclude Xu's solidary liability and added specific mention of separation pay. It awarded Loreta full back wages, separation pay, damages, and legal fees payable solely by Wensha.

Doctrine:

The Court reiterated that the burden of proving just cause for dismissal lies with the employer. To establish trust and confidence as a valid dismissal reason, objective, clear, and substantial evidence of intentional wrongdoing must exist. Without due process, even potentially valid dismissals become illegal.

Class Notes:

- Elements of legal dismissal: Just cause and due process, as set out in Article 282 of the Labor Code.
- Burden of proof lies with the employer in cases of dismissal.
- Corporate officers are generally not solidarily liable unless they act with malice or bad faith.
- Two-notice rule in dismissal: (1) notice of charges with a chance to defend, and (2) decision upon their termination.

Historical Background:

This case illustrates the protection afforded to workers under Philippine law in the early 2000s, focusing on workers' rights amidst cultural beliefs like Feng Shui. It highlights the legal system's role in securing employee tenure against arbitrary corporate decisions, promoting labor rights within the broader economic development context of that era.