

FIRST DOMINION RESOURCES CORPORATION, PETITIONER, VS. MERCURIO PEÑARANDA AND ROMEO VIDAL, RESPONDENTS

G.R. NO. 166616. January 27, 2006

Ponente: CORONA, J.

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CORONA, J.:

Before us is a petition for review under Rule 45 of the Rules of Court seeking to reverse and set aside the decision [1] of the Court of Appeals in CA-G.R. SP No. 80231 dated July 08, 2004 which affirmed the resolution of the National Labor Relations Commission (NLRC).

The events leading to this petition began when Mercurio Peñaranda and Romeo Vidal were dismissed by petitioner First Dominion Resources Corporation on account of their repeated violation of Company Rule 8 which strictly prohibits sleeping while on duty.

Petitioner is a domestic corporation engaged in textile manufacturing. It employed Peñaranda as packer and Vidal as drugman. Both were assigned to the night shift.

Peñaranda was caught sleeping on the job on two occasions: first, on February 22, 2001 on the table in the packing section, [2] for which he was penalized with a 2-day suspension and given a stern warning that a repetition of the offense would mean his dismissal; [3] and second, on March 30, 2001, [4] for which he was asked to explain why he should not be terminated for committing the same offense. Peñaranda merely denied the allegations against him. Petitioner, however, found his denial insufficient and terminated his employment on June 20, 2001. [5]

Similarly, Vidal was caught sleeping during work hours on March 25, 2001. [6] He was meted the same penalty and warned, as in the case of his co-respondent, since it was his first offense. [7] On May 18, 2001, Vidal was caught sleeping for the second time inside a container van parked beside the company premises. [8] He was asked to explain why he should not be terminated from work but he refused to comply with the order. [9] This notwithstanding, he was given another chance to submit his written explanation but again, he stubbornly refused to comply. [10] Petitioner dismissed him from work on June 20, 2001. [11]

Thereafter, respondents filed separate complaints for illegal dismissal which were consolidated. The labor arbiter decided in favor of petitioner and dismissed respondents' consolidated complaint. [12]

On appeal, the NLRC reversed the decision of the labor arbiter, ruling that the dismissal was without just cause, but withheld reinstatement and payment of backwages. [13]

Unhappy with the decision, respondents elevated the case to the Court of Appeals which partially affirmed the resolution of the NLRC. The appellate court ruled that the dismissal was illegal as it was done without just cause and procedural due process. It awarded full backwages and attorney's fees to respondents. [14] Both parties moved for reconsideration of the decision but both motions were denied. [15]

In this petition, petitioner challenges the decision of the appellate court:

I.

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR IN RULING THAT RESPONDENTS WERE DISMISSED WITHOUT JUST CAUSE.

II.

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR IN RULING THAT RESPONDENTS WERE DISMISSED WITHOUT PROCEDURAL DUE PROCESS. [16]

We find the petition meritorious.

At the outset, this petition does not involve questions of fact which are generally not subject to review by this Court. A question of fact arises when there is a need to decide on the truth or falsehood of the alleged facts. [17] This is not the case here. The petition asks this Court to make a reappreciation of the facts, as found by the appellate court, vis-à-vis the applicable law. It is worth stressing that the resolution of this controversy hinges on whether the facts on record justify the dismissal of respondents. Such determination is well within the competence of this Court.

Did the facts established by the Court of Appeals warrant the dismissal of the respondents on the ground of willful disobedience to the lawful order of their employer?

Under Article 282 of the Labor Code, willful disobedience of a lawful order of the employer is a valid cause for dismissal. In *Rosario v. Victory Ricemill*, [18] this Court reiterated that:

willful disobedience of the employer's lawful orders, as a just cause for the dismissal of an employee, envisages the concurrence of at least two requisites: (1) the employee's assailed conduct must have been willful or intentional, the willfulness being characterized by a "wrongful and perverse attitude"; and (2) the order violated must have been reasonable, lawful, made known to the employee and must pertain to the duties which he had been engaged to discharge.

On the first requisite, it is undisputed that respondents violated Company Rule 8 twice. For their first offense, both were given stern warning that another violation would cost them their jobs. Refusing to heed the warning, Vidal cleverly tried to avoid being caught sleeping a second time by sneaking inside the container van to doze off. On the other hand, Peñaranda, after being awakened and warned by his supervisor, ignored the same and continued sleeping until caught by the roving guard. These circumstances clearly show that respondents' behavior was perverse and willful.

The second requisite is also present in this case. As a manufacturer of finished textile, petitioner utilizes machines which are operated continuously. The machines' functions are interlocked in a way that a disruption in one interrupts the entire operation. Thus, petitioner found it necessary to be very explicit in prohibiting sleeping on the job in Company Rule 8.

In numerous decisions, this Court has recognized that management has the right to formulate reasonable rules to regulate the conduct of its employees for the protection of its interests. [19] These reasonable house rules are considered by the Court as lawful orders and therefore violations thereof will justify dismissal under Article 282(a) of the Labor Code. [20]

We find Company Rule 8 to be a valid exercise of management prerogative and thus a lawful order. Respondents were expected to abide by them [21] and their transgression, despite clear warnings, provided just cause for the

termination of their employment.

The appellate court found that due process was violated because petitioner failed to conduct a hearing on the matter. We disagree.

In addition to the presence of just cause, procedural due process must also be observed to legally dismiss an employee. [22] The Labor Code requires the employer to furnish the employee two written notices before it can terminate the latter from service:

(a) a written notice containing a statement of the cause for termination to afford the employee ample opportunity to be heard and defend himself with the assistance of his representative, if he so desires; and, (b) if the employer decides to terminate the services of the employee, the employer must notify him in writing of the decision to dismiss him, stating clearly the reasons therefor. [23]

Petitioner not only satisfied the two-notice requirement, it also conducted an investigation, albeit summary, to determine the culpability of the respondents. Respondents were confronted in detail with the charges against them and given the opportunity to present their side. Vidal, however, adamantly refused to respond to the charges and Peñaranda merely chose to give a lame denial of the offense imputed to him. They were afforded a chance to defend themselves but they opted to be obstinate and complacent.

In *Arboleda v. NLRC*, [24] this Court held that:

[T]he requirement of notice and hearing in termination cases does not connote full adversarial proceedings as elucidated in numerous cases decided by this Court. Actual adversarial proceedings become necessary only for clarification or when there is a need to propound searching questions to witnesses who give vague testimonies. This is a procedural right which the employee must ask for since it is not an inherent right, and summary proceedings may be conducted thereon.

As long as the employee is given the opportunity to explain his side and to present evidence in support of his defense, due process is served.

WHEREFORE, the petition is hereby GRANTED. The assailed decision of the Court of Appeals dated July 8, 2004 and its resolution dated January 3, 2005 are REVERSED and SET ASIDE. The decision of the labor arbiter dated July 24, 2002 is REINSTATED in toto.

SO ORDERED.

Puno, (Chairman), Sandoval-Gutierrez, Azcuna, and Garcia, JJ., concur.

[1] Penned by Associate Justice Eliezer R. de los Santos and concurred in by Associate Justices Delilah Vidallon-Magtolis and Arturo D. Brion of the Fifth Division of the Court of Appeals, Rollo, p. 32.

[2] Annex "C" of Petition, Rollo, p. 43.

[3] Annex "D" of Petition, Rollo, p. 44.

[4] Annex "E" of Petition, Rollo, p. 45.

[5] Annex "K" of Petition, Rollo, p. 53.

[6] Annex "L" of Petition, Rollo, p. 54; Annex "M and M-1," Petition, Rollo, p. 55.

- [7] Annex "N" of Petition, Rollo, p. 56.
- [8] Annex "O" of Petition, Rollo, p. 57.
- [9] Annex "P" of Petition, Rollo, p. 58.
- [10] Annex "Q" of Petition, Rollo, p. 59.
- [11] Annex "R" of Petition, Rollo, p. 60.
- [12] Decision dated July 24, 2002 in NLRC RAB IV Case No. 7-14256-01-R, Rollo, p. 85.
- [13] Resolution dated July 21, 2003 in NLRC NCR Case No. 033958-03, Rollo, p. 93.
- [14] Decision dated July 8, 2004 in CA-G.R. SP No. 80231, Rollo, p. 32.
- [15] Resolution dated January 03, 2005 in CA-G.R. SP No. 80231, Rollo, p. 41.
- [16] Petition, Rollo, p. 10.
- [17] II Feria and Noche, Civil Procedure Annotated 206 (2001).
- [18] 445 Phil. 832 (2003).
- [19] San Miguel Brewery Sales Force Union (PTGWO) v. Blas F. Ople, G.R. No. 53515, 8 February 1989, 170 SCRA 25; San Miguel Corporation v. NLRC, G.R. No. 87277, 12 May 1989, 173 SCRA 314.
- [20] Northern Motors, Inc. v. National Labor Union, 102 Phil. 958 (1958).
- [21] Allied Banking Corporation v. Court of Appeals, G.R. No. 144412, 18 November 2003, 416 SCRA 65.
- [22] Arboleda v. NLRC, 362 Phil. 383 (1999).
- [23] *supra*.
- [24] *supra*.

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