

HILTON HEAVY EQUIPMENT CORPORATION AND PETER LIM, PETITIONERS, VS. ANANIAS P. DY, RESPONDENT.

G.R. No. 164860. February 02, 2010

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-164860/>

CARPIO, J.:

The Case

This is a petition for review[1] assailing the Decision[2] promulgated on 30 May 2003 of the Court of Appeals (appellate court) in CA-G.R. SP No. 72454 as well as the Resolution[3] promulgated on 6 August 2004. The appellate court partly granted the petition filed by respondent Ananias P. Dy (Dy) and ruled that Dy was dismissed for just cause but was not entitled to reinstatement and separation pay. The appellate court ordered Hilton Heavy Equipment Corporation and its President, Peter Lim, (petitioners) to pay Dy backwages from the time of Dy's termination on 19 May 2000 up to the time of the finality of the decision less the amount of P120,000 which Dy received as separation pay.

The Facts

The appellate court narrated the facts as follows:

Ananias Dy (hereafter, "DY") was employed at Hilton Heavy Equipment Corporation (hereafter, the "CORPORATION"). In the course of his employment, he was assigned as the personal bodyguard of Peter Lim (hereafter, "LIM"), the President of the said Corporation. On 19 April 2000, in the presence of the Corporation's employees and Lim, Dy mauled Duke Echiverri, a co-employee, within the premises of the principal office of the Corporation. Dy defied orders of Lim to stop mauling Duke Echiverri. Dy also threatened to kill the latter, and uttered that if he will be given monetary consideration, he will cease working in the company. Geraldine Chan, Secretary of the Corporation, executed an affidavit attesting to the fact of Dy's utterance of his intention to resign from his job. Thereafter, Dy stopped reporting to work. Subsequently, Duke Echiverri filed criminal complaints against Dy for grave threats and less serious physical injuries and the corresponding Informations were filed before the Municipal Trial Court in Cities, Mandaue City. These cases were later dismissed upon motion filed by Duke Echiverri. A month after the mauling incident, on 19 May 2000, Lim requested Dy to come to the office where he was confronted by Lim and Wellington Lim, Lim's brother. Thereat, Dy was paid by Wellington Lim the amount of P120,000.00 as may be shown by Solidbank Mandaue Branch Check No. CD 0590750 dated 19 May 2000 payable to cash, as separation pay.[4]

On 19 June 2000, Dy filed a complaint before the National Labor Relations Commission (NLRC) Regional Arbitration Branch VII in Cebu City against petitioners for illegal dismissal and non-payment of labor standard benefits with claim for damages and attorney's fees. The case was docketed as NLRC RAB-VIII Case No. 06-1003-2000.

The Labor Arbiter's Ruling

In his Decision dated 25 August 2000, Labor Arbiter Ernesto F. Carreon (Arbiter Carreon) dismissed Dy's complaint for illegal dismissal because Dy stopped working when he was given separation pay of P120,000. Arbiter Carreon explained thus:

Complainant Dy was not terminated from the service. The record reveals that complainant Dy mauled one Duke Echiverri even in the presence of respondent Lim who was his superior. Complainant Dy apparently possesses violent character that even with the pacification made by his superior he continued on delivering fistic blows to his victim and even threatened him with death. At present complainant Dy is facing criminal charges in the Municipal Trial Court of Mandaue City for his criminal acts. Complainant Dy could have been validly dismissed for the said mauling incident because fighting in the company premises and disorderly or violent behavior are just causes for termination of employment. But complainant Dy instead opted to stop working when given separation benefits in the amount of P120,000.00. In a nutshell we find that in case of complainant Dy there is no dismissal let alone illegal dismissal to speak of.[5]

The Fourth Division of the NLRC affirmed the ruling of Arbiter Carreon. In its Decision[6] promulgated on 6 July 2001, the NLRC stated that:

Thus as correctly found by the Labor Arbiter, the mauling incident by itself was a valid ground to terminate complainant's services considering that the victim was a manager and therefore a duly authorized representative of respondents. It does not matter later on that the case was settled by the execution of an affidavit of desistance because "conviction of an employee in a criminal case is not indispensable to warrant his dismissal by his employer and that the fact that a criminal complaint against the employee has been dropped by the City Fiscal is not binding and conclusive upon a labor tribunal." (Starlite Plastic Industrial Corp. vs. NLRC, 171 SCRA 315)

Moreover, records reveal that after the mauling incident which occurred on a Holy Wednesday, complainant did not report to the office anymore. But because he earlier intimated that he was willing to accept a separation pay, he was called to the office last May 19, 2000 and was given a check in the amount of One Hundred Twenty Thousand (P120,000.00) Pesos. This was testified to by Geraldine Chan, Secretary of respondent Hilton Heavy Equipment Corporation who executed a sworn statement to that effect (pp. 39-40, Records). A copy of Solid Bank Check No. CD 059750 dated 19 May 2000 in the amount of One Hundred Twenty Thousand (P120,000.00) somehow validated her statement (p. 41, Records). Under these circumstances, We find that the Labor Arbiter did not err in ruling that there was no illegal dismissal.[7]

In its Resolution promulgated on 20 June 2002, the NLRC further stated:

Resignation is the voluntary act of an employee who finds himself in a situation where he believes that personal reason cannot be sacrificed in favor of the exigency of the service, then he has no other choice but to dissociate himself from his employment. Resignation may be express or implied. By Dy's acceptance of the amount of P120,000.00 on 19 May 2000, he is deemed to have opted to terminate voluntarily his services with the respondent company.

Thus, complainant Ananias Dy was not illegally dismissed.[8]

Dy assailed the NLRC's decision and resolution before the appellate court. Dy imputed grave abuse of discretion amounting to lack or excess of jurisdiction upon the NLRC for the following reasons:

- There is not a single substantial evidence to prove that petitioner [Dy] had actually resigned from his employment with private respondents;
- There is likewise not a single evidence to prove that petitioner [Dy] had actually received the so-called separation pay of P120,000.00;
- As there is no substantial evidence to show petitioner [Dy] had resigned from employment, public

respondents therefore gravely abused their discretion in finding the contrary. Truth is, petitioner [Dy] was actually illegally dismissed from employment as petitioner's rights to substantive and procedural due process were grossly violated.[9]

The Decision of the Appellate Court

The appellate court ruled that Dy did not voluntarily resign from his employment, but there was a valid cause for Dy's termination from employment. Petitioners, however, failed to observe due process in terminating Dy's services. The appellate court decided that Dy was dismissed for just cause but was not entitled to reinstatement. The appellate court awarded Dy full backwages, computed from the time he was terminated until finality of the present Decision, but did not award separation pay. The amount of P120,000 given to Dy as supposed separation pay should be treated as partial payment of Dy's backwages. The appellate court subsequently denied the motion for reconsideration filed by petitioners in a Resolution promulgated on 6 August 2004.[10]

The Issues

Petitioners raise the following issues in their petition:

- The Honorable Court of Appeals committed a reversible error in finding that [Dy] did not resign from his employment.
- The Honorable Court of Appeals committed a reversible error in ordering the petitioners to pay [Dy] his backwages from the time of his termination on May 19, 2000 up to the time that its Decision becomes final.[11]

The Ruling of the Court

The petition has partial merit. Although petitioners failed to show that the appellate court arbitrarily made factual findings and disregarded the evidence on record, the amount of P120,000 paid by petitioners to Dy constitutes a sufficient award of nominal damages.

The pertinent Articles of the Labor Code read as follows:

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.

Art. 285. Termination by Employee. -- (a) An employee may terminate without just cause the employee-employer relationship by serving a written notice on the employer at least one (1) month in advance. The employer upon whom no such notice was served may hold the employee liable for damages.

(b) An employee may put an end to the relationship without serving any notice on the employer for any of the following just causes:

1. Serious insult by the employer or his representative on the honor and person of the employee;
2. Inhuman and unbearable treatment accorded the employee by the employer or his representative;
3. Commission of a crime or offense by the employer or his representative against the person of the employee or any of the immediate members of his family; and
4. Other causes analogous to any of the foregoing.

We will not disturb the finding that Dy was the perpetrator in a mauling incident, as well as the ruling that Dy's act is a just cause for termination. However, we also observe that petitioners failed to accord Dy due process.

Petitioners assert that Dy intended to sever the employer-employee relationship by his mere failure to return to work. One month after the mauling incident, petitioners summoned Dy to give him a check worth P120,000 as separation pay. Dy, on the other hand, never gave a resignation letter to petitioners but instead filed a complaint for illegal dismissal against them.

Petitioners assert that Dy abandoned his work. To constitute abandonment, two elements must concur: (1) the failure to report for work or absence without valid or justifiable reason, and (2) a clear intention to sever the employer-employee relationship, with the second element as the more determinative factor and being manifested by some overt acts.^[12] In the present case, Dy reported for work after the mauling incident only on 19 May 2000, after petitioner Lim called him to the office. On the other hand, apart from Dy's absence, petitioners failed to show any evidence of Dy's clear intent to sever his ties with petitioners.

Dy, on the other hand, asserts that petitioners are guilty of illegal dismissal for failure to observe due process. Dy's serious misconduct merited a written notice of termination from petitioners in accordance with Section 2, Rule XXIII, Book V of the Omnibus Rules Implementing the Labor Code.

Section 2. Standards of due process; requirements of due notice. -- In all cases of termination of employment, the following standards of due process shall be substantially observed:

I. For termination of employment based on just causes as defined in Article 282 of the Code:

- (a) A written notice served on the employee specifying the ground or grounds for termination, and giving to said employee reasonable opportunity within which to explain his side;
- (b) A hearing or conference during which the employee concerned, with the assistance of counsel if the employee so desires, is given opportunity to respond to the charge, present his evidence or rebut the evidence presented against him; and
- (c) 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.

In case of termination, the foregoing notices shall be served on the employee's last known address.

Moreover, the immediate filing of a complaint for illegal dismissal against the employer with a prayer for reinstatement shows that the employee was not abandoning his work.

In an unlawful dismissal case, the employer has the burden of proving the lawful cause sustaining the dismissal of the employee. The employer must affirmatively show rationally adequate evidence that the dismissal was for a justifiable cause.^[13] Dy's behavior constituted just cause. However, petitioners cannot deny that they failed to observe due process. The law requires that the employer must furnish the worker sought to be dismissed with two written notices before termination of employment can be legally effected: (1) notice which appraises the employee of the particular acts or omissions for which his dismissal is sought; and (2) the subsequent notice which informs

the employee of the employer's decision to dismiss him. Failure to comply with the requirements taints the dismissal with illegality.[14]

Petitioners should thus indemnify Dy for their failure to observe the requirements of due process. Dy is not entitled to reinstatement, backwages and attorney's fees because Dy's dismissal is for just cause but without due process.[15] In light of this Court's ruling in *Agabon v. National Labor Relations Commission*,[16] the violation of Dy's right to statutory due process by petitioners, even if the dismissal was for a just cause, warrants the payment of indemnity in the form of nominal damages. This indemnity is intended not to penalize the employer but to vindicate or recognize the employee's right to statutory due process which was violated by the employer.[17] Considering that both the Labor Arbiter and the NLRC found that petitioners already gave Dy P120,000 of their own free will, this amount should thus constitute the nominal damages due to Dy.

WHEREFORE, we GRANT the petition. We AFFIRM with MODIFICATION the Decision of the Court of Appeals promulgated on 30 May 2003 in CA-G.R. SP No. 72454 as well as the Resolution promulgated on 6 August 2004. The amount of P120,000 previously given by petitioners Hilton Heavy Equipment Corporation and Peter Lim to respondent Ananias P. Dy constitutes the award of nominal damages. Although the amount of P120,000 exceeds the P30,000 normally given in similar cases, the excess paid by Hilton Heavy Equipment Corporation and Peter Lim may be retained by Ananias P. Dy as voluntary and discretionary gratuity.

SO ORDERED.

Corona,[*] Brion, Del Castillo, and Perez, JJ., concur.

[*] Designated additional member per Special Order No. 812.

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

[2] Rollo, pp. 34-52. Penned by Associate Justice Bienvenido L. Reyes with Associate Justices Salvador J. Valdez, Jr. and Danilo B. Pine, concurring.

[3] Id. at 54-56. Penned by Associate Justice Bienvenido L. Reyes with Associate Justices Salvador J. Valdez, Jr. and Danilo B. Pine, concurring.

[4] Id. at 35.

[5] Id. at 90.

[6] Penned by Commissioner Bernabe S. Batuhan with Presiding Commissioner Irene B. Ceniza and Commissioner Edgardo M. Enerlan, concurring.

[7] Id. at 114-115.

[8] Id. at 129.

[9] Id. at 138.

[10] Id. at 54-56.

[11] Id. at 17-18.

[12] *Labor v. National Labor Relations Commission*, G.R. No. 110388, 14 September 1995, 248 SCRA 183.

[13] See *Dizon v. National Labor Relations Commission*, G.R. No. 79554, 14 December 1989, 180 SCRA 52.

[14] Pepsi-Cola Bottling Co. v. NLRC, G.R. No. 101900, 23 June 1992, 210 SCRA 277, 286.

[15] See Nath v. National Labor Relations Commission, G.R. No. 122866, 19 June 1997, 274 SCRA 379.

[16] G.R. No. 158693, 17 November 2004, 442 SCRA 573.

[17] Id. at 617.

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.