

ACE PROMOTION AND MARKETING CORPORATION, PETITIONER, VS. REYNALDO URSABIA, RESPONDENT.

G.R. NO. 171703. September 22, 2006

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

Assailed in this Petition for Review on Certiorari under Rule 45 of the Rules of Court is the August 25, 2005 Decision[1] of the Court of Appeals in CA-G.R. SP No. 84575, reversing the November 27, 2003 Decision[2] of the National Labor Relations Commission (NLRC) in NLRC Case No. V-000473-2002, and holding that respondent was illegally dismissed by petitioner. Likewise questioned is the appellate court's February 22, 2006 Resolution[3] denying petitioner's motion for reconsideration.

The facts show that sometime in August, 1994, petitioner Ace Promotion and Marketing Corporation, a company engaged in the promotion of various consumer products, commodities, and goods, hired respondent Reynaldo Ursabia as a company driver assigned to pick up the products of Nestle Philippines, Inc., for promotion and marketing.

On July 6, 2001, respondent failed to report for work. Petitioner, through its area supervisor, Gerry Garcia, issued a Memorandum dated July 9, 2001, which reads as follows:

MEMORANDUM

To: Mr. Reynaldo S. Ursabia
Fr: Mr. Gerry P. Garcia
Date: July 09, 2001
Subj: Violation of Company Rule
Abandonment of Work last Jul. 06, 2001

Please explain thru writing why there should be no disciplinary measure be taken against (sic) on the above-mentioned violation.

We need your response 24 hrs upon receipt of this memorandum.

For your strict compliance.[4]

When respondent reported back to work on July 9, 2001, he was personally served with the foregoing memorandum but refused to acknowledge the same, hence, petitioner sent it through registered mail to his (respondent) last known address.[5]

The following day, July 10, 2001, Garcia noticed some damage on the vehicle assigned to respondent, hence, he issued another Memorandum which provides:

MEMORANDUM

To: Mr. Reynaldo S. Ursabia

Fr: Mr. Gerry P. Garcia

Date: July 10, 2001

Subj: Destruction of Company Property

After instructing your immediate supervisor to hold your services and told (sic) you to explain why you abandoned your work last July 6, 2001, instead of explaining reasons, you act (sic) negatively. Pointing somebody damage the vehicle assigned to you (sic). You didn't manage to wait for me and explain, you left the office by saying (sabihin mo kay boss gerry na awol na lang ako). Upon returning back to the office, we check (sic) the vehicle and found out that the right front wheel was deflated, we also found out that the sliding door was slightly damage (sic). It seems that a smooth object is (sic) used in hitting the vehicle and I think you disconnected some wirings so as not others may use (sic) the said vehicle. We also found a piece of paper inserted on the distribution cap.

In this regard, we again require you to explain why you cannot be Terminated base (sic) on the abovementioned. We need your response 24 hrs upon receipt of this memorandum.

Failure to comply, Matter will be relayed to our attorney for Legal Actions (sic).[6]

Service of the said memorandum was done through registered mail to respondent's last known address.[7]

Sometime in July 2001, an anonymous note[8] was discovered among the stocks of petitioner containing the words "(Good news) be careful and save youre (sic) life because there's a time to come everybody x x x will die." [9] The examination conducted by the PNP Crime Laboratory allegedly showed that the handwriting of respondent has significant similarities with the said handwritten note.[10]

On August 6, 2001, respondent went to petitioner's office and was served with a termination letter, which reads:

It's been a long time now since we send (sic) you several letters instructing you to explain why you cannot be terminated for violating Company Rules. As of this time, we are confident enough that you had already received all the letters. You were also verbally advice (sic) that you have to explain why there should be no disciplinary measures be taken against you. August 6, 2001, you reported to the office, I personally served you the letters. After reading the contents, you were advised to acknowledge receipt of the original copies but you refuses (sic) to sign. Another violation is the Threat Letter inserted on stocks for return. We request (sic) PNP crime lab to examine said Letter. After a week they come up with the conclusion that said letter is similar with your handwriting.

In connection on all of the above (sic), your Services as Company Driver is hereby Terminated effective August 6, 2001.[11]

Again, respondent refused to receive the same prompting petitioner serve it by registered mail to respondent's last known address.

Meanwhile, the petitioner filed two criminal cases for Malicious Mischief and Grave Threats against the respondent.[12]

Displeased with his termination, respondent filed a complaint for illegal dismissal and non- payment of other monetary benefits.

On May 9, 2002, Labor Arbiter Jose G. Gutierrez rendered a decision in favor of respondent. The dispositive portion of which, reads:

WHEREFORE, in the light of the foregoing judgment is hereby rendered declaring the complainant illegally dismissed from his employment and directing the respondent x x x Ace Promotion and Marketing Corporation to pay complainant the following:

I - Backwages - P 63,000.00
II- Separation Pay - 50,400.00
III- 13th Month Pay - 3,150.00
IV - Service Incentive Leave - 1,211.50

P117,761.50

Plus P11,776.15, ten (10%) percent attorney's fees or a total aggregate amount of PESOS ONE HUNDRED TWENTY NINE THOUSAND FIVE HUNDRED THIRTY SEVEN & 65/100 (P129,537.65)

x x x x

SO ORDERED. [13]

On appeal, the NLRC rendered a decision dated November 27, 2003, reversing the decision of the Labor Arbiter and disposing as follows:

WHEREFORE, premises considered, the decision of Labor Arbiter Jose G. Gutierrez dated 9 May 2002 is VACATED and SET ASIDE and a new one is entered, to wit:

Ordering respondent Ace Promotion and Marketing Corporation to pay complainant his service incentive leave pay in the amount of One Thousand Two Hundred Eleven and 50/100 (P1,211.50).

SO ORDERED. [14]

In a decision dated August 25, 2005, the Court of Appeals set aside the decision of the NLRC and held that respondent was illegally dismissed. The dispositive portion thereof, reads:

WHEREFORE, the petition is GRANTED. The Decision of the National Labor Relations Commission dated 27 November 2003 is SET ASIDE and the decision of the Labor Arbiter Jose G. Gutierrez dated 9 May 2002 is hereby REINSTATED with the modification that the award of 13th month pay is deleted.

SO ORDERED.[15]

With the denial of its motion for reconsideration on February 22, 2006, petitioner filed the instant petition.

The issue for resolution is whether there exists a just cause to dismiss respondent and whether he was accorded procedural due process.

The Labor Arbiter held that respondent was dismissed by petitioner for the following misdemeanors: (1) abandonment, (2) destruction of company property, and (3) leaving a note which petitioner interpreted to be a threat. He ratiocinated that respondent's dismissal was illegal because no hearing was conducted to allow him (respondent) to confront petitioner's witnesses.[16] The NLRC, on the other hand, ruled that the dismissal was valid because respondent is guilty of abandonment.[17] This was reversed by the Court of Appeals which held that the termination of respondent is not valid because his failure to report for work for a single day did not constitute abandonment and that the criminal case for grave threats filed against respondent was dismissed by the prosecutor's office while the case for malicious mischief was dismissed by the court.[18]

We agree with the Court of Appeals that respondent cannot be dismissed for abandonment. To constitute a just and valid ground for dismissal, abandonment requires the deliberate and unjustified refusal of the employee to resume his employment. Two elements must be present, namely: (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. The second element is more determinative of the intent and must be evinced by overt acts. Mere absence, not being sufficient, the burden of proof rests upon the employer to show that the employee clearly and deliberately

intended to discontinue his employment without any intention of returning.[19]

In the instant case, the subsequent conduct of respondent after he failed to report for work on July 6, 2001, shows that he had no intention to sever his employment with petitioner. Record shows that he went to work on July 9, 2001, which enabled petitioner to personally serve him the memorandum of even date. While his act of loitering outside the company premises cannot be considered as reporting for work, it shows an intention to make his services available for petitioner. More importantly, he formally reported for work on August 6, 2001. All these show that respondent never really wanted to quit his job. He may be guilty of going on absence without leave, but not abandonment because the totality of his acts show a clear intention to return to work.

Likewise, the alleged damage on the company car assigned to respondent cannot justify his dismissal. Termination is simply disproportionate to such infraction not only because the extent of the damage was never proved by petitioner but more importantly, no substantial evidence was presented to establish the guilt of respondent. With regard to the "anonymous note" purportedly written by the latter, petitioner failed to discharge the burden of proving that the same was indeed a threat and that respondent was the author thereof.

The foregoing, notwithstanding, we find that respondent should be dismissed for willful disobedience of the memoranda issued by petitioner. To be validly dismissed on the ground of willful disobedience requires 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.[20]

In the instant case, the failure of respondent to answer the July 9 and 10, 2001 memoranda of petitioner is clearly intentional. He reported to and loitered outside petitioner's premises but never made any oral or written reply to the said memoranda. This shows respondent's wrongful and perverse attitude to defy the reasonable orders which undoubtedly pertain to his duties as an employee of petitioner.

Similarly in *Aquinas School v. Magnaye*,[21] the Court found just cause to dismiss the employee for her willful disobedience of the superior's directives requiring her to explain her absence, violation of school policy and refusal to subject herself to medical examination. While the employee therein was held not to be guilty of abandonment, she was nonetheless held liable for misconduct or willful disobedience to the lawful orders of the school. Thus:

Complainant had willfully and intentionally refused to comply with the two principal orders of the school. The non-compliance by complainant to the first order dated October 10, 1991 which she received on October 14, 1991, though not excusable, may be rationalized as resulting from her emotional stress at that time - as explained by her during the hearing on March 18, 1991. This may well be the 'first offense' referred to by Complainant in her pleadings. But then, Complainant was given a second order on the same matter on November 16, 1991. Again, Complainant did not comply. This second non-compliance, when she was given the last opportunity to do so, considering the utter lack of reason or justification for such non-compliance, can only result from an intentional refusal or willful disobedience, especially so when it is considered that Complainant had been certified as no longer under stress and already fit to work. This second non-compliance has never been justified which clearly indicates an intention to completely ignore the lawful orders of her superior.

The same can be said about her adamant refusal to submit to medical examination by the school-designated physician. Complainant was given the first order on November 6, 1991 to see the physician on November 7 or 12, at Complainant's option. She does not deny having received this order. Complainant did not reply to the order; neither did she see the physician as required.

x x x x

The acts of Complainant, in repeatedly refusing to comply with the lawful and reasonable orders of the School, cannot be considered simply as acts of simple disobedience. Considering the circumstances and the sequence of refusals, they cannot but be willful and intentional. A willful refusal to comply with the superior's lawful and reasonable orders is a serious misconduct that strikes at the very root of supervisory authority, which should not be tolerated if organizations are to maintain order and discipline, both essential to organizational stability and survival. This dictum finds support in a long line of cases decided by our Supreme Court.

Moreover, respondent's absence without leave for almost a month aggravated his infractions. He did not deny petitioner's allegation that he merely loitered outside the company's premises and did not request permission to go on leave. While in some cases, the length of service of the employee is considered to mitigate the imposable penalty, we cannot apply the same ruling in the instant case. Respondent had worked with petitioner for almost seven years yet he did not give the courtesy, if not gratitude due it by complying with its directives and explaining his conduct either verbally or in writing. Indeed, to hold that there is no just cause to terminate respondent would demoralize the rank and file employees who religiously comply with the lawful orders of their employer. It may encourage respondent to do even worse and will render a mockery of the rules of discipline that employees are required to observe. In protecting the rights of the laborer, courts cannot authorize the oppression or self-destruction of the employer.[22]

Nevertheless, the Court finds that respondent was not afforded his procedural due process rights. In dismissing an employee, the employer has the burden of proving that the former worker has been served two notices: (1) one to apprise him of the particular acts or omissions for which his dismissal is sought, and (2) the other to inform him of his employer's decision to dismiss him. The first notice must state that dismissal is sought for the act or omission charged against the employee, otherwise, the notice cannot be considered sufficient compliance with the rules.[23]

In the instant case, the just cause to terminate respondent was his willful disobedience to the July 9 and July 10, 2001 memoranda of petitioner. However, he was not given sufficient notice that his services will be terminated on such grounds. Respondent defied two memoranda of petitioner. Hence, it is necessary that he be furnished with a third memorandum informing him that his disobedience to the previous two memoranda may cause his dismissal. While the July 10, 2001 memorandum stated that he failed to answer the July 9, 2001 directive requiring an explanation for his absence on even date, petitioner never sent a notice to respondent ordering him to explain his disobedience to the July 10, 2001 memorandum. Moreover, the final notice of termination of respondent failed to specify the ground for his dismissal. It vaguely stated that he is being terminated for violation of company rules which were not specified by petitioner. It even added a third ground (i.e., writing a threat), for which respondent was not given a chance to controvert. Under the circumstances, we find that petitioner did not sufficiently comply with the required two notice rule.

In *Agabon v. National Labor Relations Commission*,^[24] it was held that where the dismissal is for a just cause, as in the instant case, the lack of statutory due process should not nullify the dismissal, or render it illegal, or ineffectual. However, the employer should indemnify the employee for violation of his statutory rights. Thus, applying *Agabon*, the Court, in *Electro System Industries Corporation v. National Labor Relations Commission*^[25] awarded P30,000.00 to an employee who was dismissed for just cause but was not afforded due process. Conformably, respondent in the present case should be indemnified in the amount of P30,000.00 as nominal damages which we consider as appropriate under the circumstances.

In its decision, the NLRC held that respondent was validly dismissed but is entitled to unpaid service incentive leave pay in the amount of P1,211.50. Since petitioner no longer questioned said award, affirmance thereof is

proper.

WHEREFORE, the petition is GRANTED. The August 25, 2005 Decision and the February 22, 2006 Resolution of the Court of Appeals in CA-G.R. SP No. 84575, are REVERSED and SET ASIDE. The November 27, 2003 decision of the National Labor Relations Commission in NLRC Case No. V-000473-2002 declaring the dismissal of respondent valid, is REINSTATED with the MODIFICATION that petitioner is directed to pay respondent P30,000.00 as nominal damages.

No costs.

SO ORDERED.

Pnganiban, C. J., (Chairperson), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Rollo, pp. 29-36. Penned by Associate Justice Pampio A. Abarintos, with Executive Justice Mercedes Gozo-Dadole and Associate Justice Ramon M. Bato, Jr. concurring.

[2] Id. at 111-120. Penned by Commissioner Oscar S. Uy, with Commissioner Edgardo M. Enerlan concurring.

[3] Id. at 38-39.

[4] Id. at 72.

[5] Id. at 73-74.

[6] Id. at 75.

[7] Id. at 76-77.

[8] Id. at 78.

[9] Id. at 78.

[10] Id. at 79.

[11] Id. at 117.

[12] Id. at 82-85.

[13] Id. at 98-99.

[14] Id. at 119.

[15] Id. at 35.

[16] Id. at 95-96.

[17] Id. at 118.

[18] Id. at 32-34.

[19] *Aquinas School v. Magnaye*, 344 Phil. 145, 151 (1997).

[20] *Rosario v. Victory Ricemill*, 445 Phil. 830, 839 (2003).

[21] *Supra* note 19 at 155-156.

[22] *San Miguel Corporation v. Ubaldo*, G.R. No. 92859, February 1, 1993, 218 SCRA 293, 301.

[23] *Electro System Industries Corporation v. National Labor Relations Commission*, G.R. No. 165282, October 5, 2005, 472 SCRA 199, 203.

[24] G.R. No. 158693, November 17, 2004, 442 SCRA 573, 616.

[25] *Supra* note 23 at 205.

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