

Title: LWV Construction Corporation vs. Marcelo B. Dupo

Facts:

LWV Construction Corporation (LWV) is a domestic corporation that recruited Filipino workers for overseas employment. Marcelo Dupo was hired by LWV to work as a Civil Structural Superintendent in Saudi Arabia for the principal Mohammad Al-Mojil Group/Establishment (MMG). Dupo's employment underwent multiple renewals through fixed-period contracts signed on February 26, 1992; May 10, 1993; November 16, 1994; January 22, 1996; April 14, 1997; and March 26, 1998. Each contract was for one year with endings coinciding with Dupo leaving Saudi Arabia.

Upon returning to the Philippines on May 1, 1999, Dupo requested an extension of his vacation due to his son's hospitalization and sought a promotion with salary adjustment. MMG responded, stating an issued return ticket for May 31, 1999, and requested Dupo's decision within seven days. On July 6, 1999, Dupo resigned and mentioned in a letter to MMG his belief of entitlement to a long service award based on Saudi Law.

Dupo sought payment for his service award or longevity pay expected under Article 87 of the Saudi Labor Law. He followed up his request but was reportedly informed by LWV that MMG had not responded. Consequently, Dupo initiated a complaint with the National Labor Relations Commission (NLRC) on December 11, 2000.

Procedurally, the Labor Arbiter ruled in Dupo's favor, awarding him US\$12,640.33 or P648,562.69 and attorney's fees of P64,856.27. LWV appealed to the NLRC, which upheld the Labor Arbiter's decision. LWV then filed a petition for certiorari with the Court of Appeals (CA), which was likewise denied, prompting the current appeal to the Supreme Court.

Issues:

1. Whether the Court of Appeals erred in finding no grave abuse of discretion by the NLRC.
2. Whether Dupo's claim was prescribed under Saudi Labor Law.
3. Whether the Court of Appeals erroneously applied legal principles related to service award and longevity pay.
4. Whether the service award claimed equated to longevity pay and distinct from severance pay.

Court's Decision:

The Supreme Court held in favor of LWV Construction Corporation, overturning the lower decisions and dismissing Dupo's complaint. The critical analysis per issue is:

1. **Grave Abuse of Discretion:** The Supreme Court acknowledged a grave abuse of discretion by the NLRC. The evidence on record demonstrated that the payments Dupo received at the end of each contract term were indeed service awards as mandated by Article 87 of the Saudi Labor Law.
2. **Prescription:** Although LWV argued that the claim was filed beyond the prescriptive period under Saudi Labor Law, the Supreme Court applied Article 291 of the Philippine Labor Code, favoring a three-year prescriptive period for money claims. Thus, Dupo's complaint, filed within this period, was timely.
3. **Misapplication of Legal Principles:** The Supreme Court clarified that the terminology used by Dupo (longevity pay) and the legal precedent for service awards are the same under Saudi Labor Law's Article 87. However, the evidences presented showed these awards were already paid.
4. **Distinguishing Service Award and Severance Pay:** The Court determined that the severance pay articulated in payrolls referred to service awards. Thereby, the amount claimed by Dupo under "service award" was already compensated under the term "severance pay."

Doctrine:

Article 87 of the Saudi Labor Law: Service awards, calculated based on half a month's pay for each of the first five years and one month's pay for each subsequent year of service, were reiterated unequivocally as due at the end of each labor contract period for specified durations.

Class Notes:

- **Key Elements:**
- **Service Award Computation:** Article 87 of the Saudi Labor Law calculation and which payments qualify.
- **Prescriptive Period:** Philippine Labor Code Article 291 provides a broader period for money claims, applicable to overseas workers.

- **Contract Termination:** As per *Brent School, Inc. v. Zamora*, a fixed-term contract terminates once the specified period expires.
- **Application in the Case:**
- **Service Award vs. Severance Pay:** The computations for service awards accurately matched those given as severance pay.
- **Prescription Rule for Overseas Workers:** Philippines' statutory period governs claims, ensuring labor protections against expedited foreign statutes.
- **Verbatim Citations:**
- **Article 87, Saudi Labor Law:** "Where the term of a labor contract concluded for a specified period comes to an end..."

Historical Background:

This case exemplifies the difficulties faced by overseas Filipino workers (OFWs) in asserting rights based on foreign labor laws. It underscores the Philippine judiciary's role in protecting these workers via domestic legal frameworks when overseas procedural or substantive laws offer lesser protection. Historically, such cases surface frequently due to the complex intersections of international employment and labor law protections.