

REYNALDO G. CABIGTING, PETITIONER, VS. SAN MIGUEL FOODS, INC., RESPONDENT.

G.R. No. 167706. November 05, 2009

Ponente: PERALTA, J.

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PERALTA, J.:

Before this Court is a Petition for Review on certiorari[1] under Rule 45 of the Rules of Court assailing the August 31, 2004 Decision[2] and April 5, 2005 Resolution[3] of the Court of Appeals (CA) in CA-G.R. SP No. 82810. The CA declared the dismissal of petitioner as illegal and ordered the payment of his full backwages, but did not decree his reinstatement.

The facts of the case:

Petitioner Reynaldo G. Cabigting was hired as a receiver/ issuer at the San Miguel Corporation, Feeds and Livestock Division (B-Meg) on February 16, 1984 and after years of service, he was promoted as inventory controller.[4]

On June 26, 2000, respondent San Miguel Foods, Inc., through its President, Mr. Arnaldo Africa, sent petitioner a letter informing him that his position as sales office coordinator under its logistic department has been declared redundant. Simultaneously, respondent terminated the services of petitioner effective July 31, 2000, and offered him an early retirement package. Thereafter, petitioner was included in the list of retrenched employees (for reason of redundancy) submitted by respondent to the Department of Labor and Employment.[5]

Petitioner was surprised upon receipt of the letter because he was not a sales office coordinator, and yet he was being terminated as such. Accordingly, petitioner refused to avail of the early retirement package.[6]

Prior to petitioner's termination on July 31, 2000, he was an inventory controller, performing at the same time the function of a warehouseman. Furthermore, petitioner was an active union officer of respondent's union but upon his termination, was only a member thereof.[7]

With the support of his union,[8] petitioner filed a Complaint questioning his termination primarily because he was not a sales office coordinator, but an inventory controller, performing the functions of both an inventory controller and a warehouseman.[9]

In reply, respondent reiterated its declaration that petitioner's position as sales office coordinator was redundant as a result of respondent's effort to streamline its operations.[10]

According to respondent, petitioner was supposed to be separated from employment (effective July 1, 1997) due to the cessation of business of the B-Meg Plant. However, upon petitioner's request for redeployment to another position, he was accommodated and was designated as sales coordinator from December 1997 to November 1998, even without rendering actual work as sales coordinator. Respondent claimed that the same was done on the assumption that petitioner would replace Mr. Luis del Rosario, Sales Coordinator of respondent's Luzon

Operations Center, upon the latter's impending retirement and for the sole purpose of justifying his inclusion in the payroll. Respondent averred, however, that the position of Mr. Luis del Rosario as sales coordinator was abolished due to redundancy as a result of its streamlining efforts.[11]

On October 14, 2002, the Labor Arbiter (LA) rendered a Decision,[12] where it ruled that petitioner was illegally dismissed. Accordingly, the LA ordered respondent to pay petitioner backwages, separation pay in lieu of reinstatement and attorney's fees. The dispositive portion of said Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered ordering the respondent SAN MIGUEL FOODS, INC. to pay complainant REYNALDO CABIGTING the amount of P1,521,588.99, representing his separation pay under the CBA, backwages and attorney's fees.

All other claims are dismissed for lack of merit.

SO ORDERED.[13]

Respondent appealed the LA's Decision to the National Labor Relations Commission (NLRC). Likewise, petitioner partly appealed the LA's Decision as to his non-reinstatement to his previous post and for not awarding him moral and exemplary damages.[14]

On June 30, 2003, the NLRC rendered a Decision[15] affirming the LA's finding that petitioner was illegally dismissed by respondent. More importantly, the NLRC modified the LA's Decision by ordering the reinstatement of petitioner to his previous post, without loss of seniority rights. The dispositive portion of said Decision reads:

WHEREFORE, premises considered, the decision under review is hereby MODIFIED by decreeing the REINSTATEMENT of the complainant to his former position without loss of seniority rights, in lieu of an earlier award of separation pay.

Accordingly, backwages shall be computed from the time of the dismissal up to actual reinstatement.

All other claims are dismissed for lack of merit.

SO ORDERED.[16]

Respondent appealed the NLRC Decision to the CA via a Petition for Certiorari[17] under Rule 65 of the Rules of Court.

On August 31, 2004, the CA rendered a Decision partially granting respondent's petition. In said Decision, the CA affirmed the judgment of the LA and the NLRC finding that petitioner was illegally dismissed by respondent. However, the CA, on the ground that there were strained relations between employee and employer, reversed the portion of the NLRC Decision which decreed petitioner's reinstatement. The dispositive portion of the CA Decision reads:

WHEREFORE, premises considered, the judgment of public respondent NLRC, affirming the judgment of the Labor Arbiter that private respondent Cabigting was illegally dismissed by petitioner, is hereby AFFIRMED. However, public respondent NLRC's judgment ordering the reinstatement of private respondent Cabigting is hereby REVERSED and SET ASIDE.

The awards of backwages, separation pay and attorney's fees by the Labor Arbiter in his Decision dated October 14, 2002 REMAIN.

SO ORDERED.[18]

Respondent filed a Motion for Reconsideration[19] of the said Decision. Likewise, petitioner filed a Partial

Motion for Reconsideration[20] assailing the CA Decision insofar as it ruled against his reinstatement.

On April 5, 2005, the CA issued a Resolution[21] denying both motions.

Hence, herein petition, with petitioner raising the lone assignment of error, to wit:

THE HONORABLE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN MODIFYING THE DECISION OF THE NATIONAL LABOR RELATIONS COMMISSION, SECOND DIVISION.[22]

The petition is meritorious.

The crux of the controversy is whether or not "strained relations" bar petitioner's reinstatement.

At the outset, this Court shall address respondent's plea to re-open the issue of illegal dismissal. Respondent argues that it is axiomatic that an appeal, once accepted by the Supreme Court, throws the entire case open to review.[23] Accordingly, respondent posits that petitioner was not illegally dismissed, but was separated due to a valid redundancy/retrenchment program.[24]

The well-entrenched rule in our jurisdiction is that only questions of law may be entertained by this Court in a petition for review on certiorari. This rule, however, is not ironclad and admits certain exceptions, such as when (1) the conclusion is grounded on speculations, surmises or conjectures; (2) the inference is manifestly mistaken, absurd or impossible; (3) there is grave abuse of discretion; (4) the judgment is based on a misapprehension of facts; (5) the findings of fact are conflicting; (6) there is no citation of specific evidence on which the factual findings are based; (7) the findings of absence of facts are contradicted by the presence of evidence on record; (8) the findings of the Court of Appeals are contrary to those of the trial court; (9) the Court of Appeals manifestly overlooked certain relevant and undisputed facts that, if properly considered, would justify a different conclusion; (10) the findings of the Court of Appeals are beyond the issues of the case; and (11) such findings are contrary to the admissions of both parties.[25]

After a painstaking review of the records, this Court finds no justification to warrant the application of any exception to the general rule.

It bears to stress that the LA, the NLRC and the CA all ruled that petitioner was illegally dismissed. Such being the case, factual findings of quasi-judicial bodies like the NLRC, particularly when they coincide with those of the Labor Arbiter and, if supported by substantial evidence, are accorded respect and even finality by this Court.[26] Moreover, it is not the function of this Court to assess and evaluate the evidence all over again, particularly where the findings of the LA, the NLRC and the CA coincide. Thus, absent a showing of an error of law committed by the court below, or of whimsical or capricious exercise of judgment, or a demonstrable lack of basis for its conclusions, this Court may not disturb its factual findings.[27]

Having settled the foregoing, this Court shall now address the lone issue of strained relations.

Article 279 of the Labor Code of the Philippines provides the law on reinstatement, viz.:

Article 279. Security of Tenure. -- In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges and to his full backwages, inclusive of allowances, and to his other benefits or their monetary equivalent computed from the time his compensation was withheld from him up to the time of his actual reinstatement.[28]

Corollarily, Sections 2 and 3, Rule 1, Book VI of the Omnibus Rules Implementing the Labor Code state, viz.:

Sec. 2. Security of Tenure.- In cases of regular employment, the employer shall not terminate the services of an

employee, except for a just cause as provided in the Labor Code or when authorized by existing laws.

Sec. 3. Reinstatement. - An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and to backwages.[29]

Under the law and prevailing jurisprudence, an illegally dismissed employee is entitled to reinstatement as a matter of right. However, if reinstatement would only exacerbate the tension and strained relations between the parties, or where the relationship between the employer and the employee has been unduly strained by reason of their irreconcilable differences, particularly where the illegally dismissed employee held a managerial or key position in the company, it would be more prudent to order payment of separation pay instead of reinstatement.[30]

In *Globe-Mackay Cable and Radio Corporation v. National Labor Relations Commission*,[31] this Court discussed the limitations and qualifications for the application of the "strained relations" principle, in this wise:

x x x If, in the wisdom of the Court, there may be a ground or grounds for non-application of the above-cited provision, this should be by way of exception, such as when the reinstatement may be inadmissible due to ensuing strained relations between the employer and the employee.

In such cases, it should be proved that the employee concerned occupies a position where he enjoys the trust and confidence of his employer; and that it is likely that if reinstated, an atmosphere of antipathy and antagonism may be generated as to adversely affect the efficiency and productivity of the employee concerned.

A few examples will suffice to illustrate the Court's application of the above principle: where the employee is a Vice-President for Marketing and, as such, enjoys the full trust and confidence of top management; or is the Officer-In-Charge of the extension office of the bank where he works; or is an organizer of a union who was in a position to sabotage the union's efforts to organize the workers in commercial and industrial establishments; or is a warehouseman of a non-profit organization whose primary purpose is to facilitate and maximize voluntary gifts by foreign individuals and organizations to the Philippines; or is a manager of its Energy Equipment Sales.

Obviously, the principle of "strained relations" cannot be applied indiscriminately. Otherwise, reinstatement can never be possible simply because some hostility is invariably engendered between the parties as a result of litigation. That is human nature.

Besides, no strained relations should arise from a valid and legal act of asserting one's right; otherwise, an employee who shall assert his right could be easily separated from the service, by merely paying his separation pay on the pretext that his relationship with his employer had already become strained.[32]

Moreover, Chief Justice Reynato S. Puno, in his dissenting opinion in *MGG Marine Services, Inc. v. National Labor Relations Commission*,[33] gives the following suggestion in the application of the doctrine of strained relations:

x x x At the very least, I suggest that, henceforth, we should require that the alleged "strained relationship" must be pleaded and proved if either the employer or the employee does not want the employment tie to remain. By making "strained relationship" a triable issue of fact before the Arbiter or the NLRC we will eliminate rulings on "strained relationship" based on mere impression alone.[34]

Based on the foregoing, in order for the doctrine of strained relations to apply, it should be proved that the employee concerned occupies a position where he enjoys the trust and confidence of his employer and that it is likely that if reinstated, an atmosphere of antipathy and antagonism may be generated as to adversely affect the efficiency and productivity of the employee concerned.

Although the determination of the applicability of the doctrine of strained relations is essentially a question of fact, which should not be the proper subject of herein petition, this Court shall address said issue in light of the conflicting findings of the LA and the NLRC.

The LA ruled that strained relations barred petitioner's reinstatement, to wit:

Anent the aspect of reinstatement, this Office opines that to reinstate complainant to his former position at this point in time, is no longer practical and would not promote peace considering the animosity and strained relations that exist between the parties. x x x[35]

After a perusal of the LA Decision, this Court finds that the LA had no hard facts upon which to base the application of the doctrine of strained relations, as the same was not squarely discussed nor elaborated on. Also, it is of notice that said issue was addressed by the LA in just one sentence without indicating factual circumstances why strained relations exist.

The same is also true for the CA Decision which disposed of the issue in just one sentence without any elaboration, to wit:

On the matter of reinstatement, We believe that under the circumstances in this case, there has been, and there will be, animosity and strained relationships between the parties, hence, private respondent Cabigting shall be entitled to separation pay.[36]

Accordingly, this Court is of the opinion that both the LA and the CA based their conclusions on impression alone. It bears to stress that reinstatement is the rule and, for the exception of strained relations to apply, it should be proved that it is likely that if reinstated, an atmosphere of antipathy and antagonism would be generated as to adversely affect the efficiency and productivity of the employee concerned. However, both the LA and the CA failed to state the basis for their finding that a strained relationship exists.

Based on the foregoing, this Court upholds the ruling of the NLRC finding the doctrine of strained relations inapplicable to the factual circumstances of the case at bar, to wit:

Finally, it is noted that the position of warehouseman and inventory controller is still existing up to date. The nature of the controversy where the parties to this case were engaged is not of such nature that would spawn a situation where the relations are severely strained between them as would bar the complainant to his continued employment. Neither may it be said that his position entails a constant communion with the respondent such that hostilities may bar smooth interactions between them. Accordingly, We find no basis for an award of separation pay in lieu of reinstatement.[37]

In its pleadings, however, respondent repeatedly argued against the reinstatement of petitioner, in the wise:

5.5 Strained relations may result, among others, from the imputations made by the employer and the employee as against each other or, by the filing of a complaint by the employee against the employer.

5.6 As will be discussed below, the strained relationship between the petitioner and the respondent, aside from the fact that the former was not illegally dismissed, further militates against the reinstatement of the petitioner.

5.7 The petitioner, in his pleadings submitted before the Honorable Labor Arbiter below, resorted to imputations and accusations which are totally uncalled for, hitting the respondent "below the belt," so to speak.

5.8 For instance, in his reply position paper, petitioner declared as a "blatant display of arrogance" the alleged refusal of respondent to observe certain provisions of the collective bargaining agreement; that it was "highly ridiculous" on the part of the respondent to assert that his continued employment was due merely to an act of accommodation on the part of the respondent.

5.9 In fact, in his comment with the Court of Appeals, petitioner intimated that respondent fabricated evidence when it presented a document which showed that petitioner was a Sales Office Coordinator, claiming that he was assigned by the respondent to a "new and unknown position and thereafter declared [the position] redundant." Throughout his allegations, petitioner imputes "malice" and "bad faith" on the part of respondent.

5.10 These imputations effectively placed a strain on the relationship between the respondent and the petitioner, notwithstanding the fact that the former did everything within its resources to accommodate the petitioner so as to provide him employment even when there was no more work for him to do.

x x x x

5.18 The antagonism and antipathy shown by petitioner towards the respondent is more real than imaginary. It bears to note that after the respondent extended him accommodation by instituting him in the payroll, the petitioner "turned the tables" on the respondent by declaring that his continued employment was not due to an accommodation, even alleging that it was "highly ridiculous" for the respondent to consider him as an accommodated employee.[38]

The claim of respondent is not meritorious. This Court shares petitioner's view that the words allegedly imputing malice and bad faith towards the respondent cannot be made a basis for denying his reinstatement. Respondent's perceived antipathy and antagonism is not of such degree as would preclude reinstatement of petitioner to his former position.[39] In addition, by themselves alone, the words used by petitioner in his pleadings are insufficient to prove the presence of strained relations. Thus, this Court finds that one should not fault petitioner for his choice of words, especially in light of overwhelming evidence showing he was illegally dismissed.

Moreover, the filing of the complaint by petitioner cannot be used as a basis for strained relations. As a rule, no strained relations should arise from a valid and legal act asserting one's right.[40] Likewise, respondent's claim that it was betrayed by petitioner, after several accommodations it had extended to him,[41] deserves scant consideration. On this note, the NLRC was categorical that no such accommodation existed, to wit:

On the argument that Cabigting was merely accommodated by the respondent after the closure of the Tacoma Warehouse, it, however, appears that no such accommodation existed. x x x[42]

The doctrine of strained relations has been made applicable to cases[43] where the employee decides not to be reinstated and demands for separation pay. The same, however, does not apply to herein petition, as petitioner is asking for his reinstatement despite his illegal dismissal.

Lastly, this Court takes note of the findings of fact of the NLRC that the position of inventory controller and warehouseman is still existing up to date.[44] Petitioner has been an inventory controller for so many years, and there should be no problem in ordering the reinstatement with facility of a laborer, clerk, or other rank-and-file employee.[45]

In conclusion, it bears to stress that it is human nature that some hostility will inevitably arise between parties as a result of litigation, but the same does not always constitute strained relations in the absence of proof or explanation that such indeed exists.

WHEREFORE, premises considered, the petition is GRANTED. The August 31, 2004 Decision and April 5, 2005 Resolution of the Court of Appeals in CA-G.R. SP No. 82810 are hereby AFFIRMED with the MODIFICATION that petitioner Reynaldo G. Cabigting is entitled to REINSTATEMENT. Respondent is ORDERED to IMMEDIATELY REINSTATE petitioner to his previous position without loss of seniority rights. In case the former position of petitioner is no longer available, respondent is directed to create an equivalent position and immediately reinstate petitioner without loss of seniority rights. Accordingly, backwages shall be computed from

the time of dismissal up to the time of actual reinstatement.

SO ORDERED.

Quisumbing,[*] Carpio, (Chairperson), Chico-Nazario, and Abad,**] JJ., concur..

[*] Designated to sit as an additional member in lieu of Associate Justice Antonio Eduardo B. Nachura per Special Order No. 755 dated October 12, 2009.

**] Designated to sit as an additional member in lieu of Associate Justice Presbitero J. Velasco, Jr. per Special Order No. 753 dated October 12, 2009.

[1] Rollo, pp. 8-27.

[2] Penned by Associate Justice Edgardo F. Sundiam, with Associate Justices Martin S. Villarama, Jr. and Japar B. Dimaampao, concurring; id. at 383-394.

[3] Id. at 29-31.

[4] Rollo, p. 384.

[5] Id.

[6] Id.

[7] Id.

[8] San Miguel Foods, Inc. Employees Union-Philippine Transport and General Workers Organization.

[9] Rollo, pp. 384-385.

[10] Id. at 385.

[11] Id.

[12] Id. at 51-64.

[13] Id. at 64.

[14] Id. at 386.

[15] Id. at 32-50.

[16] Id. at. 49.

[17] Id. at 92-168.

[18] Id. at 393-394.

[19] Id. at 343-356.

[20] Id. at 65-71.

[21] Id. at 29-31.

[22] Id. at 11.

[23] Id. at 587.

[24] *Id.* at 590.

[25] *The Insular Life Assurance Company, Ltd. v. Court of Appeals*, G.R. No. 126850, April 28, 2004, 428 SCRA 79, 86.

[26] *Tres Reyes v. Maxim's Tea House*, 446 Phil. 388, 401 (2003).

[27] See *Abalos v. Philex Mining Corporation*, 441 Phil. 386, 396 (2002).

[28] Emphasis supplied.

[29] Emphasis supplied.

[30] *Quijano v. Mercury Drug Corporation*, 354 Phil. 112, 121-122 (1998).

[31] G.R. No. 82511, March 3, 1992, 206 SCRA 701.

[32] *Id.* at 711-712. (Emphasis and underscoring supplied.)

[33] 328 Phil. 1046, 1093 (1966).

[34] *MGG Marine Services, Inc. v. NLRC*, *supra*, at 698.

[35] *Rollo*, pp. 63-64.

[36] *Id.* at 393.

[37] *Id.* at 48.

[38] *Id.* 579-584.

[39] *Id.* at 516.

[40] *Sagum v. Court of Appeals*, G.R. No. 158759, May 26, 2005, 459 SCRA 223, 233.

[41] *Rollo*, p. 584.

[42] *Id.* at 47.

[43] See *FRF Enterprise v. NLRC and R. Soriano*, 313 Phil. 493 (1995); *Starlite Plastic Industrial Corporation v. National Labor Relations Commission*, 253 Phil. 307 (1989).

[44] *Rollo*, p. 48

[45] See *Asiaworld Publishing House, Inc. v. Ople*, 236 Phil. 236, 245 (1987).

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