

MANOLO A. PEÑAFLOR, PETITIONER, VS. OUTDOOR CLOTHING MANUFACTURING CORPORATION, NATHANIEL T. SYFU, PRESIDENT, MEDYLENE M. DEMOGENA, FINANCE MANAGER, AND PAUL LEE, CHAIRMAN, RESP...

G.R. No. 177114. April 13, 2010

Ponente: BRION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-177114/>

BRION, J.:

In our Decision of January 21, 2010, we granted petitioner Manolo Peñaflor's (Peñaflor) petition for review on certiorari and reversed the Court of Appeals (CA) decision of December 29, 2006 and resolution of March 14, 2007. We found that Peñaflor had been constructively dismissed from his employment with respondent Outdoor Clothing Manufacturing Corporation (Outdoor Clothing). Outdoor Clothing now seeks a reconsideration of this ruling.

FACTUAL BACKGROUND

Peñaflor was hired as probationary HRD Manager of Outdoor Clothing on September 2, 1999. On March 13, 2000, more than six months from the time he was hired, Peñaflor learned that Outdoor Clothing's President, Nathaniel Syfu (Syfu), appointed Edwin Buenaobra (Buenaobra) as the concurrent HRD and Accounting Manager. After enduring what he claimed as discriminatory treatment at work, Peñaflor considered the appointment of Buenaobra to his position as the last straw, and thus filed his irrevocable resignation from Outdoor Clothing effective at the close of office hours on March 15, 2000. He thereafter filed an illegal dismissal complaint with the labor arbiter claiming that he had been constructively dismissed. The labor arbiter agreed with Peñaflor and issued a decision in his favor on August 15, 2001.

On appeal, the National Labor Relations Commission (NLRC) reversed the labor arbiter's ruling in its September 24, 2002 decision. When Peñaflor questioned the NLRC's decision before the CA, the appellate court affirmed the NLRC's decision. Hence, Peñaflor filed a petition for review on certiorari with the Court.

The Court's January 21, 2010 Decision

Our January 21, 2010 decision focused on resolving the issue of whether Peñaflor's resignation from Outdoor Clothing was voluntary or a forced one, the latter making it a constructive dismissal equivalent to an illegal dismissal. We found it crucial to determine whether Peñaflor filed his resignation letter before or after the appointment of Buenaobra as concurrent HRD and Accounting Manager. If the resignation was submitted before Syfu's appointment of Buenaobra, little support would exist for Peñaflor's allegation of constructive dismissal, as the appointment would merely be intended to cover the vacancy created by Peñaflor's resignation. If however the resignation was made after the appointment of Buenaobra, then factual basis exists to consider Peñaflor as constructively dismissed by Outdoor Clothing, as the resignation would be a response to the unacceptable appointment of another person to a position he still occupied.

Peñaflor claimed that he filed his undated resignation letter on the very same date he made his resignation effective - March 15, 2000. On the other hand, Outdoor Clothing contended that the letter was submitted on March 1, 2000. In support of this allegation, Outdoor Clothing presented three memoranda:

- the March 1, 2000 memorandum from Syfu to Buenaobra appointing the latter as the concurrent HRD and Accounting Manager;
- the March 3, 2000 memorandum from Buenaobra to Syfu accepting the appointment; and
- the March 10, 2000 office memorandum from Syfu informing all concerned of Buenaobra's new appointment.

Our analysis of the records led us to conclude that Peñaflor submitted his resignation on March 15, 2000 as a response to the appointment of Buenaobra to his post.

We considered suspicious Outdoor Clothing's above memoranda because these were only presented to the NLRC on appeal, but not before the labor arbiter. They were not even mentioned in Outdoor Clothing's position paper filed with the labor arbiter. The failure to present them and to justify this failure are significant considering that these are clinching pieces of evidence that allowed the NLRC to justify the reversal of the labor arbiter's decision.

The surrounding circumstances of the issuance of these memoranda also cast doubts on their authenticity. Although the memoranda directly concerned Peñaflor, he was never informed of their contents nor given copies. While the March 10, 2000 memorandum bore signatures of its recipients, there were no marks on the March 1 and 3, 2000 memoranda indicating that their intended recipients actually received them on the date they were issued. It was likewise strange that Peñaflor's resignation and Buenaobra's appointment would be kept under wraps from the supposed filing of Peñaflor's resignation letter on March 1, 2000 up to Syfu's issuance of the March 10, 2000 office memorandum, since the turnover of responsibilities and work load alone to a successor in a small company such as Outdoor Clothing would have prevented the resignation from being kept a secret.

We also considered the timeliness of Peñaflor's resignation. It was highly unlikely for Peñaflor to resign on March 1, 2000, as claimed by Outdoor Corporation, considering that he would have become a regular employee by that time. It did not appear logical that an employee would tender his resignation on the very same day he was entitled by law to be considered a regular employee, especially when downsizing was taking place and he could have availed of its benefits if separated from the services as a regular employee.

Considering the above circumstances, and applying basic labor law principles, the Court ruled that Peñaflor was constructively dismissed from his employment with Outdoor Clothing. We thus reversed the CA's decision and resolution and reinstated the decision of the labor arbiter which found the respondents (Outdoor Clothing and its corporate officers) jointly and severally liable to pay Peñaflor backwages, illegally deducted salaries, proportionate 13th month pay, attorney's fees, moral and exemplary damages.

THE MOTION FOR RECONSIDERATION

Outdoor Clothing now moves for the reconsideration of the Court's January 21, 2010 Decision. It alleges that the Court erred in declaring that Peñaflor was constructively dismissed from his employment despite his submission of an "irrevocable resignation" letter. It also claims that the Court erred in holding all the respondents jointly and severally liable to pay Peñaflor the salaries and damages awarded in his favor.

Outdoor Clothing maintains that Peñaflor's resignation was voluntary; Peñaflor resigned because he wanted to disassociate himself from a company that was experiencing severe financial difficulty and to focus on his teaching job. Indeed, Peñaflor's own letter stating his decision to irrevocably resign from his employment with Outdoor

Clothing was a clear indication that he was not forced to leave the company.

Outdoor Clothing also relies heavily on the three memoranda it presented before the NLRC to support its claim of Peñaflor's voluntary resignation. Although belatedly filed, Outdoor Clothing claims there is nothing in the rules which disallows the filing of new documents before the NLRC. "Submission of additional documents, albeit belatedly done, should always be looked upon with liberality especially when the same was important for any factual determination of the case." [1]

Since it was Peñaflor who filed the resignation letter, Outdoor Clothing posits that the burden of proving that the resignation was involuntary rests on Peñaflor. The evidence presented by Peñaflor simply failed to overcome this burden and thus, his resignation should be deemed voluntary and should absolve Outdoor Clothing of any liability for illegal dismissal.

Additionally, Outdoor Clothing asserts that the Court erred in reinstating the labor arbiter's decision which ordered all the respondents jointly and severally liable for the sums due to Peñaflor. There was nothing in the decision of the Court or even those of the CA and the administrative bodies finding Outdoor Clothing's corporate officers Syfu, Merylene Demogena (Demogena), and Paul Lee (Lee) to have personally acted in bad faith or with malice with respect to Peñaflor's resignation. Assuming Outdoor Clothing is indeed liable to Peñaflor for illegal dismissal, it would be legally out of line to consider its corporate officers solidarily liable with the company without a finding of bad faith or malice on their part.

THE COURT'S RULING

Other than the issue of solidary liability of the respondents in the present case, Outdoor Clothing raises no new matter that would merit a reconsideration of the Court's January 21, 2010 Decision.

Peñaflor's resignation letter read:

Mr. Nathaniel Y. Syfu
Chief Corporate Officer
Outdoor Clothing Manufacturing Corporation

Sir:

Please accept my irrevocable resignation effective at the close of office on March 15, 2000.

Thank you.

Very truly yours,

Manolo A. Peñaflor[2]

While the letter states that Peñaflor's resignation was irrevocable, it does not necessarily signify that it was also voluntarily executed. Precisely because of the attendant hostile and discriminatory working environment, Peñaflor decided to permanently sever his ties with Outdoor Clothing. This falls squarely within the concept of constructive dismissal that jurisprudence defines, among others, as involuntarily resignation due to the harsh, hostile, and unfavorable conditions set by the employer. It arises when a clear discrimination, insensibility, or disdain by an employer exists and has become unbearable to the employee.[3] The gauge for constructive dismissal is whether a reasonable person in the employee's position would feel compelled to give up his employment under the prevailing circumstances.[4] With the appointment of Buenaobra to the position he then still occupied, Peñaflor felt that he was being eased out and this perception made him decide to leave the company.

The fact of filing a resignation letter alone does not shift the burden of proving that the employee's dismissal was for a just and valid cause from the employer to the employee. In *Mora v. Avesco*,^[5] we ruled that should the employer interpose the defense of resignation, it is still incumbent upon the employer to prove that the employee voluntarily resigned. To our mind, Outdoor Clothing did not discharge this burden by belatedly presenting the three memoranda it relied on. If these memoranda were authentic, they would have shown that Peñaflor's resignation preceded the appointment of Buenaobra. Thus, they would be evidence supporting the claim of voluntariness of Peñaflor's resignation and should have been presented early on in the case - any lawyer or layman by simple logic can be expected to know this. Outdoor Clothing however raised them only before the NLRC when they had lost the case before the labor arbiter and now conveniently attributes the failure to do so to its former counsel. Outdoor Clothing's belated explanation as expressed in its motion for reconsideration, to our mind, is a submission we cannot accept for serious consideration. We find it significant that Peñaflor attacked the belated presentation of these memoranda in his Answer to Outdoor Clothing's Memoranda of Appeal with the NLRC, but records do not show that Outdoor Clothing ever satisfactorily countered Peñaflor's arguments. It was not until we pointed out Outdoor Clothing's failure to explain its belated presentation of the memoranda in our January 21, 2010 decision that Outdoor Clothing offered a justification.

Whatever doubts that remain in our minds on the credibility of the parties' evidence should, by the law's dictate, be settled in favor of the working man. Our ruling that Peñaflor was constructively dismissed from his employment with Outdoor Clothing therefore stands.

We modify, however, our ruling on the extent of liability of Outdoor Clothing and its co-respondents. A corporation, as a juridical entity, may act only through its directors, officers and employees. Obligations incurred as a result of the directors' and officers' acts as corporate agents, are not their personal liability but the direct responsibility of the corporation they represent. As a rule, they are only solidarily liable with the corporation for the illegal termination of services of employees if they acted with malice or bad faith. In the present case, malice or bad faith on the part of the Syfu, Demogena, and Lee, as corporate officers of Outdoor Clothing, was not sufficiently proven to justify a ruling holding them solidarily liable with Outdoor Clothing.^[6]

WHEREFORE, we PARTIALLY GRANT respondents' motion for reconsideration and MODIFY our Decision dated January 21, 2010. Respondent Outdoor Clothing is hereby ordered to pay petitioner the following:

- backwages computed from the time of constructive dismissal up to the time of the finality of the Court's Resolution;
- separation pay, due to the strained relations between the parties, equivalent to the petitioner's one month's salary;
- illegally deducted salary for six days, as computed by the labor arbiter;
- proportionate 13th month pay;
- attorney's fees, moral and exemplary damages in the amount of P100,000.00; and
- costs against the respondent corporation.

SO ORDERED.

Carpio, (Chairperson), Del Castillo, Abad, and Perez, JJ., concur.

[1] Rollo, p. 238.

[2] CA rollo, p. 203.

[3] Gilles v. Court of Appeals, G.R. No. 149273, June 5, 2009.

[4] Siemens Philippines, Inc. v. Domingo, G.R. No. 150488, July 28, 2008, 560 SCRA 86.

[5] G.R. No. 177414, November 14, 2008, 571 SCRA 226.

[6] Supra note 2.

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.