LANDTEX INDUSTRIES AND WILLIAM GO, PETITIONERS, VS. COURT OF APPEALS, SALVADOR M. AYSON, AND LANDTEX INDUSTRIES WORKERS UNION – FEDERATION OF FREE WORKERS (FFW), RESPONDENTS.

G.R. NO. 150278. August 09, 2007

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-150278/

CARPIO, J.:

The Case

This is a petition for review on certiorari[1] of the Decision[2] dated 13 February 2001 and of the Resolution[3] dated 16 October 2001 of the Court of Appeals (appellate court) in CA-G.R. SP No. 50060. The Decision ordered petitioners Landtex Industries (Landtex) and William Go to award respondent Salvador M. Ayson (Ayson) separation pay in lieu of reinstatement, backwages, 13th month pay, service incentive leave pay, and attorney's fees.

The Facts

Landtex, a sole proprietorship owned by Alex Go and managed by William Go, is a business enterprise engaged in the manufacture of garments. Ayson worked in Landtex as a knitting operator from 19 May 1979 to 6 July 1996. Ayson was an officer[4] of Landtex Industries Workers Union - Federation of Free Workers (union) which had an existing collective bargaining agreement (CBA) with Landtex.

Ayson received a letter[5] from Landtex dated 16 March 1996 which stated that Ayson committed acts contrary to company policies on 2 and 7 March 1996. The letter required Ayson to explain in writing within 24 hours from receipt why no disciplinary action should be taken against him for spreading damaging rumors about the personal life of an unspecified person, and for having an altercation with one of the company's owners when he was asked to submit an ID picture.

Ayson replied in writing[6] that he could not defend himself from the charge of spreading damaging rumors because Landtex's letter failed to state what rumors he was supposed to have spread. Ayson further explained that he merely replied in a loud voice to the company owner's request because he was carrying textiles. Ayson then apologized for his actions.

Landtex sent Ayson another letter dated 2 April 1996 informing him of its receipt of his explanation. Landtex informed Ayson that the omission of the details about the damaging rumors was intentional because other employees might be able to read the letter. Furthermore, Landtex decided to conduct an investigation on 26 April 1996 in view of Ayson's denials.

The first meeting between Ayson and Landtex's counsel took place on 26 April 1996. The minutes of the 26 April 1996 meeting state that Ayson was informed that there were witnesses who could testify that he spread rumors

about the personal life of William Go and his family. Ayson denied that he spread rumors and requested for another meeting so that he could hear the alleged witnesses and defend himself. Ayson further requested that the next investigation be held at Landtex's Mauban office because he and the union officers accompanying him suffer salary deductions for their attendance of investigations during office hours.[7] Another meeting was scheduled for 5 May 1996, but Ayson was unable to attend it and went home early because he allegedly needed to look after his child.

The second meeting between Ayson and Landtex's counsel took place on 5 June 1996. The minutes of the 5 June 1996 meeting state that Ayson and a union officer accompanying him appeared but refused to sign the attendance sheet or to participate. Landtex's counsel, Atty. Generosa Jacinto, made a note in the minutes which reads, "Pls. advise mgt. They can take any action they want."[8]

In a letter dated 19 June 1996, Landtex terminated Ayson's services effective 30 June 1996 because of Ayson's lack of cooperation during the investigations. Despite this notice, Ayson still reported for work until 6 July 1996.

In a letter dated 8 July 1996, the union president requested Landtex for a formal dialogue regarding Ayson's case. Landtex reaffirmed its decision to terminate Ayson in meetings with the union held on 10 and 16 July 1996. Landtex and the union agreed to refer the matter to a third party in accordance with the provisions of law and of the CBA. Landtex expected Ayson to refer the issue to the National Conciliation and Mediation Board (NCMB) for the selection of a voluntary arbitrator. Ayson and the union, however, filed a complaint before the labor arbiter.[9]

The labor arbiter conducted mandatory conferences for amicable settlement with the participation of all parties. The parties agreed to the idea of payment of separation pay in lieu of reinstatement but differed as to the amount. Ayson wanted to receive one month basic salary for every year of service while Landtex wanted to pay only one-half month basic salary for every year of service from date of hiring to termination of employment.[10] The parties were not able to settle; hence, the labor arbiter ordered them to submit their position papers.

In his position paper, Ayson asked whether his dismissal from employment has any just cause. Ayson also asked whether Landtex complied with procedural due process when it terminated his employment.

On the other hand, Landtex and William Go revealed in their position paper that Ayson was seen having a drinking session with other Landtex employees near the company premises. A Landtex security guard, who was a part of the drinking session but whose identity was not revealed, stated that Ayson maliciously narrated spiteful stories about the personal life of William Go. Landtex also questioned the jurisdiction of the labor arbiter over Ayson's case. Landtex insisted that the labor arbiter should dismiss Ayson's case and refer it to the NCMB for the selection of a voluntary arbitrator.

The Ruling of the Labor Arbiter

On 30 September 1997, the labor arbiter promulgated his decision[11] which ruled in favor of Ayson. The labor arbiter declared that despite the union's manifestation of its desire to refer Ayson's case to "a third party in accordance with provisions of law and CBA,"[12] this manifestation did not affect Landtex's termination of Ayson's employment. Ayson's termination thus properly falls under the jurisdiction of the labor arbiter. Moreover, the labor arbiter did not find any evidence supporting Landtex's allegations that Ayson spread malicious rumors about William Go or shouted at William Go's wife. The pertinent portions of the labor arbiter's decision read:

> Dismissal of a worker is no trifling matter; more so, of herein [Ayson] who had been employed with [Landtex] for seventeen years, more or less. The dismissal must be for a just cause, let alone with due process, and must be based on substantial evidence. Mere allegations will not suffice.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

> WHEREFORE, premises considered, judgment is hereby rendered ordering [Landtex Industries and William Go] to reinstate [Ayson] to his former position without loss of seniority rights with full backwages from the date his salary has been withheld until the actual date of reinstatement.
>
> [Landtex Industries and William Go] are further ordered to pay ten (10%) percent of [Ayson's] total monetary award as attorney's fees.

Backwages

6/30/96 - 8/31/97 = 14.0 mos.

P165.00 x 30 x 14.00 mos.

=

P 69,300.00

13[th] Month Pay

=

5,775.00

SILP

5.833 days x P165.00

=

962.50

P 76,037.50

Attorney's Fees

=

7,603.75

TOTAL

P 83,641.25

> All other claims of [Ayson] are dismissed for lack of merit.
>
> SO ORDERED.[13]

Landtex and William Go appealed the labor arbiter's decision to the National Labor Relations Commission (NLRC). Landtex and William Go posted a bond in the amount of the total award in the labor arbiter's decision to perfect their appeal and to enjoin the execution of the decision. Landtex and William Go insisted that the labor arbiter had no jurisdiction over the parties and over the subject matter in the present case.

The Ruling of the NLRC

On 20 July 1998, the NLRC promulgated its decision[14] which agreed with Landtex and William Go's argument that Ayson's case falls within the original and exclusive jurisdiction of the voluntary arbitrators, as provided in

Article 261 of the Labor Code. Landtex merely imposed a disciplinary measure when it terminated Ayson's employment. Furthermore, the NLRC ruled that Ayson waived his right to have his case heard before any other forum when he did not undergo the grievance process mandated by his union's CBA with Landtex. The NLRC declared that the disciplinary action meted out by Landtex to Ayson and the waiver of Ayson's right to have his case heard were matters which require the interpretation of the CBA, and thus were within the original and exclusive jurisdiction of the voluntary arbitrators. The dispositive portion of the NLRC's decision reads:

> WHEREFORE, the decision appealed from is hereby SET ASIDE on the ground of lack of jurisdiction over the subject matter. The instant case is hereby referred to Voluntary Arbitration in accordance with the Collective Bargaining Agreement.
>
> SO ORDERED.[15]

The NLRC dismissed Ayson and the union's motion for reconsideration on 11 September 1998. Ayson and the union then filed a petition for certiorari before the appellate court.

The Ruling of the Appellate Court

In a decision promulgated on 13 February 2001, the appellate court sustained the jurisdiction of the labor arbiter and modified the award in favor of Ayson. The appellate court further stated that the records are "bereft of any showing that a grievance mediation had been undertaken so as to thresh out any disciplinary measure against [Ayson]."[16] The appellate court took Landtex and William Go to task because they took "the avenue of least resistance" and discussed the possibility of an amicable settlement instead of filing a motion to dismiss before the labor arbiter. Moreover, the appellate court found that Ayson was illegally dismissed because his termination was characterized by "bad faith, [and] wanton and reckless exercise of management prerogative."[17] Landtex's allegations against Ayson failed to show that Ayson's dismissal was for a just cause. The appellate court awarded Ayson full backwages, separation pay (equivalent to one month's pay for every year of service, a fraction of at least six months being considered as one whole year) in lieu of reinstatement, 13[th] month pay, service incentive leave pay, and attorney's fees. The dispositive portion of the decision of the appellate court reads:

> WHEREFORE, premises considered, the petition is GRANTED- and the decision (promulgated on July 20, 1998) and the resolution (promulgated on September 11, 1998) of the public respondent (National Labor Relations Commission) in NLRC NCR Case No. 00-07-04492-92 is hereby REVERSED and SET ASIDE. The decision of the labor arbiter, which was rendered on September 30, 1997 is hereby REINSTATED-subject, however, to the MODIFICATION that separation pay shall be awarded to [Ayson] in lieu of reinstatement. No pronouncement as to costs.
>
> SO ORDERED.[18]

Landtex and William Go filed a motion for reconsideration of the appellate court's decision. Ayson and the union also contested the appellate court's award of separation pay in lieu of reinstatement. The appellate court dismissed both motions in a resolution promulgated on 16 October 2001.

Landtex and William Go then filed a petition for review before this Court on 11 December 2001. Ayson and the union also filed a petition for review, docketed as G.R. No. 150392, but this petition was withdrawn as Ayson no longer desired to question the resolution of the appellate court.[19] Emilia P. Ayson, respondent Ayson's wife, later made a manifestation that she would like to represent Ayson in the present case since her husband died on 28 August 2002. She attached Ayson's death certificate and their marriage certificate to prove her allegations.

When Landtex and William Go filed their memorandum in the present case, they stated that Landtex started to suffer serious business reverses in the first quarter of 2001. Landtex's cutting and knitting departments

temporarily closed in December 2002, and Landtex permanently ceased its operations in February 2003. Landtex and William Go attached Landtex's notice of closure to the union dated 9 January 2003, Landtex's balance sheets for the years 2000 to 2002, Landtex's profit and loss statements for the years 2000 to 2002, notice of extra-judicial sale of the property of spouses Alex and Nancy Go, demand letters addressed to Alex Go, and unpaid utility bills in the name of Alex Go to prove their allegations.

The Issues

Landtex and William Go raise the following issues before this Court:

> - Whether the NLRC correctly ruled that jurisdiction over the subject matter of the instant case pertains exclusively to the voluntary arbitrator considering that
>
> - The existing CBA provides that "a grievance is one that arises from the interpretation or implementation of this agreement, including disciplinary action imposed on any covered employee"; and
>
> - The parties have undergone the grievance machinery of the collective bargaining agreement.
>
> - Whether the instant case concerns enforcement and implementation of company personnel policy and that the issue therein was timely raised.
>
> - Whether there is a valid ground for termination of the employment of [Ayson].
>
> - Whether [Ayson] is entitled to backwages and separation pay.
>
> - Whether [the appellate court] committed grave and patent abuse of discretion and errors of law in setting aside the decision of the NLRC.[20]

The Ruling of the Court

The petition has no merit.

The Labor Arbiter's Jurisdiction

Landtex and William Go insist that the matter subject of the present petition is covered by the CBA's provision on voluntary arbitration and thus is excluded from the labor arbiter's jurisdiction. They allege that Ayson's termination merely enforced Landtex's personnel policy against misconduct. They further claim that the union's request for a formal dialogue signified the initiation of the grievance procedure outlined in the CBA. Landtex and William Go even assert that because of Ayson's failure to submit his claim before the NCMB, he is barred from seeking relief from a forum other than that provided in the CBA.

Section 1 of Article XV, Grievance Procedure, of the union's CBA with Landtex reads:

> Grievance Machinery. - For purposes of this Agreement, a grievance is one that arises from the interpretation or implementation of this Agreement, including disciplinary action imposed on any covered employee. Any grievance, dispute, or complaint which a covered employee or UNION may have against the COMPANY: (a) relative to the meaning, interpretation and application of the terms of this agreement; or (b) arising out of the employment relationship, shall be submitted to the grievance machinery in accordance with the following procedure:

Step I

The employee shall present his grievance, dispute, or complaint in writing to the COMPANY's Section Head/In Charge and to the UNION's authorized representative, and thereupon the said Section Head and UNION representative shall endeavor to work out a settlement within four (4) working days from presentation.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

Step II

If, under Step I, no settlement is reached within four (4) working days from presentation, the grievance shall be taken up by the UNION representative with the General Manager.

Step III

If, under Step II, no settlement is reached within four (4) working days, the grievance shall be referred by the parties to the Management-Employee Committee.

Step IV

If under Step III, no settlement is reached within eight (8) working days, the grievance shall be referred by both parties to the National Conciliation and Mediation Board (NCMB) for submission to voluntary arbitration in accordance with NCMB's rules within ten (10) days from the date of the last meeting of the Management-Employee Committee.

> Where the grievance or complaint involves the UNION directly, Steps I and II of the foregoing procedure shall be dispensed with and only Steps III and IV shall be followed.[21]

Articles 217, 261, and 262 of the Labor Code tackle the jurisdiction of labor arbiters and voluntary arbitration as follows:

> Art. 217. Jurisdiction of the Labor Arbiters and the Commission. - (a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:
>
> - Unfair labor practice cases;
>
> - Termination disputes;
>
> - If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;
>
> - Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations;
>
> - Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts; and
>
> - Except claims for Employees Compensation, Social Security, Medicare and maternity benefits, all other claims arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00) regardless of whether accompanied with a claim for reinstatement.
>
> (b) The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters.
>
> (c) Cases arising from the interpretation or implementation of collective bargaining agreements and those arising from the interpretation or enforcement of company personnel policies shall be disposed of by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements.
>
> Art. 261. Jurisdiction of Voluntary Arbitrators or panel of Voluntary Arbitrators. - The Voluntary Arbitrator or panel of Voluntary Arbitrators shall have original and exclusive jurisdiction to hear and decide all unresolved

> grievances arising from the interpretation or implementation of the Collective Bargaining Agreement and those arising from the interpretation or enforcement of company personnel policies referred to in the immediately preceding article. Accordingly, violations of a Collective Bargaining Agreement, except those which are gross in character, shall no longer be treated as unfair labor practice and shall be resolved as grievances under the Collective Bargaining Agreement. For purposes of this article, gross violations of Collective Bargaining Agreement shall mean flagrant and/or malicious refusal to comply with the economic provisions of such agreement.
>
> The Commission, its Regional Offices and the Regional Directors of the Department of Labor and Employment shall not entertain disputes, grievances or matters under the exclusive and original jurisdiction of the Voluntary Arbitrator or panel of Voluntary Arbitrators and shall immediately dispose and refer the same to the Grievance Machinery or Voluntary Arbitration provided in the Collective Bargaining Agreement.
>
> ART. 262. Jurisdiction over other labor disputes. - The Voluntary Arbitrator or panel of Voluntary Arbitrators, upon agreement of the parties, shall also hear and decide all other labor disputes including unfair labor practices and bargaining deadlocks.

The labor arbiter, the appellate court, and the NLRC differed in their rulings on the matter of jurisdiction. The labor arbiter and the appellate court agreed with Ayson and the union's position. The labor arbiter assumed jurisdiction and emphasized that when the union met with Landtex on 8 July 1996, Ayson was no longer an employee because Landtex terminated him effective 30 June 1996. The manifestation of the union's desire to "refer the matter to a third party in accordance with law and the CBA" does not deviate from the fact that Ayson was already dismissed. On the other hand, the NLRC sustained Landtex and William Go's position. The NLRC asserted that the determination of whether Ayson's dismissal constitutes a "disciplinary action" within the scope of the CBA calls for an interpretation of the CBA. When the union called for a meeting with Landtex, the union effectively initiated the grievance procedure. Thus, Ayson's case should have been subjected to voluntary arbitration.

We agree with Ayson and the union and affirm the rulings of the labor arbiter and the appellate court.

Article 261 of the Labor Code provides that voluntary arbitrators shall have original and exclusive jurisdiction to hear and decide all unresolved grievances arising from the interpretation or implementation of the Collective Bargaining Agreement and those arising from the interpretation or enforcement of company personnel policies. On the other hand, a reading of Article 217 in conjunction with Article 262 shows that termination disputes fall under the jurisdiction of the labor arbiter unless the union and the company agree that termination disputes should be submitted to voluntary arbitration. Such agreement should be clear and unequivocal. Existing law is an intrinsic part of a valid contract without need for the parties to expressly refer to it. Thus, the original and exclusive jurisdiction of the labor arbiter over unfair labor practices, termination disputes, and claims for damages cannot be arrogated into the powers of voluntary arbitrators in the absence of an express agreement between the union and the company.[22]

In the present case, the CBA between Landtex and the union does not clearly state that termination disputes, as opposed to mere disciplinary actions, are covered by the CBA. The CBA defined a grievance as "one that arises from the interpretation or implementation of this Agreement, including disciplinary action imposed on any covered employee." The CBA did not explicitly state that termination disputes should be submitted to the grievance machinery.

In ruling that the present case should have been submitted to voluntary arbitration, the NLRC relied on the union's act of meeting with Landtex. The union's letter to Landtex, dated 8 July 1996, reads:

> We received your letter dated 19 June 1996 re: TERMINATION LETTER of MR. SALVADOR AYSON who

> happened to be [a] union officer of LANDTEX INDUSTRIES EMPLOYEE'S UNION.
>
> In connection to [sic] this, we would like to request for a formal dialogue regarding the above matter at a [sic] soonest possible time.
>
> We are hoping that the management is with us in resolving this termination of our officer.
>
> May we have a continuous harmonious relationship.
>
> Thank you.[23]

The CBA's provisions on grievance directly involving the union state that the grievance shall be referred by the parties to the Management-Employee Committee. The Management-Employee Committee shall be composed of three representatives each from the union and Landtex. According to the minutes of the meeting prepared by Landtex's counsel, when the union met with Landtex on 10 July 1996, there were seven union members and two Landtex representatives in attendance. The minutes of the meeting read:

> The mgt.'s position is that it will no longer reconsider the termination of Mr. Ayson. The union on the other hand opened discussion of other possibilities in lieu of reinstatement.
>
> The union requested for time to study possibilities. The mgt. will do likewise.
>
> Reset 16 July 96[,] 5 pm at factory.[24]

The next meeting proceeded with the same number of representatives from both parties. The minutes of the meeting state that there was "[n]o settlement. Union will refer matter to third party in accordance with provision of law and CBA."[25]

We find nothing in the records which shows that the meetings between the union and Landtex already constitute the grievance machinery as mandated by the CBA. The meetings happened only after the effectivity of Ayson's termination. The meetings did not comply with the requisite number of participants. The CBA mandated that there should be three representatives each from the union and Landtex but there were seven union members and two Landtex representatives who attended the meetings. More importantly, there was nothing in the minutes that shows that the attendees constituted a Management-Employee Committee.

Finally, the appellate court is correct in stating that if Landtex really believed that the labor arbiter did not have jurisdiction over the present case, then Landtex should have filed a motion to dismiss in accordance with Section 15, Rule V of The New Rules of Procedure of the NLRC.[26] Instead of filing a motion to dismiss, Landtex participated in the proceedings before the labor arbiter. Had Landtex immediately filed a motion to dismiss, the labor arbiter would have determined the issue outright before proceeding with hearing the case. In the present case, Landtex raised the issue of jurisdiction only after the labor arbiter required the parties to submit their position papers.

Validity of Ayson's Dismissal

The requisites for a valid dismissal are (1) the dismissal must be for any of the causes expressed in Article 282 of the Labor Code, and (2) the opportunity to be heard and to defend oneself.[27] Landtex and William Go assert that Ayson's termination was for a just cause as defined in Article 282[28] of the Labor Code; hence, the two-notice rule[29] should be followed.

The contents of Landtex's first memorandum to Ayson, signed by Landtex's counsel, read:

> Ipinagbigay-alam sa amin ng pamahalaang Landtex Industries and [sic] tungkol sa nangyaring insidente nuong ika-2 at 7 Marso 1996.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

> Ayon sa isang saksi, ikaw ay nagkakalat ng mga balitang nakakasira sa aming personal na buhay. Bukod pa dito nuong ika-7 ng Marso ng ikaw ay hingan ng iyong ID pictures bilang isa sa mga regulasyon ng kompanya, ikaw ay sumungaw sa harap pa mismo ng nagmamay-ari ng kompanya na naging dahilan upang magkasagutan kayo.
>
> Iyong nalalaman na ang ganitong gawain ay taliwas sa umiiral na patakaran ng kompanya. Bunga nito[,] ikaw ay hinihingan ng nakasulat na paliwanag 24 oras mula sa pagkakatanggap ng liham na ito. Ang hindi mo pagsunod ay nangangahulugan na maaari ng gumawa ng susunod na aksyong pang-disiplina and [sic] kompanya laban sa iyo.[30]

Ayson's handwritten response reads:

> Ayon sa salaysay ng inyong saksi ako ay nagkakalat ng balitang nakakasira sa inyong personal na buhay.
>
> Ipagpaumanhin po ninyo ang hindi ko pagtugon sa inyong sulat na nakasaad na ako ay nagkakalat ng balitang nakakasira ng inyong personal na buhay sa dahilan na wala naman pong nakasaad sa sulat kung anong balita na ipinagkakalat ko na nakakasira sa personal na buhay ninyo.
>
> Noon po ika-7 ng Marso ako po ay hiningan ng ID picture bilang isa sa mga regulasyon ng kompanya at nakasaad po sa sulat na ako po ay "sumungaw" o "sumigaw" sa harap mismo ng may-ari ng kompanya. Hindi po ako sumigaw[,] ako po ay sumagot lamang sa tanong nila. Kung ang pagkasagot ko man ay medyo napakalakas ito po ay sa dahilan na nang mga oras na iyon ay may buhat-buhat akong tela na aming inaakyat. Kung ito po ay minamasama ninyo, ay ihinihingi ko na lamang ng paumanhin.[31]

Landtex then summoned Ayson on 26 April 1996 to a meeting to investigate the 2 and 7 March 1996 incidents. The minutes of the 26 April 1996 meeting read:

> Mr. Ayson was apprised of the incident that happened on March 2 & 7 wherein it was alleged that he is spreading some rumors involving [the] personal life of Mr. Go and his family. He was informed that there were witnesses who can testify on this.
>
> Mr. Ayson however requested that another investigaton be conducted wherein the alleged witnesses be presented since he cannot answer whether what was reported was true or not. He further denies allegations that he is spreading said rumors.
>
> Mr. Ayson together with union officers requested that investigation be conducted instead at Mauban, Quezon City since they are being deducted everytime they attend investigations like this during office hours.
>
> Mr. Ayson & union to be notified when another investigation [will] be scheduled.[32]

The next meeting was held on 5 June 1996. The minutes of the meeting read:

> Mr. Ferdinand Samson, union Sgt. at Arms [and] Mr. Salvador Ayson appeared but refused to sign attendance or participate in [the] investigation. Accord. to them, they will consult FFW.[33]

Landtex informed Ayson of its decision to terminate his services in a letter dated 19 June 1996. The letter, signed by Landtex's counsel, reads:

> Ito ay hinggil sa insidenteng nangyari na kinasangkutan mo noong ika-2 at 7 ng Marso 1996. Hindi lingid sa iyong kaalaman na ikaw ay binigyan ng pamunuan ng Landtex ng lahat ng pagkakataon upang marinig ang iyong panig at maipagtanggol ang iyong sarili sa paraang naaayon sa batas ngunit, ikaw ay hindi nakiisa o nakipagtulungan.
>
> Sa katunayan, noong nakaraang 16 Marso 1996 ikaw [ay] pinadalhan ng memo kung saan nakasaad ang nasabing insidente at kasama ang paghingi ng iyong nakasulat na paliwanag. Noong nakaraang 02 Abril 1996

> isang sulat ang pinadala sa iyo kung saan ikaw ay inatasang dumalo sa isang pagsisiyasat. Sa nasabing imbestigasyon, iminungkahi mo at ng iyong mga kasama (mga opisyales ng unyon) na magsagawa ulit ng isa pang imbestigasyon at nais ninyong ito ay isagawa sa inyong pagawaan. Kaya't ito ay muling inskedyul noon 06 Mayo 1996 ngunit ikaw ay tumawag ng araw din yaon at sinabing kailangan mong umuwi ng maaga dahil walang magbabantay sa iyong anak.
>
> Muli na naman nagtakda ng isa pang pagsisiyasat noong ika-05 Hunyo 1996 ngunit, sa nasabing imbestigasyon ikaw ay tumangging maimbestigahan at tumanggi ring pumirma sa attendance. Ilang pagkakataon na iyong pinalampas kung saan sana ay naipadinig mo ang iyong panig at naipagtanggol mo ang iyong sarili.
>
> Kaugnay nito, ikinalulungkot na ipinababatid sa iyo ng pamunuan na batay sa akusasyon sa iyo, sa pagpatunay ng testigo laban sa iyo ikaw ay tinatanggal sa trabaho. Ang iyong paglilingkod sa Landtex Industries ay hanggang sa ika-30 ng Hunyo 1996 na lamang.[34]

Landtex and William Go, in their appeal before the NLRC, stated that paragraphs (a) and (d) of Article 282[35] were applicable to Ayson. They added that the employer, exercising management prerogative, has the right to protect its interest by imposing the appropriate penalties on erring employees. However, upon reading the records of the case, we cannot deduce any proof of Landtex and William Go's accusations against Ayson. Moreover, the NLRC did not make any pronouncement as to whether Ayson was dismissed for a just cause. The appellate court and the labor arbiter were one in ruling that there was no just cause in Ayson's dismissal. We quote the labor arbiter's factual findings with approval:

> We have painstakingly read the records of this case and, sadly, this Office finds no shred of evidence to show that indeed [Ayson] had been spreading "news and gossips" or that he ever shouted at Mr. Go and engaged Mr. Go in a heated argument.
>
> No affidavit of either the security guard who claimed to be one of the drinking group who heard the alleged malicious news or gossips or that of Mr. and Mrs. Go who had been the subject of [Ayson's] alleged shouting has been presented if only to substantiate [Landtex and William Go's] self-serving claims.[36]

Procedural due process in the dismissal of employees requires notice and hearing. The employer must furnish the employee two written notices before termination may be effected. The first notice apprises the employee of the particular acts or omissions for which his dismissal is sought, while the second notice informs the employee of the employer's decision to dismiss him.[37] In the present case, Landtex more than complied with the two-notice rule.

The requirement of a hearing, on the other hand, is complied with as long as there was an opportunity to be heard, and not necessarily that an actual hearing was conducted.[38] In the present case, Landtex scheduled three meetings before terminating Ayson. However, Landtex failed to understand the law's purpose in requiring the opportunity to be heard. Landtex scheduled meetings with Ayson but these meetings were not free from arbitrariness. Ayson could not adequately defend himself from Landtex's and William Go's accusations. No witness was ever presented against Ayson, hence Ayson could not test the veracity of their claims.

Unsubstantiated suspicions, accusations, and conclusions of the employer are not sufficient to justify an employee's dismissal. The employer must prove by substantial evidence the facts and incidents upon which the accusations are made.[39] In Philippine Associated Smelting and Refining Corporation (PASAR) v. NLRC,[40] we ruled that the mere conduct of an investigation and the statements of the company's security guard are not enough to establish the validity of the charge of wrongdoing against the dismissed employees. It is not enough for an employer who wishes to dismiss an employee to charge him with wrongdoing. The validity of the charge must be established in a manner consistent with due process. A suspicion or belief no matter how sincerely felt cannot substitute for factual findings carefully established through an orderly procedure.

Landtex and William Go failed to observe due process in terminating Ayson. They likewise failed to establish that Ayson's termination was for a just cause. Thus, we rule that Landtex and William Go illegally dismissed Ayson.

WHEREFORE, we DENY the petition. We AFFIRM the Decision dated 13 February 2001 and the Resolution dated 16 October 2001 of the Court of Appeals in CA-G.R. SP No. 50060. Emilia P. Ayson, in representation of Salvador M. Ayson, is entitled to receive the amounts due Salvador M. Ayson.

Costs against the petitioners.

SO ORDERED.

Quisumbing, (Chairperson), Carpio-Morales, Tinga, and Velasco, Jr., JJ., concur.

---

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2]Rollo, pp. 58-75. Penned by Associate Justice Ramon Mabutas, Jr. with Associate Justices Roberto A. Barrios and Edgardo P. Cruz, concurring.

[3] Id. at 76. Penned by Associate Justice Ramon Mabutas, Jr. with Associate Justices Roberto A. Barrios and Edgardo P. Cruz, concurring.

[4] Id. at 125.

[5]Id. at 118.

[6]Id. at 119.

[7]Id. at 121-122.

[8]Id. at 123.

[9]Labor Arbiter Emerson C. Tumanon heard the parties in this case.

[10]Rollo, p. 102.

[11] Id. at 136-142.

[12]Id. at 127.

[13] Id. at 141-142.

[14] Id. at 165-179. Penned by Commissioner Ireneo B. Bernardo, with Presiding Commissioner Lourdes C. Javier and Commissioner Tito F. Genilo, concurring.

[15] Id. at 176-177.

[16]Id. at 70.

[17] Id. at 71.

[18] Id. at 74. The case is also referred to as NLRC NCR Case No. 00-07-04492-96 in various portions of the records.

[19] Id. at 736-741.

[20] Id. at 30-31.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

[21]Id. at 812-813

[22]See San Miguel Corp. v. NLRC, 325 Phil. 401 (1996).

[23]Records, p. 55.

[24] Rollo, p. 126.

[25]Id. at 127.

[26] Motion to Dismiss. - On or before the date set for the conference the respondent may file a motion to dismiss. Any motion to dismiss on the ground of lack of jurisdiction, improper venue or that the cause of action is barred by prior judgment or by prescription shall be immediately resolved by the Labor Arbiter by a written order. An order denying the motion to dismiss or suspending its resolution until the final determination of the case is not appealable.

[27] Maneja v. NLRC, 353 Phil. 45, 61-62 (1998).

[28] Art. 282. Termination by employer. - An employer may terminate an employment for any of the following causes:

> (a) Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
>
> (b) Gross and habitual neglect by the employee of his duties;
>
> (c) Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
>
> (d) Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representative; and
>
> (e) Other causes analogous to the foregoing.

[29]The pertinent portion of Section 2(d), Rule 1, Book VI of the Implementing Rules of the Labor Code reads as follows:

> (d) In all cases of termination of employment, the following standards of due process shall be substantially observed:
>
> For termination of employment based on just causes as defined in Article 282 of the Labor Code:
>
> (i) A written notice served on the employee specifying the ground or grounds for termination, and giving said employee reasonable opportunity within which to explain his side.
>
> (ii) A hearing or conference during which the employee concerned, with the assistance of counsel if he so desires is given the opportunity to respond to the charge, present his evidence, or rebut the evidence presented against him.
>
> (iii) A written notice of termination served on the employee, indicating that upon due consideration of all the circumstances, grounds have been established to justify his termination.

[30]Rollo, p. 118.

[31] Id. at 119.

[32] Id. at 121-122.

[33] Id. at 123.

[34] Id. at 124.

[35] Supra note 28.

[36]Rollo, pp. 140-141.

[37]See Pono v. National Labor Relations Commission, G.R. No. 118860, 17 July 1997, 275 SCRA 611.

[38]See Pamantasan ng Lungsod ng Maynila v. Civil Service Commission, 311 Phil. 573 (1995).

[39]See Mendoza v. NLRC, 369 Phil. 1113 (1999).

[40] G.R. Nos. 82866-67, 29 June 1989, 174 SCRA 550.

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.