

FARLEY FULACHE, MANOLO JABONERO, DAVID CASTILLO, JEFFREY LAGUNZAD, MAGDALENA MALIG-ON BIGNO, FRANCISCO CABAS, JR., HARVEY PONCE AND ALAN C. ALMENDRAS, PETITIONERS, VS. ABS-CBN B...

G.R. No. 183810. January 21, 2010

Ponente: BRION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-183810/>

BRION, J.:

The petition for review on certiorari[1] now before us seeks to set aside the decision[2] and resolution[3] of the Court of Appeals, Nineteenth Division (CA) promulgated on March 25, 2008 and July 8, 2008, respectively, in CA- G.R. SP No. 01838.[4]

The Antecedents

The Regularization Case.

In June 2001, petitioners Farley Fulache, Manolo Jabonero, David Castillo, Jeffrey Lagunzad, Magdalena Malig-on Bigno, Francisco Cabas, Jr., Harvey Ponce and Alan C. Almendras (petitioners) and Cresente Atinen (Atinen) filed two separate complaints for regularization, unfair labor practice and several money claims (regularization case) against ABS-CBN Broadcasting Corporation-Cebu (ABS-CBN). Fulache and Castillo were drivers/cameramen; Atinen, Lagunzad and Jabonero were drivers; Ponce and Almendras were cameramen/editors; Bigno was a PA/Teleprompter Operator-Editing, and Cabas was a VTR man/editor. The complaints (RAB VII Case Nos. 06-1100-01 and 06-1176-01) were consolidated and were assigned to Labor Arbiter Julie C. Rendoque.

The petitioners alleged that on December 17, 1999, ABS-CBN and the ABS-CBN Rank-and-File Employees Union (Union) executed a collective bargaining agreement (CBA) effective December 11, 1999 to December 10, 2002; they only became aware of the CBA when they obtained copies of the agreement; they learned that they had been excluded from its coverage as ABS-CBN considered them temporary and not regular employees, in violation of the Labor Code. They claimed they had already rendered more than a year of service in the company and, therefore, should have been recognized as regular employees entitled to security of tenure and to the privileges and benefits enjoyed by regular employees. They asked that they be paid overtime, night shift differential, holiday, rest day and service incentive leave pay. They also prayed for an award of moral damages and attorney's fees.

ABS-CBN explained the nature of the petitioners' employment within the framework of its operations. It claimed that: it operates in several divisions, one of which is the Regional Network Group (RNG). The RNG exercises control and supervision over all the ABS-CBN local stations to ensure that ABS-CBN programs are extended to the provinces. A local station, like the Cebu station, can resort to cost-effective and cost-saving measures to remain viable; local stations produced shows and programs that were constantly changing because of the competitive nature of the industry, the changing public demand or preference, and the seasonal nature of media

broadcasting programs. ABS-CBN claimed, too, that the production of programs per se is not necessary or desirable in its business because it could generate profits by selling airtime to block-timers or through advertising.

ABS-CBN further claimed that to cope with fluctuating business conditions, it contracts on a case-to-case basis the services of persons who possess the necessary talent, skills, training, expertise or qualifications to meet the requirements of its programs and productions. These contracted persons are called "talents" and are considered independent contractors who offer their services to broadcasting companies.

Instead of salaries, ABS-CBN pointed out that talents are paid a pre-arranged consideration called "talent fee" taken from the budget of a particular program and subject to a ten percent (10%) withholding tax. Talents do not undergo probation. Their services are engaged for a specific program or production, or a segment thereof. Their contracts are terminated once the program, production or segment is completed.

ABS-CBN alleged that the petitioners' services were contracted on various dates by its Cebu station as independent contractors/off camera talents, and they were not entitled to regularization in these capacities.

On January 17, 2002, Labor Arbiter Rendoque rendered his decision^[5] holding that the petitioners were regular employees of ABS-CBN, not independent contractors, and are entitled to the benefits and privileges of regular employees.

ABS-CBN appealed the ruling to the National Labor Relations Commission (NLRC) Fourth Division, mainly contending that the petitioners were independent contractors, not regular employees.^[6]

The Illegal Dismissal Case.

While the appeal of the regularization case was pending, ABS-CBN dismissed Fulache, Jabonero, Castillo, Lagunzad and Atinen (all drivers) for their refusal to sign up contracts of employment with service contractor Able Services. The four drivers and Atinen responded by filing a complaint for illegal dismissal (illegal dismissal case). The case (RAB VII Case No. 07-1300-2002) was likewise handled by Labor Arbiter Rendoque.

In defense, ABS-CBN alleged that even before the labor arbiter rendered his decision of January 17, 2002 in the regularization case, it had already undertaken a comprehensive review of its existing organizational structure to address its operational requirements. It then decided to course through legitimate service contractors all driving, messengerial, janitorial, utility, make-up, wardrobe and security services for both the Metro Manila and provincial stations, to improve its operations and to make them more economically viable. Fulache, Jabonero, Castillo, Lagunzad and Atinen were not singled out for dismissal; as drivers, they were dismissed because they belonged to a job category that had already been contracted out. It argued that even if the petitioners had been found to have been illegally dismissed, their reinstatement had become a physical impossibility because their employer-employee relationships had been strained and that Atinen had executed a quitclaim and release.

In her April 21, 2003 decision in the illegal dismissal case,^[7] Labor Arbiter Rendoque upheld the validity of ABS-CBN's contracting out of certain work or services in its operations. The labor arbiter found that petitioners Fulache, Jabonero, Castillo, Lagunzad and Atinen had been dismissed due to redundancy, an authorized cause under the law.^[8] He awarded them separation pay of one (1) month's salary for every year of service.

Again, ABS-CBN appealed to the NLRC which rendered on December 15, 2004 a joint decision on the regularization and illegal dismissal cases.^[9] The NLRC ruled that there was an employer-employee relationship between the petitioners and ABS-CBN as the company exercised control over the petitioners in the performance of their work; the petitioners were regular employees because they were engaged to perform activities usually necessary or desirable in ABS-CBN's trade or business; they cannot be considered contractual employees since

they were not paid for the result of their work, but on a monthly basis and were required to do their work in accordance with the company's schedule. The NLRC thus affirmed with modification the labor arbiter's regularization decision of January 17, 2002, additionally granting the petitioners CBA benefits and privileges.

The NLRC reversed the labor arbiter's ruling in the illegal dismissal case; it found that petitioners Fulache, Jabonero, Castillo, Lagunzad and Atinen had been illegally dismissed and awarded them backwages and separation pay in lieu of reinstatement. Under both cases, the petitioners were awarded CBA benefits and privileges from the time they became regular employees up to the time of their dismissal.

The petitioners moved for reconsideration, contending that Fulache, Jabonero, Castillo and Lagunzad are entitled to reinstatement and full backwages, salary increases and other CBA benefits as well as 13th month pay, cash conversion of sick and vacation leaves, medical and dental allowances, educational benefits and service awards. Atinen appeared to have been excluded from the motion and there was no showing that he sought reconsideration on his own.

ABS-CBN likewise moved for the reconsideration of the decision, reiterating that Fulache, Jabonero, Castillo and Lagunzad were independent contractors, whose services had been terminated due to redundancy; thus, no backwages should have been awarded. It further argued that the petitioners were not entitled to the CBA benefits because they never claimed these benefits in their position paper before the labor arbiter while the NLRC failed to make a clear and positive finding that they were part of the bargaining unit; neither was there evidence to support this finding.

The NLRC resolved the motions for reconsideration on March 24, 2006^[10] by reinstating the two separate decisions of the labor arbiter dated January 17, 2002,^[11] and April 21, 2003,^[12] respectively. Thus, on the regularization issue, the NLRC stood by the ruling that the petitioners were regular employees entitled to the benefits and privileges of regular employees. On the illegal dismissal case, the petitioners, while recognized as regular employees, were declared dismissed due to redundancy. The NLRC denied the petitioners' second motion for reconsideration in its order of May 31, 2006 for being a prohibited pleading. ^[13]

The CA Petition and Decision

The petitioners went to the CA through a petition for certiorari under Rule 65 of the Rules of Court.^[14] They charged the NLRC with grave abuse of discretion in: (1) denying them the benefits under the CBA; (2) finding no evidence that they are part of the company's bargaining unit; (3) not reinstating and awarding backwages to Fulache, Jabonero, Castillo and Lagunzad; and (4) ruling that they are not entitled to damages and attorney's fees.

ABS-CBN, on the other hand, questioned the propriety of the petitioners' use of a certiorari petition. It argued that the proper remedy for the petitioners was an appeal from the reinstated decisions of the labor arbiter.

In its decision of March 25, 2008,^[15] the appellate court brushed aside ABS-CBN's procedural question, holding that the petition was justified because there is no plain, speedy or adequate remedy from a final decision, order or resolution of the NLRC; the reinstatement of the labor arbiter's decisions did not mean that the proceedings reverted back to the level of the arbiter. It likewise affirmed the NLRC ruling that the petitioners' second motion for reconsideration is a prohibited pleading under the NLRC rules.^[16]

On the merits of the case, the CA ruled that the petitioners failed to prove their claim to CBA benefits since they never raised the issue in the compulsory arbitration proceedings, and did not appeal the labor arbiter's decision which was silent on their entitlement to CBA benefits. The CA found that the petitioners failed to show with specificity how Section 1 (Appropriate Bargaining Unit) and the other provisions of the CBA applied to them.

On the illegal dismissal issue, the CA upheld the NLRC decision reinstating the labor arbiter's April 21, 2003 ruling.[17] Thus, the drivers - Fulache, Jabonero, Castillo and Lagunzad - were not illegally dismissed as their separation from the service was due to redundancy; they had not presented any evidence that ABS-CBN abused its prerogative in contracting out the services of drivers. Except for separation pay, the CA denied the petitioners' claim for backwages, moral and exemplary damages, and attorney's fees.

The petitioners moved for reconsideration, but the CA denied the motion in a resolution promulgated on July 8, 2008.[18] Hence, the present petition.

The Petition

The petitioners challenge the CA ruling on both procedural and substantive grounds. As procedural questions, they submit that the CA erred in: (1) affirming the NLRC resolution which reversed its own decision; (2) sustaining the NLRC ruling that their second motion for reconsideration is a prohibited pleading; (3) not ruling that ABS-CBN admitted in its position paper before the labor arbiter that they were members of the bargaining unit as the matter was not raised in its appeal to the NLRC; and, (4) not ruling that notwithstanding their failure to appeal from the first decision of the Labor Arbiter, they can still participate in the appeal filed by ABS-CBN regarding their employment status.

On the substantive aspect, the petitioners contend that the CA gravely erred in: (1) not considering the evidence submitted to the NLRC on appeal to bolster their claim that they were members of the bargaining unit and therefore entitled to the CBA benefits; (2) not ordering ABS-CBN to pay the petitioners' salaries, allowances and CBA benefits after the NLRC has declared that they were regular employees of ABS-CBN; (3) not ruling that under existing jurisprudence, the position of driver cannot be declared redundant, and that the petitioners-drivers were illegally dismissed; and, (4) not ruling that the petitioners were entitled to damages and attorney's fees.

The petitioners argue that the NLRC resolution of March 24, 2006[19] which set aside its joint decision of December 15, 2004[20] and reinstated the twin decisions of the labor arbiter,[21] had the effect of promulgating a new decision based on issues that were not raised in ABS-CBN's partial appeal to the NLRC. They submit that the NLRC should have allowed their second motion for reconsideration so that it may be able to equitably evaluate the parties' "conflicting versions of the facts" instead of denying the motion on a mere technicality.

On the question of their CBA coverage, the petitioners contend that the CA erred in not considering that ABS-CBN admitted their membership in the bargaining unit, for nowhere in its partial appeal from the labor arbiter's decision in the regularization case did it allege that the petitioners failed to prove that they are members of the bargaining unit; instead, the company stood by its position that the petitioners were not entitled to the CBA benefits since they were independent contractors/program employees.

The petitioners submit that while they did not appeal the labor arbiter's decision in the regularization case, ABS-CBN raised the employment status issue in its own appeal to the NLRC; this appeal laid this issue open for review. They argue that they could still participate in the appeal proceedings at the NLRC; pursue their position on the issue; and introduce evidence as they did in their reply to the company's appeal.[22] They bewail the appellate court's failure to consider the evidence they presented to the NLRC (consisting of documents and sworn statements enumerating the activities they are performing) clearly indicating that they are part of the rank-and-file bargaining unit at ABS-CBN.

The petitioners then proceeded to describe the work they render for the company. Collectively, they claim that they work as assistants in the production of the Cebuano news program broadcast daily over ABS-CBN Channel 3, as follows: Fulache, Jabonero, Castillo and Lagunzad as production assistants to drive the news team; Ponce

and Almendras, to shoot scenes and events with the use of cameras owned by ABS-CBN; Malig-on Bigno, as studio production assistant and assistant editor/teleprompter operator; and Cabas, Jr., as production assistant for video editing and operating the VTR machine recorder. As production assistants, the petitioners submit that they are rank-and-file employees (citing in support of their position the Court's ruling in *ABS-CBN Broadcasting Corp. v. Nazareno*[23]) who are entitled to salary increases and other benefits under the CBA. Relying on the Court's ruling in *New Pacific Timber and Supply Company, Inc. v. NLRC*,[24] they posit that to exclude them from the CBA "would constitute undue discrimination and would deprive them of monetary benefits they would otherwise be entitled to."

As their final point, the petitioners argue that even if they were not able to prove that they were members of the bargaining unit, the CA should not have dismissed their petition. When the CA affirmed the rulings of both the labor arbiter and the NLRC that they are regular employees, the CA should have ordered ABS-CBN to recognize their regular employee status and to give them the salaries, allowances and other benefits and privileges under the CBA.

On the dismissal of Fulache, Jabonero, Castillo and Lagunzad, the petitioners impute bad faith on ABS-CBN when it abolished the positions of drivers claiming that the company failed to comply with the requisites of a valid redundancy action. They maintain that ABS-CBN did not present any evidence on the new staffing pattern as approved by the management of the company, and did not even bother to show why it considered the positions of drivers superfluous and unnecessary; it is not true that the positions of drivers no longer existed because these positions were contracted out to an agency that, in turn, recruited four drivers to take the place of Fulache, Jabonero, Castillo and Lagunzad. As further indication that the redundancy action against the four drivers was done in bad faith, the petitioners call attention to ABS-CBN's abolition of the position of drivers after the labor arbiter rendered her decision declaring Fulache, Jabonero, Castillo and Lagunzad regular company employees. The petitioners object to the dismissal of the four drivers when they refused to sign resignation letters and join Able Services, a contracting agency, contending that the four had no reason to resign after the labor arbiter declared them regular company employees.

Since their dismissal was illegal and attended by bad faith, the petitioners insist that they should be reinstated with backwages, and should likewise be awarded moral and exemplary damages, and attorney's fees.

The Case for ABS-CBN

In its Comment filed on January 28, 2009,[25] ABS-CBN presents several grounds which may be synthesized as follows:

- The petition raises questions of fact and not of law.
- The CA committed no error in affirming the resolution of the NLRC reinstating the decisions of the labor arbiter.

ABS-CBN submits that the petition should be dismissed for having raised questions of fact and not of law in violation of Rule 45 of the Rules of Court. It argues that the question of whether the petitioners were covered by the CBA (and therefore entitled to the CBA benefits) and whether the petitioners were illegally dismissed because of redundancy, are factual questions that cannot be reviewed on certiorari because the Court is not a trier of facts.

ABS-CBN dismisses the petitioners' issues and arguments as mere rehash of what they raised in their pleadings with the CA and as grounds that do not warrant further consideration. It further contends that because the petitioners did not appeal the labor arbiter decisions, these decisions had lapsed to finality and could no longer be the subject of a petition for certiorari; the petitioners cannot obtain from the appellate court affirmative relief other

than those granted in the appealed decision. It also argues that the NLRC did not commit any grave abuse of discretion in reinstating the twin decisions of the labor arbiter, thereby affirming that no CBA benefits can be awarded to the petitioners; in the absence of any illegal dismissal, the petitioners were not entitled to reinstatement, backwages, damages, and attorney's fees.

The Court's Ruling

We first resolve the parties' procedural questions.

ABS-CBN wants the petition to be dismissed outright for its alleged failure to comply with the requirement of Rule 45 of the Rules of Court that the petition raises only questions of law.[26]

We find no impropriety in the petition from the standpoint of Rule 45. The petitioners do not question the findings of facts of the assailed decisions. They question the misapplication of the law and jurisprudence on the facts recognized by the decisions. For example, they question as contrary to law their exclusion from the CBA after they were recognized as regular rank-and-file employees of ABS-CBN. They also question the basis in law of the dismissal of the four drivers and the legal propriety of the redundancy action taken against. To reiterate the established distinctions between questions of law and questions of fact, we quote hereunder our ruling in *New Rural Bank of Guimba (N.E.) Inc. v. Fermina S. Abad and Rafael Susan*:[27]

We reiterate the distinction between a question of law and a question of fact. A question of law exists when the doubt or controversy concerns the correct application of law or jurisprudence to a certain set of facts; or when the issue does not call for an examination of the probative value of the evidence presented, the truth or falsehood of the facts being admitted. A question of fact exists when a doubt or difference arises as to the truth or falsehood of facts or when the query invites calibration of the whole evidence considering mainly the credibility of the witnesses, the existence and relevancy of specific surrounding circumstances, as well as their relation to each other and to the whole, and the probability of the situation.

We also find no error in the CA's affirmation of the denial of the petitioners' second motion for reconsideration of the March 24, 2006 resolution of the NLRC reinstating the labor arbiter's twin decisions. The petitioners' second motion for reconsideration was a prohibited pleading under the NLRC rules of procedure.[28]

The parties' other procedural questions directly bear on the merits of their positions and are discussed and resolved below, together with the core substantive issues of: (1) whether the petitioners, as regular employees, are members of the bargaining unit entitled to CBA benefits; and (2) whether petitioners Fulache, Jabonero, Castillo and Lagunzad were illegally dismissed.

The Claim for CBA Benefits

We find merit in the petitioners' positions.

As regular employees, the petitioners fall within the coverage of the bargaining unit and are therefore entitled to CBA benefits as a matter of law and contract. In the root decision (the labor arbiter's decision of January 17, 2002) that the NLRC and CA affirmed, the labor arbiter declared:

WHEREFORE, IN THE LIGHT OF THE FOREGOING, taking into account the factual scenario and the evidence adduced by both parties, it is declared that complainants in these cases are REGULAR EMPLOYEES of respondent ABS-CBN and not INDEPENDENT CONTRACTORS and thus henceforth they are entitled to the benefits and privileges attached to regular status of their employment.

This declaration unequivocally settled the petitioners' employment status: they are ABS-CBN's regular employees entitled to the benefits and privileges of regular employees. These benefits and privileges arise from entitlements

under the law (specifically, the Labor Code and its related laws), and from their employment contract as regular ABS-CBN employees, part of which is the CBA if they fall within the coverage of this agreement. Thus, what only needs to be resolved as an issue for purposes of implementation of the decision is whether the petitioners fall within CBA coverage.

The parties' 1999-2002 CBA provided in its Article I (Scope of the Agreement) that:[29]

Section 1. APPROPRIATE BARGAINING UNIT. - The parties agree that the appropriate bargaining unit shall be regular rank-and-file employees of ABS-CBN BROADCASTING CORPORATION but shall not include:

- a) Personnel classified as Supervisor and Confidential employees;
- b) Personnel who are on "casual" or "probationary" status as defined in Section 2 hereof;
- c) Personnel who are on "contract" status or who are paid for specified units of work such as writer-producers, talent-artists, and singers.

The inclusion or exclusion of new job classifications into the bargaining unit shall be subject of discussion between the COMPANY and the UNION. [emphasis supplied]

Under these terms, the petitioners are members of the appropriate bargaining unit because they are regular rank-and-file employees and do not belong to any of the excluded categories. Specifically, nothing in the records shows that they are supervisory or confidential employees; neither are they casual nor probationary employees. Most importantly, the labor arbiter's decision of January 17, 2002 - affirmed all the way up to the CA level - ruled against ABS-CBN's submission that they are independent contractors. Thus, as regular rank-and-file employees, they fall within CBA coverage under the CBA's express terms and are entitled to its benefits.

We see no merit in ABS-CBN's arguments that the petitioners are not entitled to CBA benefits because: (1) they did not claim these benefits in their position paper; (2) the NLRC did not categorically rule that the petitioners were members of the bargaining unit; and (3) there was no evidence of this membership. To further clarify what we stated above, CBA coverage is not only a question of fact, but of law and contract. The factual issue is whether the petitioners are regular rank-and-file employees of ABS-CBN. The tribunals below uniformly answered this question in the affirmative. From this factual finding flows legal effects touching on the terms and conditions of the petitioners' regular employment. This was what the labor arbiter meant when he stated in his decision that "henceforth they are entitled to the benefits and privileges attached to regular status of their employment." Significantly, ABS-CBN itself posited before this Court that "the Court of Appeals did not gravely err nor gravely abuse its discretion when it affirmed the resolution of the NLRC dated March 24, 2006 reinstating and adopting in toto the decision of the Labor Arbiter dated January 17, 2002 x x x." [30] This representation alone fully resolves all the objections - procedural or otherwise - ABS-CBN raised on the regularization issue.

The Dismissal of Fulache, Jabonero,
Castillo and Lagunzad

The termination of employment of the four drivers occurred under highly questionable circumstances and with plain and unadulterated bad faith.

The records show that the regularization case was in fact the root of the resulting bad faith as this case gave rise and led to the dismissal case. First, the regularization case was filed leading to the labor arbiter's decision [31] declaring the petitioners, including Fulache, Jabonero, Castillo and Lagunzad, to be regular employees. ABS-CBN appealed the decision and maintained its position that the petitioners were independent contractors.

In the course of this appeal, ABS-CBN took matters into its own hands and terminated the petitioners' services, clearly disregarding its own appeal then pending with the NLRC. Notably, this appeal posited that the petitioners were not employees (whose services therefore could be terminated through dismissal under the Labor Code); they were independent contractors whose services could be terminated at will, subject only to the terms of their contracts. To justify the termination of service, the company cited redundancy as its authorized cause but offered no justificatory supporting evidence. It merely claimed that it was contracting out the petitioners' activities in the exercise of its management prerogative.

ABS-CBN's intent, of course, based on the records, was to transfer the petitioners and their activities to a service contractor without paying any attention to the requirements of our labor laws; hence, ABS-CBN dismissed the petitioners when they refused to sign up with the service contractor.[32] In this manner, ABS-CBN fell into a downward spiral of irreconcilable legal positions, all undertaken in the hope of saving itself from the decision declaring its "talents" to be regular employees.

By doing all these, ABS-CBN forgot labor law and its realities.

It forgot that by claiming redundancy as authorized cause for dismissal, it impliedly admitted that the petitioners were regular employees whose services, by law, can only be terminated for the just and authorized causes defined under the Labor Code.

Likewise ABS-CBN forgot that it had an existing CBA with a union, which agreement must be respected in any move affecting the security of tenure of affected employees; otherwise, it ran the risk of committing unfair labor practice - both a criminal and an administrative offense.[33] It similarly forgot that an exercise of management prerogative can be valid only if it is undertaken in good faith and with no intent to defeat or circumvent the rights of its employees under the laws or under valid agreements.[34]

Lastly, it forgot that there was a standing labor arbiter's decision that, while not yet final because of its own pending appeal, cannot simply be disregarded. By implementing the dismissal action at the time the labor arbiter's ruling was under review, the company unilaterally negated the effects of the labor arbiter's ruling while at the same time appealing the same ruling to the NLRC. This unilateral move is a direct affront to the NLRC's authority and an abuse of the appeal process.

All these go to show that ABS-CBN acted with patent bad faith. A close parallel we can draw to characterize this bad faith is the prohibition against forum-shopping under the Rules of Court. In forum-shopping, the Rules characterize as bad faith the act of filing similar and repetitive actions for the same cause with the intent of somehow finding a favorable ruling in one of the actions filed.[35] ABS-CBN's actions in the two cases, as described above, are of the same character, since its obvious intent was to defeat and render useless, in a roundabout way and other than through the appeal it had taken, the labor arbiter's decision in the regularization case. Forum-shopping is penalized by the dismissal of the actions involved. The penalty against ABS-CBN for its bad faith in the present case should be no less.

The errors and omissions do not belong to ABS-CBN alone. The labor arbiter himself who handled both cases did not see the totality of the company's actions for what they were. He appeared to have blindly allowed what he granted the petitioners with his left hand, to be taken away with his right hand, unmindful that the company already exhibited a badge of bad faith in seeking to terminate the services of the petitioners whose regular status had just been recognized. He should have recognized the bad faith from the timing alone of ABS-CBN's conscious and purposeful moves to secure the ultimate aim of avoiding the regularization of its so-called "talents."

The NLRC, for its part, initially recognized the presence of bad faith when it originally ruled that:

While notice has been made to the employees whose positions were declared redundant, the element of good faith in abolishing the positions of the complainants appear to be wanting. In fact, it remains undisputed that herein complainants were terminated when they refused to sign an employment contract with Able Services which would make them appear as employees of the agency and not of ABS-CBN. Such act by itself clearly demonstrates bad faith on the part of the respondent in carrying out the company's redundancy program x x x.[36]

On motion for reconsideration by both parties, the NLRC reiterated its "pronouncement that complainants were illegally terminated as extensively discussed in our Joint Decision dated December 15, 2004." [37] Yet, in an inexplicable turnaround, it reconsidered its joint decision and reinstated not only the labor arbiter's decision of January 17, 2002 in the regularization case, but also his illegal dismissal decision of April 21, 2003. [38] Thus, the NLRC joined the labor arbiter in his error that we cannot but characterize as grave abuse of discretion.

The Court cannot leave unchecked the labor tribunals' patent grave abuse of discretion that resulted, without doubt, in a grave injustice to the petitioners who were claiming regular employment status and were unceremoniously deprived of their employment soon after their regular status was recognized. Unfortunately, the CA failed to detect the labor tribunals' gross errors in the disposition of the dismissal issue. Thus, the CA itself joined the same errors the labor tribunals committed.

The injustice committed on the petitioners/drivers requires rectification. Their dismissal was not only unjust and in bad faith as the above discussions abundantly show. The bad faith in ABS-CBN's move toward its illegitimate goal was not even hidden; it dismissed the petitioners - already recognized as regular employees - for refusing to sign up with its service contractor. Thus, from every perspective, the petitioners were illegally dismissed.

By law, [39] illegally dismissed employees are entitled to reinstatement without loss of seniority rights and other privileges and to full backwages, inclusive of allowances, and to other benefits or their monetary equivalent from the time their compensation was withheld from them up to the time of their actual reinstatement. The four dismissed drivers deserve no less.

Moreover, they are also entitled to moral damages since their dismissal was attended by bad faith. [40] For having been compelled to litigate and to incur expenses to protect their rights and interest, the petitioners are likewise entitled to attorney's fees. [41]

WHEREFORE, premises considered, we hereby GRANT the petition. The decision dated March 25, 2008 and the resolution dated July 8, 2008 of the Court of Appeals in CA-G.R. SP No. 01838 are hereby REVERSED and SET ASIDE. Accordingly, judgment is hereby rendered as follows:

1. Confirming that petitioners FARLEY FULACHE, MANOLO JABONERO, DAVID CASTILLO, JEFFREY LAGUNZAD, MAGDALENA MALIG-ON BIGNO, FRANCISCO CABAS, JR., HARVEY PONCE and ALAN C. ALMENDRAS are regular employees of ABS-CBN BROADCASTING CORPORATION, and declaring them entitled to all the rights, benefits and privileges, including CBA benefits, from the time they became regular employees in accordance with existing company practice and the Labor Code;
2. Declaring illegal the dismissal of Fulache, Jabonero, Castillo and Lagunzad, and ordering ABS-CBN to immediately reinstate them to their former positions without loss of seniority rights with full backwages and all other monetary benefits, from the time they were dismissed up to the date of their actual reinstatement;
3. Awarding moral damages of P100,000.00 each to Fulache, Jabonero, Castillo and Lagunzad; and,
4. Awarding attorney's fees of 10% of the total monetary award decreed in this Decision.

Costs against the respondent.

SO ORDERED.

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

[1] Rollo, pp. 38-78; Filed pursuant to Rule 45 of the Rules of Court.

[2] Id. at 9-22; penned by Associate Justice Amy C. Lazaro-Javier and concurred in by Associate Justice Pampio A. Abarintos and Associate Justice Francisco P. Acosta.

[3] Id. at pp.32-33.

[4] Farley Fulache, et al. v. NLRC, et al.

[5] Id. at 127-130; Petition, Annex "E."

[6] Id. at 131-173; Petition, Annex "F."

[7] Id. at 183-191; Petition, Annex "H."

[8] LABOR CODE, Article 283.

[9] Rollo, pp. 284-299; Petition, Annex "J."

[10] Id. at 300-310; Petition, Annex "K."

[11] Supra note 5.

[12] Supra note 7.

[13] Rollo, pp. 311-312; Petition, Annex "L."

[14] Id. at 313-361.

[15] Supra note 2.

[16] The 2005 Revised Rules of Procedure of the National Labor Relations Commission, Rule VII, Section 15.

[17] Supra note 7.

[18] Supra note 3.

[19] Supra note 10.

[20] Supra note 9.

[21] Dated January 17, 2002 and April 21, 2003.

[22] Rollo, pp. 193-284; Petition, Annex "I."

[23] G.R. No. 164156, September 26, 2006, 503 SCRA 204.

[24] G.R. No. 124224, March 17, 2000, 328 SCRA 404.

[25] Rollo, pp. 392-446.

[26] SECTION 1. Filing of petition with Supreme Court. - A party desiring to appeal by certiorari from a

judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on certiorari. The petition shall raise only questions of law which must be distinctly set forth.

[27] G.R. No. 161818, August 20, 2008, 562 SCRA 503.

[28] Supra note 19.

[29] Rollo, p. 247.

[30] Comment, p. 2, Ground No. III; rollo, p. 393.

[31] Supra note 5.

[32] Rollo, p. 14; CA Decision, p. 6, last paragraph.

[33] LABOR CODE, Article 247.

[34] San Miguel Brewery Sales Force Union-PTGWO v. Ople, G.R. No. 53515, February 8, 1989, 170 SCRA 25.

[35] First Philippine International Bank v. Court of Appeals, G.R. No. 115849, January 24, 1996, 252 SCRA 259.

[36] Rollo, p. 292; MRC Joint Decision, p. 9, paragraph 1.

[37] Id. at 309, NLRC resolution dated March 24, 2006, p. 10, par. 1.

[38] Id. at 309; NLRC resolution dated March 24, 2006, p. 10, dispositive portion.

[39] LABOR CODE, Article 279.

[40] Kay Products, Inc. v. CA, G.R. No. 162472, July 28, 2005, 464 SCRA 544.

[41] Litonjua Group of Companies v. Vigan, G.R. No. 143723, June 28, 2001, 360 SCRA 194.

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.