

**ALFREDO VERGEL DE DIOS AND EMILY B. VERGEL DE DIOS,
PLAINTIFFS-APPELLANTS, VS. BRISTOL LABORATORIES (PHILS.),
INC., AND P. P. LAGDAMEO, DEFENDANTS-APPELLEES.**

G.R. NO. L-25530. January 29, 1974

Ponente: ZALDIVAR, J.

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ZALDIVAR, J.:

Appeal from the order of the Court of First Instance of La Union dismissing the complaint in its Civil Case No. 2109 upon the ground that the complaint states no cause of action.

On October 23, 1965, plaintiffs-appellants, Alfredo Vergel de Dios and his wife, Emily B. Vergel de Dios, filed a complaint against the defendants-appellees, Bristol Laboratories (Phils.), Inc., and P.P. Lagdameo, the latter in his capacity as Acting General Manager of the former, in the Court of First Instance of La Union for recovery of damages. For the purposes of this decision, the pertinent allegations of the complaint are as follows:

"2. Plaintiff Vergel de Dios since about October 1964 had been hired by defendant company as a detailman in charge of promoting and selling the company's products or, in other words, in creating demands therefor. Said plaintiff's area embraced Pangasinan, La Union, Ilocos Sur and Abra. As detailman, plaintiff Alfredo Vergel de Dios has had considerable experience, not to mention the fact that he also has sufficient educational background for his position."

xxx xxx xxx

"5. On or about September 15, 1965 defendants, actuated by ulterior motives, contrary to law and morals, with abuse of their advantageous position as employers, in gross and evident bad faith, and without giving plaintiff Alfredo Vergel de Dios his due, willfully, maliciously, unlawfully, and in a summary and arbitrary manner, dismissed said plaintiff Alfredo Vergel de Dios by means of a libelous letter dated September 15, 1965, a copy of which is attached hereto and made a part hereof as Annex 'A'. Plaintiffs aver that the charges and statements mentioned in said letter are not true and defendants knowingly made the same in order to justify their dismissal of plaintiff Alfredo Vergel de Dios.

"6. Not satisfied with the sending to plaintiff Alfredo Vergel de Dios of Annex 'A', which fell into the hands of other persons, defendants further circulated the contents thereof to the company's other employees and, in due course, other third parties came to know of the false, groundless, and malicious charges, with the result that plaintiff Alfredo Vergel de Dios was thereby placed and thereafter regarded in bad light and in disrepute in the eyes of his wife, family, relatives, friends and community.

"7. As a result of defendants' wanton, illegal tortious and willful acts as recited above, plaintiff Alfredo Vergel de Dios and his wife experienced untold suffering, moral shock, anxiety, wounded feeling and similar injury. Moreover, plaintiff Alfredo Vergel de Dios, despite his still being young and competent, now finds it difficult, if not impossible, to obtain a new employment, especially as a detailman, for which he has all the needed qualifications, training and experience.

"8. By reason of defendants' acts, defendants jointly and severally should be ordered to pay plaintiffs damages

they have sustained and will sustain as follows:

"(a) Unrealized income from September 1965, up to such time as plaintiff Alfredo Vergel de Dios lands on a substantially equivalent employment as he had as of September 15, 1965, such damages to be assessed based on his average monthly income at the time of his unlawful dismissal, as shown by the records of defendant company;

"(b) Moral and punitive damages in such amounts as this Honorable Court may fix but which in no case should be less than P100,000.00;

"(c) A reasonable sum of attorney's fees, litigation expenses, and costs.

"9. Notwithstanding repeated demands, defendants have refused and continue to refuse to indemnify plaintiffs' damages and also omitted to accede to plaintiff Vergel de Dios' request for an accounting to enable him to receive such amounts as defendant company still holds for the account of said plaintiff."

Pertinent portions of the letter, Annex "A", attached to the complaint, which informs plaintiff Vergel de Dios of the termination of his service, signed by defendant Lagdameo as acting general manager, read as follows:

"In a routinary check up on your territory by our sales supervisors, we have found the following:

1) You have not been found working full time in your assigned territory. You had been staggering in a 6-day reports, work performed during a lesser number of days.

2) You have been found tampering with the dates of your Collector Temporary Receipts, Sales Delivery Receipts and Sample Acknowledgment Receipts in order to conform with your staggered daily reports. This, as you know, is not only contrary to normal auditing procedures but also gives a distorted picture of your performance.

3) While in your home base in San Fernando, La Union, you have been charging per diems and other related expenses which are normally incurred only while working outside of your home base.

4) The tampering of records mentioned above is not an isolated instance. Our records show that this practice has been going on since the beginning of this year.

When confronted with the evidence in our possession, you readily admitted having committed the abovementioned violations. These violations are considered grave in nature by this company as well as by other companies in the drug industry, and are sufficient grounds for outright dismissal.

This you fully realize having been an experienced medical representative with past association with several other pharmaceutical firms.

The reasons you have given in your defense are purely personal in nature and do not in any way justify the offenses committed.

Under these circumstances, we have no other recourse but to terminate your employment effective September 15, 1965. Please arrange with the Administrative Manager to clear you of your accountabilities with the Company."

The complaint prays that the defendants be sentenced to pay, jointly and severally, the plaintiffs such actual damages as plaintiffs may prove by way of unrealized income from September 15, 1965; moral and punitive damages as the court may assess, but in no case less than P100,000.00; a reasonable sum for attorney's fees, litigation expenses, and costs; and such amount as the court may find defendant company is obligated to pay, upon accounting which said company should forthwith make, of monies still payable to plaintiff Alfredo Vergel de Dios by reason of his employment.

The defendants-appellees filed a motion to dismiss said complaint upon the ground that it states no cause of action against them.

The lower court sustained defendants-appellees' motion, and dismissed the complaint. Hence, this appeal.

In their lone assignment of error, plaintiffs-appellants contend that the trial court erred in ordering the dismissal of the complaint on defendants' motion to dismiss based upon the alleged failure of the complaint to state a sufficient cause of action.

The thrust of plaintiffs-appellants' contention in support of their assigned error is that the lower court, in dismissing the complaint on the ground of lack of cause of action because the right of the employer to hire and fire its employees under Section 1 of Republic Act No. 1052, as amended by Republic Act No. 1787, is absolute, failed to thoroughly comprehend the nature of their action and the basis of their claim for damages. [1] According to the plaintiffs-appellants, they do not base their causes of action under Republic Act No. 1052, as amended by Republic Act No. 1787. They say that they are holding the defendants-appellees liable for damages they sustained by reason of the latter's fabrication of a false ground for dismissal; use of libelous statements in the letter of September 15, 1965 and circulation of libelous matter to other parties, thereby placing Alfredo Vergel de Dios in disrepute in the eyes of his wife, family, relatives, friends and community, thus making it difficult, if not impossible, for him to obtain a new employment as a detailman for which he has all the needed qualifications, training and experience.[2] Plaintiffs-appellants further state that the allegations of the complaint call for the application by the courts of the corresponding relief, principally on the strength of the provisions of Article 19, 20, 21, 33, 2176 and 2202 of the Civil Code.[3] The allegations referred to are those contained in paragraphs 5 to 9, inclusive, of the complaint.[4]

Before discussing whether or not those allegations in the complaint referred to sufficiently state a cause or causes of action, it may be well to state beforehand the rule, uniformly held by this Court, that in order to sustain a dismissal on the ground that the complaint states no cause of action, the insufficiency of the cause of action must appear on the face of the complaint, and the test of the sufficiency of the facts alleged in the complaint to constitute a cause of action is whether or not, admitting the facts alleged, the court could render a valid judgment upon the same in accordance with the prayer of the complaint. For the purpose, the motion to dismiss must hypothetically admit the truth of the facts alleged in the complaint.[5] The admission, however, is limited only to all material and relevant facts which are well pleaded in the complaint.[6] Thus, it has been ruled that a demurrer admits only such matters of fact as are sufficiently pleaded; that the demurrer does not admit the truth of mere epithets charging fraud; nor allegations of legal conclusions; nor an erroneous statement of law. The admission of the truth of material and relevant facts well pleaded does not extend to render a demurrer an admission of inferences or conclusions drawn therefrom, even if alleged in the pleading; nor mere inferences or conclusions from facts not stated; nor conclusions of law: nor matters of evidence; nor surplusage and irrelevant matter.[7] Examples of allegations considered by this Court as conclusions of law are: that defendant had incurred damages as a consequence of the "malicious and unjustified" institution of the action;[8] that "with intent of circumventing the constitutional prohibition that 'no officer or employee in the civil service shall be removed or suspended except for cause as provided by law', respondents "maliciously and illegally for the purpose of political persecution and political vengeance, reverted the fund of the salary item x x x and furthermore eliminated or abolished the said position effective July 1, 1960";[9] that the "defendant usurped the office of Senator of the Philippines".[10] From American jurisprudence come the following examples:[11]

"Bare allegations in employee's action for breach of employment contract that master had breached or violated the contract or discharged him in a wrongful, illegal, unlawful, unjust, arbitrary or fraudulent manner or without authority are conclusory and insufficient in absence of additional allegations and raise no triable

issue." *Wise vs. Southern Pacific Co.*, 35 Cal. Rptr. 652.

"Allegations that defendants acted maliciously and unreasonably were conclusionary." *Norkin vs. U. S. Fire Ins. Co.*, 47 Cal. Rptr. 15.

"Allegations that acts of defendants are arbitrary, capricious, fraudulent, wrongful, and unlawful are mere conclusions of law not admitted by demurrer." *Burt vs. Irvine Co.*, 47 Cal. Rptr. 362.

"A bare characterization in a petition of unlawfulness, is merely a legal conclusion and a wish of the pleader, and such a legal conclusion unsubstantiated by facts which could give it life, has no standing in any court where issues must be presented and determined by facts in ordinary and concise language." *Petty vs. Dayton Musicians' Ass'n.*, 153 NE2d 218, affirmed 153 NE2d 223.

"Where acts of defendants were described as willful, wanton and malicious and an abuse of process, such descriptions were mere conclusions of the pleader and were not admitted by motion to dismiss." *Burr vs. State Bank of St. Charles*, 100 NE2d 773, 344 Ill. App. 332.

Having in mind the foregoing rules and examples, let us examine the allegations of the complaint to determine whether or not they contain ultimate facts sufficient to constitute a cause or causes of action against defendants-appellees. And by cause of action is meant "an act or omission of one party in violation of the legal right or rights of the other; its essential elements are legal right of the plaintiff, correlative obligation of the defendant, and act or omission of the defendant in violation of said legal right.[12] In this connection, it should be recalled that the plaintiffs-appellants have specifically pointed out in their brief that their claim for damages is based on the allegations contained in paragraphs 5 to 9, inclusive, of the complaint. Hence, the examination should be made only on the allegations in said paragraphs.

As quoted above, paragraph 5 of the complaint avers that the "defendants actuated by ulterior motives, contrary to law and morals, with abuse of their advantageous position as employers, in gross and evident bad faith and without giving plaintiff Alfredo Vergel de Dios his due, willfully, maliciously, unlawfully, and in a summary and arbitrary manner, dismissed said plaintiff Alfredo Vergel de Dios by means of a libelous letter." It further avers that the "charges and statements mentioned in said letter are not true" and that the "defendants knowingly made the same in order to justify their dismissal of Alfredo Vergel de Dios". In the light of the examples cited above, the allegations that the defendants-appellees were "actuated by ulterior motives, contrary to law and morals, with abuse of their advantageous position as employers, in gross and evident bad faith and without giving plaintiff Alfredo Vergel de Dios his due, willfully, maliciously, unlawfully, and in a summary and arbitrary manner", are conclusions of law, inferences from facts not alleged and expressions of opinion unsupported by factual premises. For nowhere in the complaint can be found any particular factual allegations as to the ulterior motives of the defendants-appellees; as to how they abused their position as employer; as to how or why there was bad faith; and as to how plaintiff Alfredo Vergel de Dios was deprived of his due. Likewise, the allegation characterizing the letter of dismissal as a "libelous letter" is a conclusion of law without factual basis. And the allegations that the "charges and statements mentioned in said letter are not true", and that defendants "knowingly made the same", are legal conclusions or mere expressions of opinion, there being no factual premises showing why the charges and statements in the letter are not true; nor is there stated any particular fact or circumstance upon which the defendants-appellees' knowledge of the falsity thereof can be predicated.

Pursuant, therefore, to the rule stated above that conclusions of law, inferences or conclusions from facts not stated, and mere expressions of opinion, are not deemed admitted by the motion to dismiss, what should be deemed admitted in paragraph 5 of the complaint would be the bare allegation that Alfredo Vergel de Dios was dismissed from employment on September 15, 1965, per letter of dismissal of even date, a copy of which was attached to the complaint and made part thereof as Annex "A". At this juncture, it should be pointed out that the

succeeding allegations of the complaint are anchored on the allegations in paragraph 5, except the later part of paragraph 9 alleging refusal of the defendants-appellees to make an accounting of funds which allegation is an inference from facts not alleged, there being no allegation in the pleading to the effect that any amount is due the plaintiffs-appellants and that the amount is being withheld by the defendants-appellees. Since the only fact alleged and deemed admitted by the motion to dismiss is that Alfredo Vergel de Dios was dismissed from employment on September 15, 1965, the other allegations premised on the allegations in paragraph 5 must be considered in that light alone.

Applying now the test of the sufficiency of the facts alleged to constitute a cause of action, can the court render a valid judgment upon the facts alleged and deemed admitted, in accordance with the prayer of the complaint? Certainly not, there being no alleged and admitted fact showing that the defendants-appellees have committed acts constituting a "delict or wrong" by which the defendants-appellees violated the right of the plaintiffs-appellants causing them loss or injury. Or more specifically, there is no alleged and admitted fact that defendants-appellees fabricated a false ground to dismiss Alfredo Vergel de Dios from employment, the admitted fact being that his dismissal was for a just cause, as shown by the letter of dismissal, Annex "A" of the complaint. In this regard, while the letter of dismissal is being attached to the complaint to show its existence and character, in the absence of material facts well pleaded in the complaint and admitted, showing the nature of the dismissal, the complaint should be read and interpreted with the aid of the exhibit, Annex "A", which, on its face, shows that the dismissal was for a just cause.

In addition to the foregoing, the court cannot render a valid judgment upon the admitted facts in accordance with the prayer of the complaint because the employer, in the absence of a contract of employment for a specific period, has the right to dismiss his employees at any time with or without just cause.[13] Just as an employee in a commercial or industrial establishment may quit at any time, singly or collectively, with or without just causes, so the employer can dismiss any employee at any time with or without just causes. This right of the employer is commonly referred to as his right to hire and fire his employee in the same way that the employee can stop working by himself or go on strike with his fellow employees.[14] Thus, in *Mariano vs. Royal Interocean Lines*,[15] it was held that where an employee's dismissal was not due to union activities, the employee has no cause of action against the employer for damages, considering that the employer, despite the employee's right to self-organization, still retains his inherent right to discipline his employee or his normal prerogative to hire or dismiss them.

Plaintiffs-appellants, in their manifestation and motion filed on November 4, 1966, urge this Court to resolve this appeal in the light of the ruling of this Court in *"Philippine Refining Co., Inc. vs. Rodolfo Garcia, et al."*[16] where the award of damages to the dismissed employees by the lower court was affirmed by this Court.

We have examined the Garcia case and we have found it to have no factual similarity with the case at bar, i.e., considering the facts alleged in the latter as admitted or proved. In the Garcia case, this court found the employer to have been abusive, oppressive, anti-social and guilty of bad faith in the dismissal of the employees. Said this Court:

"The company's bad faith lies in its act in suspending them ostensibly until the theft case would be terminated, but actually dismissing them before the investigation by the fiscal had ended, and making their dismissal retroactive to the date of the pretended suspension. So that, even viewed from the standpoint of breach of contract of employment, as the company advocates, the employer company would still stand liable for moral damages under the last sentence of Article 2220 of the Civil Code, 'where the defendant acted fraudulently or in bad faith.'"

"But to put things aright, the appealed decision in fact predicated the grant of moral damages on the —

circumstances under which the plaintiffs were illegally dismissed, the nature of the charge for which they were repeatedly investigated by the officials of the company, the police department and the fiscal's office; and the attendant embarrassment and humiliation to which they were unnecessarily exposed.'

"While the appealed decision does not cite the particular provision of law under which it held the company liable for moral damages, yet the points upon which it predicated the award, when taken together, evidence anti-social and oppressive abuse by the company of its right to investigate and dismiss its employees. The company's conduct violated Article 1701, which prohibits acts of oppression by either capital or labor against the other, and Article 21 on human relations, the sanction of which, by way of moral damages, is provided for in Article 2219, all of the Civil Code."

In the case at bar, the manner in which Alfredo Vergel de Dios was dismissed from employment has not been shown by facts well pleaded and admitted, to have been abusive, oppressive, anti-social, or in bad faith. The Garcia case, therefore, cannot serve the ends of the plaintiffs-appellants. On the contrary, the ruling therein strengthens the cause of the defendants-appellees for it reaffirms the right of the employer to dismiss his employees (hired without a definite period) whether for just cause or without it. Thus, this Court said:

"x x x Republic Act 1052, as amended by Republic Act 1787, impliedly recognizes the right of the employer to dismiss his employees (hired without definite period) whether for just cause, as therein defined, or enumerated, or without it. If there be just cause, the employer is not required to serve any notice of discharge nor to disburse termination pay to the employee. If the dismissal be without just cause, the employer must serve timely notice to the employee; but if he fails to serve due notice, then, and only then, is the employer obliged to pay termination pay. Except where other applicable statutes provide differently, it is not the cause for the dismissal but the employer's failure to serve notice upon the employee that renders the employer answerable to the employee for terminal pay.

"The employer's right to dismiss his employee, however, differs from, and should not be confused with, the manner in which the right is exercised. The manner in which the company exercised its right to dismiss in the case at bar was abusive; hence, it is liable for moral damages, as previously discussed."

By and large, whether the plaintiffs-appellants seek redress under the provisions of the Civil Code or under Republic Act No. 1052, as amended by Republic Act No. 1787, otherwise known as the Termination Pay Law, the complaint, as shown above, fails to set forth sufficient well-pleaded material and relevant facts to sustain a cause of action against the defendants-appellees.

WHEREFORE, the order appealed from is affirmed, with costs against plaintiffs-appellants.

IT IS SO ORDERED.

Antonio, Fernandez, and Aquino, JJ., concur.

Fernando, J., concurs in the result.

Barredo, J., took no part.

[1] Page 5, Brief of Plaintiffs-Appellants.

[2] Page 9, Ibid.

[3] Pages 9-11, Ibid.

[4] Pages 5-8, Ibid.

[5] Azur vs. Provincial Board, 27 SCRA 50, 55; See also Militante vs Edrosolano, 39 SCRA 473, 480; Phil. Sugar

Institute vs CIR, 19 SCRA 471, 479; Espinosa vs Belda, 19 SCRA 715.

[6] Alzua and Arnalot vs Johnson, 21 Phil 308, 349-350,

[7] Ibid.

[8] Worcester vs. Lorenzana, 56 O. G. No. 52, pages 7932, 7934.

[9] Llanto vs. Dimaporo, et al., L-21905, March 31, 1966; 16 SCRA 599.

[10] Rodriguez vs. Tan, 91 Phil. 725, 726.

[11] 25 Seventh Decennial Digest, Pleadings, Sec. 8 (3).

[12] Ma-ao Sugar Central Co. vs. Barrios, 79 Phil. 666, 667

[13] See Section 1, R. A. 1052, as amended by R. A. 1787.

[14] Gutierrez vs. Bachrach Motor Co. Inc., L-11298, January 19, 1959.

[15] 1 SCRA 567.

[16] G. R. Nos. L-21871 and L-21962, September 27, 1966, 18 SCRA 107.

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