

### Title:

Nasipit Lumber Company, Inc. vs. National Labor Relations Commission and Juanito Collado

### Facts:

Juanito Collado, employed as a security guard by Nasipit Lumber Company, Inc. (NALCO) since September 9, 1970, was implicated in the theft of lawanit boards on August 20, 1976. Subsequently, he was placed under preventive suspension. NALCO sought clearance to dismiss Collado on September 8, 1976, through the Department of Labor's Regional Office No. X in Cagayan de Oro City. Collado opposed the application, but failed to appear at the hearing scheduled on September 16, leading to ex-parte evidence presentation by NALCO. The clearance was approved on October 12, 1976. Collado's motion for reconsideration led to the case being certified for compulsory arbitration.

Despite the case being returned to the Regional Director by Executive Labor Arbiter Ildefonso G. Agbaya, and subsequently affirmed by Acting Secretary of Labor Amado G. Inciong on June 7, 1978, Collado filed a complaint for unjust dismissal in October 1978. This led to a decision on January 29, 1979, by the Executive Labor Arbiter ordering NALCO to reinstate Collado without back wages, citing the dropping of criminal charges related to the theft. Both parties appealed, and the NLRC modified the decision by adding two years of back wages for Collado.

NALCO contested the NLRC's decision through a petition for certiorari and prohibition with the Supreme Court, arguing violations of the principle of res judicata and improper reinstatement due to severed employer-employee relations.

### Issues:

1. Does the principle of res judicata apply to this case?
2. Is Juanito Collado's reinstatement with backwages and without loss of seniority rights legal?

### Court's Decision:

The Supreme Court held that res judicata does not apply in labor relations proceedings due to their non-litigious and summary nature, emphasizing the administrative powers of the Department of Labor over judicial proceedings. It was determined that the NLRC abused its discretion by ordering Collado's reinstatement with back wages due to the breach of trust involved in his position as a security guard. The Supreme Court reversed the NLRC's decision and declared Collado's dismissal valid, emphasizing that proof beyond reasonable

doubt is not required for dismissals based on loss of confidence.

**### Doctrine:**

The doctrine of res judicata does not apply to labor relations proceedings, which are non-litigious and summary in nature. Dismissal based on loss of confidence does not require proof beyond reasonable doubt; it suffices if the employer has a reasonable basis to believe or entertain the moral conviction that the employee engaged in misconduct rendering them unworthy of trust.

**### Class Notes:**

- **\*\*Res Judicata in Labor Cases\*\***: Res judicata does not apply to administrative proceedings in labor relations due to their summary nature.
- **\*\*Dismissal for Loss of Confidence\*\***: For positions requiring a high degree of trust, dismissal can be based on “some basis” for loss of confidence, not necessarily proof beyond reasonable doubt.
- **\*\*Reinstatement after Breach of Trust\*\***: Reinstatement is not deemed proper where the dismissal is on the ground of breach of trust and confidence.

**### Historical Background:**

The intricacies of this case demonstrate the evolving nature of Philippine labor law, especially concerning administrative and judicial interplay in labor disputes. Highlighted is the transition period in the Philippine labor law regime, showing the shift from required clearances for termination to a more streamlined process that privileges the resolution of disputes within the company, with the NLRC stepping in upon appeal. This case underlines the balance between protecting workers’ rights and allowing employers to manage their enterprises efficiently.