

## LEPANTO CONSOLIDATED MINING COMPANY AND CHARLES B. FOSTER, PETITIONERS, VS. THE COURT OF APPEALS, AND LEONARDO ARCA, RESPONDENTS.

*G.R. No. L-15171. April 29, 1961*

Ponente: LABRADOR, J.

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### LABRADOR, J.:

Leonardo Arca instituted this action on October 22, 1954, alleging that on July 22, 1953, he was employed by the defendants as clerk-typist at P6.25 a day; that on August 22, 1954, the defendants terminated his (plaintiff's) services, on the alleged ground that they were no longer needed; that his employment was made under an existing agreement between the employees and the defendant company on March 27, 1953 under which it was to continue until the work assigned to him was to be finished; that the termination of his employment constituted a breach of the agreement entered into upon his employment; that defendants must, have been irked by act of plaintiff in organizing a labor union; that he suffered actual damages consisting of loss of wages, attorney's fees and costs; and that because of the acute employment problem, he has suffered mental anguish and serious anxiety. He prays for actual, and moral damages and costs.

After a denial of a motion to dismiss, defendants presented their respective answers. Defendant Charles B. Foster denied the claim of the plaintiff that his work was to continue until the completion of the work or project assigned to him, and alleged that under the agreement between the Lepanto Consolidated Mining Company and its employees dated March 27, 1958, he as the general superintendent has the power to determine when a particular work in the mine is deemed completed or what work should be curtailed, as well as the power and authority to lay-off and discharge an employee when his services are no longer necessary or when such lay-off or discharge was required in the conduct and furtherance of the company's business; that the defendant was discharged because his services were no longer needed; that plaintiff accepted the separation slip without any protest; and that the defendants have the exclusive right to lay-off employees whose services are no longer required in the furtherance of the business. Practically to the same effect is the defendant Lepanto Consolidated Mining Company's answer.

Issues having been joined, trial was held on January 7, 1956 and Judge Jesus de Veyra rendered a judgment finding that plaintiff's separation was justified and so dismissing the complaint. Pertinent portion of the decision of the trial judge reads as follows:

"\* \* \* Obviously there is no such 'completion or curtailment' involved here. Defendant Company presented evidence, without objection on the part of Plaintiff, to the effect that Plaintiff had been caught snooping among the papers of Mr. Foster, General Superintendent of the Company; that he was guilty of dishonesty in that despite the fact that in the labor-management meeting the question of the alleged high prices of the Lepanto Store were under discussion, he still wrote a letter to the President of the Philippines; that he instigated unfounded charges in connection with the Lepanto High School; that he organized his own rival union while working for the company. This rival labor union was organized in August, 1954 although only formally registered several months later. The Company further proved that the ostensible reason for Plaintiff's

separation which was 'services no longer needed' was placed there for Plaintiff's protection and that at his urging so that he would be able to find work elsewhere—although the real reason for Plaintiff's discharge was loss of confidence and dishonesty.

"Plaintiff relies for his cause of action on Art. VIII (a) of the labor contract Exhibit 'A' and admittedly his discharge can not be laid to any supposed 'completion of any particular project or curtailment of any of the operation.' If this Court were to rely on the separation slip (Exhibit 'B') alone, then clearly Plaintiff should be reinstated. But Defendant Company was able to introduce evidence, without objection on the part of counsel for the plaintiff, to the effect that Plaintiff had been guilty of dishonesty as well as there was loss of confidence in him. This Court finds that the discharge of Plaintiff was justified under Art. VIII, Sec. (b), subsec. (2), as plaintiff was guilty of dishonesty not only in embarrassing the labor-management conference on the alleged high price's in the Lepanto Store by going over the heads to the President of the Philippines; not only by instigating trouble at the Lepanto High School; not only by snooping among the papers of Mr. Foster; but principally for organizing a rival labor union while he was still secretary of the Lepanto Civic Welfare Union—this last act would have led to real unrest in the Company had Plaintiff remained in its employ. An it is Plaintiff could have been discharged summarily without any 30-day notice or 30-day pay. The Company in giving Plaintiff 30 days pay wa's generous. There is one more aspect of this case. As Plaintiff admitted organizing a rival labor union as early as August, 1954, and this union already had legal personality even before registration, Plaintiff can be deemed to have forfeited his membership in the Lepanto Civic Welfare Union. If this is so, he would not been entitled to invoke the protection of the labor contract of this union and Plaintiff's standing would be that of any ordinary employee who may be discharged by giving him one month notice or one month pay (Republic Act 1052)." (pp. 52-55, ROA)

The lower court therefore dismissed the complaint. Appeal having been made to the Court of Appeals, this Court reversed the judgment, ordering the reinstatement of the plaintiff, the payment of his back wages from October 1, 1954 at P6.25 a day until reinstated and the payment of costs. The Court of Appeals reversed the finding of the lower court that the different acts committed by the appellant were acts of dishonesty. It held that the act of appellant in writing the President of the Philippines requesting for a commercial or price control agent to investigate the prices in the store of defendants is not an act of dishonesty, as it is an exercise of the constitutional right of the citizen to petition the Government for redress of his and his co-employees' grievances; that the act of the plaintiff in preparing a complaint against the principal of the Lepanto High School was also in accord with a civic duty to help the students; that his act of snooping among the papers of defendant Foster is only a conclusion, not justified by the premises, for he is supposed to Be entrusted with the duty of reorganizing the confidential files and one cannot reorganize the confidential files of an office without reshuffling or reading of the same; that the organization of a rival labor union is neither a dishonest act prejudicial to defendants unless it is admitted that the Lepanto Civic Welfare Union to which he belongs is company .controlled, and the curtailment of his right to organize would constitute an unfair labor practice on the part of the employer.

It is to be noted that in the course of the trial no objection was raised against evidence tending to prove that plaintiff had been caught in the act of shuffling papers in the desk of Mr. Foster, papers which had no connection with , his work, as a result of which defendant Foster had lost confidence in plaintiff. It was also proved without objection that defendant Foster had intended to assign plaintiff to organize or reorganise the confidential files of the company, but in the meanwhile had assigned him to work as assistant of his secretary; that the secretary: had reported that plaintiff's work was not very satisfactory because plaintiff was inattentive; that desiring to terminate his services, defendant Foster gave him his separation slip because he had lost confidence in him; that no mention was made about the dishonest acts committed by him in order that he be given opportunity to find other employment.

The Court of Appeals reasoned that since plaintiff was assigned to confidential work the shuffling of the papers of

defendant Foster was within said work. The above conclusion is not justified first, because Foster testified that plaintiff had actually not been working as yet on the confidential files and hence plaintiff was not yet authorized to work on the confidential papers; and second because the private papers of Foster are not the confidential files of the company.

The acts committed by the respondent in sending petition to authorities regarding the activities of his employer, while in themselves, legitimate acts of an individual protected by law, by such acts plaintiff has shown conduct which would render him unsuitable for the work for which the employer intended him—that is, confidential work. Certainly this is what Foster must have meant when he declared in court that he had lost confidence in plaintiff.

If, as already indicated above, the understanding in respondent's employment was, for him to be assigned to the arrangement of the confidential files of the defendant company, and the defendants had lost confidence in the respondent. Would it be proper to order the reinstatement of the latter?

The consensus of opinion among the members of the Court is that it would- be unfair and unjust to the employer to require it to continue employing the services of the person in whom the manager has lost confidence. But if loss of confidence may not justify reinstatement, neither should the employer be relieved from damages that his refusal to continue the employment may cause to the employee. The employer has committed a breach of the contract of employment; if it made a mistake in choosing the right person it may be relieved from continuing the employment, but it should not and would not be relieved from liability for the damages arising from the breach of the contract of employment.

The Court believes that the respondent-employee should be granted an award of such damages as he may have suffered by reason of the breach of the contract of employment, but his reinstatement should not be ordered, as it is not appropriate to the peculiar circumstances of the case. The case should be remanded to the Court of First Instance for the determination of the amount of damages which may be awarded to the respondent-employee.

Wherefore, the decision of the Court of Appeals appealed from is hereby set aside, but the case is hereby remanded to the Court of First Instance for further trial as above indicated. Without costs. So ordered.

Bengzon, C.J., Bautista Angelo, Concepcion, Reyes, J.B.L., Barrera, Paredes, and Dizon, JJ., concur.

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