

**RAYMOND D. JACOB, JOERY L. SITJAR, AYAN C. GABRIEL,
GREGORIO B. BALATON, LAWRENCE ALBERT N. INSIGNE, AND
DENNIS L. TALAMANTE, PETITIONERS, VS. VILLASERAN
MAINTENANCE SERVICE COR...**

G.R. No. 243951. January 20, 2021

Ponente: LAZARO-JAVIER, J.

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LAZARO-JAVIER, J.:

The Case

This petition for review on certiorari[1] seeks to reverse the following dispositions of the Court of Appeals in CA-G.R. S.P. No. 149606, entitled Raymond D. Jacob, Joery L. Sitjar, Ayan C. Gabriel, Gregorio B. Balaton, Lawrence Albert N. Insigne, and Dennis L. Talamante v. National Labor Relations Commission (Sixth Division), Villaseran Maintenance Service Corp. and Maria Antonia V. Mercado:

- Decision[2] dated August 20, 2018, affirming the ruling of the National Labor Relations Commission (NLRC) which declared that petitioners were not illegally dismissed as they voluntarily resigned from their employment; and
- Resolution[3] dated December 19, 2018 denying reconsideration.

Antecedents

The Complaint

By Complaint dated April 7, 2016, petitioners Raymond D. Jacob (Jacob), Joery L. Sitjar (Sitjar), Ayan C. Gabriel, Gregorio B. Balaton, Lawrence Albert N. Insigne, and Dennis L. Talamante (Talamante) sued respondents Villaseran Maintenance Service Corp. (Villaseran) and Maria Antonia V. Mercado (Mercado) for illegal dismissal, non-payment of benefits, backwages, and other monetary awards.[4] In their Position Paper[5] dated May 13, 2016, they essentially alleged:

Villaseran, a domestic company engaged in providing manpower services,[6] hired them as janitors and electricians assigned at Manila Central University Hospital (MCU).[7] But on January 31, 2016, MCU terminated its manpower service contract with Villaseran, causing their removal from their respective posts. Villaseran, nonetheless, assured them of new assignments with a new principal. Meantime, petitioners Sitjar and Talamante were absorbed by the new manpower agency contracted by MCU, allowing them to continue with their respective jobs there.[8]

In February 2016, respondent Mercado, general manager of Villaseran, made them draft resignation letters purportedly as a formal requirement for their reassignment. Too, she asked them to sign identical Release and Quitclaim forms before they could receive their last pay and benefits from MCU, which they complied.[9]

For almost two (2) months, however, they received no word from respondents regarding the promised

reassignment. Thus, they sued respondents for illegal dismissal. They claimed their resignation letters were products of unintelligent and confused decisions caused by respondents' deceitful representations and false promises of new work assignments.[10]

In their Joint Position Paper[11] dated May 12, 2016, respondents countered that petitioners were not illegally dismissed but voluntarily resigned. Petitioners never even asked for reinstatement. To be sure, during the mediation conference, they offered petitioners to report back to work but the latter refused.

Respondents also maintained that petitioners themselves executed handwritten letters of resignation and duly signed release and quitclaims, which read:[12]

VILLASERAN MAINTENANCE

AKO PO SI JOERY L. SITJAR NAKAASSIGNED SA MCU HOSPITAL BILANG ELECTRICIAN
ENGINEERING DEPT

NAGRESIGN NGAYON FEB 19 2016

MARAMING SALAMAT PO

(SGD.)[13]

Feb 20, 2016

Villaseran Maintenance

Ako si Dennis Talamante nakaassign sa MCU Hospital bilang Electrician ay nagresign ngayong Feb. 20, 2016.

(SGD.)[14]

VILLASERAN MAINTENANCE SERVICE CORP

AKO SI AYAN C. GABRIEL NAKAASINNED SA MCU HOSPITAL AY NAGRESIGNED NGAYON JAN
31 2016

MARAMING SALAMAT PO

(SGD.)[15]

VILLASERAN MAINTENANCE

AKO SI RAYMOND JACOB NAKAASIGN SA MCU HOSPITAL BILANG ATTENDANT AY NAG
[RE]SIGNED NGAYON FEB 19, 2016.

(SGD.)[16]

FEB 19 2016

TO VILLASERAN MAINTENANCE

AKO PO SI GREGORIO B. BALATON NAKAASSIGNED SA MCU HOSPITAL BILANG BUILDING
ATTENDANT

AKO AY NAG[RE]SIGNED NGAYON FEB 19, 2016.

(SGD.)[17]

FEB 19 2016

VILLASERAN MAINTENANCE

AKO PO SI LAWRENCE ALBERT N. INSIGNE NAKA ASSIGNED SA MCU HOSPITAL BILANG BUILDING ATTENDANT AY NAGRESIGNED NGAYON FEB 19, 2016.

MARAMING SALAMAT

(SGD.)[18]

RELEASE AND QUITCLAIM[19]

RECEIVED from VILLASERAN MAINTENANCE SERVICE CORPORATION, the sum of _____ (P _____) Pesos, in Philippine Currency, in consideration of which I hereby certify and confirm that I have no further claim or cause of action of any and all kinds, past and present, against said Company by reason of or in relation to my past employment or other contract with the Company or under any existing laws under the Labor Code and such other Presidential Decrees and Letter of Instructions that have been, or may be promulgated, and, if there be any, for and in consideration of the above mentioned amount.

Further, I hereby waive, release and quit claim any and all demands, suit or cause of action if existing, against said Company, its officers and representatives.

(EMPLOYEE)

Gagalangin, Tondo, Manila

SIGN(ED) IN THE PRESENCE OF:

(Signed with corresponding amounts and receipts attached, noting "Salary Adjustment Oct. 4, 2013 to Oct. 31, 2015. [NCR W.O. NO. 18 & 19][20]

In petitioners' Reply[21] dated May 27, 2016, they essentially reiterated their arguments in their Position Paper. They added that they resigned from their assignment in MCU, not from Villaseran itself since they still expected to be reassigned by Villaseran to another post. Thus, there was no real intention to abandon their jobs with Villaseran.

Through Joint Reply[22] dated May 30, 2016 respondents riposted that petitioners' resignation was voluntary; petitioners never asked to be reinstated throughout the proceedings; petitioners had been absorbed by another agency to work in MCU; and petitioners refused the offer to return to work for Villaseran. Thus, there was no illegal dismissal to speak of. Since petitioners voluntarily resigned, they were not entitled to separation pay.[23] At any rate, Mercado should be dropped as respondent as she was simply an officer of the company who did her work in good faith. The veil of corporate entity cannot be pierced absent bad faith or fraud.[24]

Through Rejoinder[25] dated June 6, 2016, petitioners pleaded their arguments. They further averred that only Sitjar and Talamante were absorbed by MCU. The others, except for Jacob, remained unemployed. They only resigned upon instruction of respondents and on the condition that Villaseran would reassign them to another post.

They denied that respondents offered to reinstate them as employees. Otherwise, they would have readily accepted the offer, having no other source of livelihood. It would have been contrary to human nature and logic for them to reject a job from which they derive sustenance and even survival.

The Labor Arbiter's Ruling

By Decision[26] dated June 30, 2016, the Labor Arbiter ruled that respondents were guilty of illegal dismissal for failure to prove that petitioners' resignation was voluntary, viz.:

WHEREFORE, premises considered, judgment is hereby rendered, declaring respondents guilty of illegal dismissal. Accordingly, respondents are ordered jointly and severally liable:

1. To pay complainants their backwages, computed from the (sic) up to the finality of this decision. As of this date, their backwages, are as follows:

NAMES

BACKWAGES

JOERY SITJAR

P59,902.65

GREGORIO BALATON

P59,531.36

LAWRENCE ALBERT INSIGNE

P59,531.36

AYAN GABRIEL

P68,742.91

RAYMOND JACOB

P59,531.36

DENNIS TALAMANTE

P59,902.65

2. To pay complainants, the amounts of which opposite their respective names, representing their separation pay:

NAMES

SEPARATION

JOERY SITJAR

P163,592.00

GREGORIO BALATON

P137,566.00

LAWRENCE ALBERT INSIGNE

P125,060.00

AYAN GABRIEL

P162,578.00

RAYMOND JACOB

P125,060.00

DENNIS TALAMANTE

P37,752.00

3. To pay complainants the amounts of which opposite their respective names, representing their pro-rata 13[th] month pay for the year 2016:

NAMES

Pro-rata 13[th] MONTH PAY

JOERY SITJAR

P2,862.86

GREGORIO BALATON

P2,845.11

LAWRENCE ALBERT INSIGNE

P2,845.11

AYAN GABRIEL

P2,845.11

RAYMOND JACOB

P2,845.11

DENNIS TALAMANTE

P2,862.86

4. To pay complainants an amount equivalent to ten (10%) percent of the total judgment awards, as and for (sic) attorney's fees.

Other claims are dismissed for lack of merit.

The complaint of RAMIL OLIVEROS is also DISMISSED on the ground of withdrawal of complaint against herein respondents. So, too, with the complaint of RENE MONTUY A, for failure to prosecute his claims.

SO ORDERED.

First. It was very unlikely that petitioners would simply resign after having worked religiously for several years with Villaseran only to later file a complaint for illegal dismissal which they vigorously pursued.[27]

Second. Petitioners' resignation was conditional, predicated as it was on the promise that they would be reassigned after they were given their last pay for their work at MCU. Clearly, then, they did not simply intend to just leave their jobs. The absence of petitioners' intent to sever the employer-employee relationship shows they were deceived into relinquishing their jobs.[28]

Third. Petitioners as lowly employees may not have understood the consequences of affixing their signatures to the resignation letters and Release and Quitclaims they had signed. Worse, it appeared that the amounts given to them as indicated in their respective quitclaim forms were merely for salary adjustments for the period October 4, 2013 to October 31, 2015 which they were legally entitled to receive without need of resignation. The amounts were not for petitioners' final pay for their work at MCU as Villaseran claimed them to be.[29]

Finally. The alleged offer for petitioners to return to work was a mere afterthought to thwart the case of illegal dismissal. Respondents did not even bother to prove that they in fact made such an offer to petitioners.[30]

The NLRC's Ruling

Through Decision[31] dated October 19, 2016, the NLRC partially granted the appeal, declaring petitioners' resignations to be voluntary, but affirmed the awards of pro-rata payment of 13[th] month pay and attorney's fees, viz.:

WHEREFORE, the Appeal is PARTIALLY GRANTED. The Decision dated June 30, 2016 of Labor Arbiter Joel S. Lustria declaring Complainants to have been illegally dismissed is SET ASIDE and a new one is issued declaring their resignations voluntarily made.

The award of pro-rata payment of 13[th] month pay for December 2015 up to February 19, 2016 in favor of Complainants by Labor Arbiter Lustria is hereby AFFIRMED, including the 10% attorney's fees based on the total monetary award herein adjudged.

SO ORDERED.

The NLRC noted that petitioners admitted to having executed the resignation letters in compliance with the alleged condition offered by Villaseran. It, however, found such "condition" to be unbelievable and lacking of

rational connection to the intended assignment. Resignation was not required for petitioners to be assigned to a new principal, as respondent was actually still duty-bound to look for new assignments for them.[32]

As for the allegation that petitioners were required to submit resignation letters to receive their final pay from MCU, the NLRC found this trivial and unbelievable, considering that there was no proof that MCU imposed such condition.[33]

Respondents' explanation was therefore more credible – petitioners opted to be absorbed by the new agency which MCU contracted to replace Villaseran. This was bolstered by petitioners' refusal to return to Villaseran when the company offered them re-employment. Instead, petitioners demanded separation pay even though they were jobless at the time. To be sure, the resignation letters were handwritten by petitioners themselves and the terms embodied therein, unequivocal.

There being no concrete evidence to prove that respondents employed fraud or improper advantage to deprive petitioners of their freedom of choice, the NLRC found it proper to reverse the Labor Arbiter's ruling.[34] The NLRC, too, denied reconsideration on November 28, 2016.[35]

Proceedings before the Court of Appeals

Aggrieved, petitioners assailed the NLRC dispositions before the Court of Appeals.[36] They argued:

First. They did not voluntarily resign. Their filing of an illegal dismissal case against respondents negated the voluntariness of their resignation. At any rate, their resignation letters must not be taken in isolation and at face value. For these do not conclusively establish that their actions were done freely, intelligently, and voluntarily.[37]

Second. The monetary benefits they received from signing the Release and Quitclaims were granted by law without any need for waivers or other concessions. This only showed respondents' fraudulent scheme to make them believe that the forms were required for their purported final pay.[38] More, the handwritten resignation letters suggest that their intention to resign was vague and were executed in mere compliance with respondents' order. To be sure, the wordings were similar and appeared to have been hastily written.[39]

Third. Petitioners could not have been expected to fully know the consequences of the handwritten resignation letters and pro forma release and quitclaims. They were mere janitors and electricians whose low educational attainment and financial difficulties were exploited by respondents.[40] Indeed, the law frowns upon quitclaims and releases, especially when executed by employees who were pressured into signing them by unscrupulous employers seeking to evade liability.[41]

Finally. The NLRC committed grave abuse of discretion in declaring that respondents employed no fraud and misrepresentation in making them sign their resignation letters.[42]

The Court of Appeals' Ruling

By Decision[43] dated August 20, 2018, the Court of Appeals affirmed.

First, other than petitioners' bare allegations, they offered no proof to substantiate their claim that respondents misled them into resigning from their jobs. On the contrary, petitioners' resignation was voluntary as supported by their handwritten letters and duly signed Release and Quitclaims.[44] Too, petitioners failed to prove that the documents they signed were conditions for Villaseran's supposed promise of reassignment and release of their final pay.[45]

Second. Respondents' offer for petitioners to return to work and petitioners' handwritten resignation letters

deserved more credence than petitioners' claim of illegal dismissal. Notably, petitioners never asked to be reinstated and only asked for separation pay. This could have only meant that they sought to enrich themselves at the expense of respondents.[46]

Finally, the Court of Appeals found nothing in the pleadings and evidence on record to support petitioners' allegation of fraud on respondents' part.[47] As a rule, fraud is never presumed and must be established by clear and convincing, and not a mere preponderance of evidence.

Through its Resolution[48] dated December 19, 2018, the Court of Appeals denied reconsideration.

The Present Appeal

Petitioners now seek affirmative relief from the Court and pray for the dispositions of the Court of Appeals to be reversed and the ruling of the Labor Arbiter, reinstated.[49] They fault the Court of Appeals for affirming the NLRC dispositions which found them to have voluntarily resigned from their jobs.

Petitioners assert that they did not resign voluntarily and were in fact illegally dismissed.[50] They essentially reiterate their arguments below, but emphasize that their resignation letters should not be taken on their face value and as conclusive proof that they were executed voluntarily; it is absurd and against common sense to have them prepare resignation letters and sign release and quitclaims as condition for Villaseran to pay their wages; it is highly suspect and unusual for them to have voluntarily resigned all at the same time; sudden resignation from a stable job is also contrary to logic and human nature, especially for rank-and-file employees who have no certain means of income or other readily available job opportunities.

As for their alleged failure to establish fraud, they counter that rules on evidence should not strictly be applied in labor cases and that their narration of the incidents, together with respondents' machination of facts and documents are sufficient to prove fraud.[51]

In their Comment[52] dated April 16, 2019, respondents maintain that petitioners' resignations were voluntary.

First. Petitioners' resignations from Villaseran were required by MCU itself as a condition to Petitioners' employment with the hospital.[53] Records from MCU itself show that petitioners had never been terminated from their MCU posts, even as of date. They were still connected with MCU, working the same jobs they held under Villaseran.[54] Petitioners rejected their offer of reinstatement since they were still working at MCU after having been absorbed by MCU's new manpower supplier.

Second. Not all waivers and quitclaims are invalid and against public policy. When the person making the waiver executed the same voluntarily, with full understanding of the act, and the consideration for the quitclaim is credible and reasonable, then it must be recognized as a valid and binding undertaking.[55]

Fourth. Petitioners were never deprived of their rights as workers and were given the benefits legally due them, including their service incentive leave, 13th month pay, SSS, etc. Payments for petitioners' 13th month pay for two (2) months, however, remained with respondents because petitioners never came back to collect the same and even refused to accept the checks during the proceedings.[56]

Finally. Mercado, as general manager, may not be held liable even if Villaseran is found to have illegally dismissed petitioners since she has a different legal personality from that of the corporation.[57]

Issue

Were petitioners illegally dismissed or did they resign voluntarily from their employment with Villaseran?

Ruling

We grant the petition.

At the outset, the issue of whether petitioners voluntarily resigned or were illegally dismissed involves a question of fact which the Court does not generally pass upon. For it generally accords great weight to the factual findings of labor officials.[58] Even then, however, the Court is not precluded from making its own factual determination when the factual findings of the tribunals below are conflicting, as here.[59]

Voluntary Resignation vis-à-vis Illegal Dismissal

Resignation is the voluntary act of an employee who is in a situation where he or she believes that personal reasons cannot be sacrificed in favor of the exigency of the service and has no other choice or is otherwise compelled to dissociate himself or herself from employment. It is a formal pronouncement or relinquishment of an office and must be made with the intention of relinquishing the office, accompanied by the act of relinquishment or abandonment. A resignation must be unconditional and with the intent to operate as such.[60]

To determine whether the employee indeed intended to relinquish his or her employment, the act of the employee before and after the alleged resignation must be considered.[61] More, the rule is when an employer raises the defense of resignation, the burden to establish the voluntariness of such resignation rests on the employer.[62] *Torreda v. Investment and Capital Corporation of the Philippines*[63] instructs:

The act of the employee before and after the alleged resignation must be considered to determine whether in fact, he or she intended to relinquish such employment. If the employer introduces evidence purportedly executed by an employee as proof of voluntary resignation and the employee specifically denies the authenticity and due execution of said document, the employer is burdened to prove the due execution and genuineness of such document. (Emphasis and underscoring supplied; citations omitted)

Here, petitioners assert that while they wrote and signed the supposed resignation letters and Release and Quitclaim forms, before they could receive their last pay and benefits from MCU they did not freely, intelligently, and voluntarily do so. Respondents merely tricked them into signing the same as they were made to believe that their signatures on these documents were required so they could receive their final pay from MCU. Since the due execution of these documents was raised as an issue, respondents bore the burden of proving otherwise, albeit it utterly failed to do so.

For one, resignation letters with quitclaims, waivers, or releases are generally looked upon with disfavor and commonly frowned upon. They are usually contrary to public policy, ineffective, and are meant to bar claims to a worker's legal rights.[64]

Carolina's Lace Shoppe v. Maquilan[65] elucidates that in order to prevent disputes on the validity and enforceability of quitclaims and waivers of employees under Philippine laws, said agreements should contain the following:

- A fixed amount as full and final compromise settlement;
- The benefits of the employees if possible with the corresponding amounts, which the employees are giving up in consideration of the fixed compromise amount;
- A statement that the employer has clearly explained to the employee in English, Filipino, or in the dialect known to the employees - that by signing the waiver or quitclaim, they are forfeiting or relinquishing their right to receive the benefits which are due them under the law; and
- A statement that the employees signed and executed the document voluntarily, and had fully understood the contents of the document and that their consent was freely given without any threat, violence, duress,

intimidation, or undue influence exerted on their person. (Emphasis supplied)

These requirements are absent here.

First. As the Labor Arbiter aptly noted, the amounts stated in petitioners' respective Release and Quitclaims pertained to their salary adjustments for the period October 4, 2013 to October 31, 2015 which petitioners were entitled to receive without any need for them to terminate their employment with Villaseran. Thus, it cannot be said that these amounts constituted reasonable consideration for petitioners' resignations.

Second. There was no trade off of benefit and compromise amount. For as stated, what were actually paid to petitioners in exchange for their resignation were merely their salary differentials.

Third. The Release and Quitclaims did not contain any statement that respondents clearly explained the repercussions and effects of signing the form to petitioners who appeared to have blindly signed the same as a condition imposed on them in exchange for the release of the amounts legally belonging to them in the first place. Worse, respondents did not even ensure that petitioners fully understood the documents they were signing and the consequences thereof. Petitioners were mere janitors and electricians who badly needed to be apprised of the implications of their actions in view of their low educational attainment.

Finally. The handwritten letters or the Release and Quitclaims do not bear any statement that petitioners signed and executed the documents voluntarily and fully understood the contents thereof and that their consent was freely given.

Absent the requirements for a valid release and quitclaim, the Court is compelled to rule that Release and Quitclaims forms which respondents made petitioners sign are invalid.

For another, the six (6) resignation letters handwritten by petitioners here were almost identical in form and substance, as if copied from a template or dictated on them. These similarly-worded resignation letters and the pre-drafted release and quitclaims render the voluntariness of their execution highly suspect.

In *Mobile Protective & Detective Agency v. OMPAD*,^[66] the Court noted that the resignation letters involved therein were pro forma and entirely copied by the employee in his own handwriting, hinting the absence of voluntariness.

In *Blue Angel Manpower and Security Services, Inc. v. Court of Appeals*,^[67] the Court also ruled:

We agree with the labor arbiter when he pointed out that the undated, similarly worded resignation letters tended to show that the guards were made to copy the pro-forma letters, in their own hand, to make them appear more convincing that the guards had voluntarily resigned. As the labor arbiter noted, the element of voluntariness of the resignations is even more suspect considering that the second set of resignation letters were pre-drafted, similarly worded, and with blank spaces filled in with the effectivity dates of the resignations. xxx private respondents claimed being forced to sign and copy the pro-forma resignation letters and quitclaims on pain that they would not get their remaining compensations. (Emphases supplied and underscoring)

The suspicion that petitioners did not voluntarily relinquish their employment is confirmed by the circumstances immediately after their resignation. They waited for respondents to reassign them as the latter had promised. But as it turned out, petitioners' reassignment never came, prompting them to file the complaint against respondents – a telling act which negates their supposed intent to sever their employment.

Indeed, it would be illogical to resign and then file a complaint for illegal dismissal.^[68] In *Demex Rattancraft, Inc. v. Leron*,^[69] the Court noted:

Intent to sever the employer-employee relationship can be proven through the overt acts of an employee. However, this intent "cannot be lightly inferred or legally presumed from certain ambivalent acts." The overt acts, after being considered as a whole, must clearly show the employee's objective of discontinuing his or her employment. (Emphases supplied; citations omitted)

In *ICT Marketing Services Inc. v. Sales*,^[70] the Court also emphasized:

[P]etitioner immediately filed a complaint for illegal dismissal. Resignation, it has been held, is inconsistent with the filing of a complaint. Thus, private respondent corporation's mere assertion that petitioner voluntarily resigned without offering convincing evidence to prove it, is not sufficient to discharge the burden of proving such assertion. It is worthy to note that the fact of filing a resignation letter alone does not shift the burden of proof and it is still incumbent upon the employer to prove that the employee voluntarily resigned. (Emphasis supplied)

Since petitioners' resignations were shown to have been forced upon them through respondents' deceptive scheme, petitioners are deemed to have been illegally dismissed. This holds true even for petitioners Sitjar and Talamante who had admittedly been absorbed by MCU's new manpower agency. For their subsequent employment does not exonerate respondents of liability for promising reassignment as a ruse to secure petitioners' resignation. To be sure, respondents used the same ploy on all petitioners, without any distinction. Thus, Sitjar and Talamante's new employment does not in any way erase Villaseran's liability to them.

In *FVR Skills and Services Exponents, Inc. (Skillex) v. Seva*,^[71] the Court ruled that absorption of employees by the new agency hired by a principal does not negate the fact of illegal dismissal, viz.:

The petitioner also asserts that the respondents' subsequent absorption by Robinsons' new contractors Fieldmen Janitorial Service Corporation and Altaserv negates their illegal dismissal. This reasoning is patently erroneous. The charge of illegal dismissal was made only against the petitioner which is a separate juridical entity from Robinsons' new contractors; it cannot escape liability by riding on the goodwill of others.

By law, the petitioner must bear the legal consequences of its violation of the respondents' right to security of tenure. The facts of this case show that since the respondents' hiring, they had been under the petitioner's employ as janitors, service crews and sanitation aides. Their services had been continuously provided to the petitioner without any gap. Notably, the petitioner never refuted this allegation of the respondents. Further, there was no allegation that the petitioner went out of business after the nonrenewal of the Robinsons' service contract. Thus, had it not been for the respondents' dismissal, they would have been deployed to the petitioner's other existing clients. (Emphases and italics supplied)

All told, the Court of Appeals erred in affirming the NLRC's finding that petitioners voluntarily resigned from their employment. On the contrary, they were duped into executing resignation letters and signing quitclaims and were, thus, illegally dismissed.

Respondent Mercado is not solidarily liable with Villaseran

While directors, officers, and managers like Mercado may be solidarily held liable with the corporation in cases of illegal termination of employees, this is the exception rather than the general rule. To be held solidarily liable with the corporation in labor cases, the manager or officer must have acted with malice or bad faith.^[72]

Here, petitioners repeatedly asserted that Villaseran actually meant to dismiss them in the guise of giving them new assignments with the requirement of resigning from their previous post – an allegation of fraud and bad faith.

Bad faith, however, is never presumed and must be proved by clear and convincing evidence, which petitioners failed to establish.^[73] To be sure, bad faith does not connote bad judgment or negligence; it imports a dishonest purpose or some moral obliquity and conscious doing of wrong; it means breach of a known duty through some

motive or interest or ill will; it partakes of the nature of fraud.[74]

Here, although the act of illegal dismissal was sufficiently substantiated, Mercado's participation was limited to making petitioners sign the documents, acting on Villaseran's behalf. With this factual milieu, the dishonest purpose, moral obliquity, or conscious doing of a wrong on her part was not shown and may not even be presumed. Mercado may have simply been ignorant or unaware of the plan to leave petitioners hanging. Hence, bad faith may not directly be attributed to her, and the Court cannot hold her solidarily liable with Villaseran's liabilities to petitioners.

The Labor Arbiter correctly awarded backwages, separation pay, pro-rata 13[th] month pay, and attorney's fees

In cases of illegal dismissal, the employee who was unjustly dismissed from work is entitled to reinstatement and full backwages.[75] Notably though, jurisprudence allows payment of separation pay if reinstatement is no longer feasible. The most common reason for payment of separation pay in lieu of reinstatement is when there are already strained relations between the employer and employee. Separation pay is also available when reinstatement is no longer practical or in the best interest of the parties.[76]

Here, petitioners immediately asked for separation pay, making it obvious that reinstatement is no longer desirable. Understandably so in view of Villaseran or respondents' broken promise of reassignment that went on for two (2) months and running – a frustratingly long period for simple laborers who have lost their only means of income. Hence, the Labor Arbiter's award of backwages and separation pay for their illegal dismissal was proper.

More so, petitioners rendered work until they were illegally dismissed in February 2016, making them entitled to pro-rated 13[th] month pay. For when an employee worked for only a portion of the year, the 13th-month pay is computed pro rata.[77]

Under Article 111 of the Labor Code, petitioners, too, are also entitled to attorney's fees often percent (10%) of the monetary awards.

In any event, both the NLRC and the Court of Appeals sustained the Labor Arbiter's award of pro-rated 13[th] month pay and attorney's fees, which respondents no longer contested. These monetary awards shall earn six percent (6%) interest per annum from finality of this Decision until fully paid.[78]

ACCORDINGLY, the petition is GRANTED. The Decision dated August 20, 2018 and the Resolution dated December 19, 2018 of the Court of Appeals in CA-G.R. SP No. 149606 are REVERSED and SET ASIDE, and the Labor Arbiter's Decision dated June 30, 2016 is REINSTATED with MODIFICATION.

Respondent Villaseran Maintenance Service Corp. is GUILTY of ILLEGAL DISMISSAL and is ORDERED to PAY petitioners the following:

- BACKWAGES computed from the time of petitioners' illegal dismissal until the finality of this Decision, thus:

Name

Date of Dismissal

1. Raymond D. Jacob

February 19, 2016

2. Joery L. Sitjar

February 19, 2016

3. Ayan C. Gabriel

January 31, 2016

4. Gregorio B. Balaton

February 19, 2016

5. Lawrence Albert N. Insigne

February 19, 2016

6. Dennis Talamante

February 20, 2016

2. SEPARATION PAY equivalent to one (1) month salary for every year of service based on their respective dates of hiring until finality of this Decision; and

3. ATTORNEY'S FEES of ten percent (10%).

These monetary amounts shall earn six percent (6%) interest per annum from finality of this Decision until fully paid.

The Court DIRECTS the labor arbiter to facilitate the re-computation of the total monetary awards due to petitioners in accordance with this Decision.

The complaint against respondent Maria Antonia V. Mercado is DISMISSED.

SO ORDERED.

Perlas-Bernabe, S.A.J., (Chairperson), Gesmundo, and M. Lopez, JJ., concur.
Rosario, J., on official leave.

[1] Rollo, pp. 13-34.

[2] Penned by Associate Justice Victoria Isabel A. Paredes with Associate Justices Priscilla J. Baltazar-Padilla (now a retired member of the Supreme Court) and Ronaldo Roberto B. Martin, concurring; rollo, pp. 42-50.

[3] Id. at 52-53.

[4] Id at 76-80.

[5] Id. at 81-88.

[6] Id. at 515.

[7] Id. at 515-516.

Name

Date Hired

Position

Salary

1. Raymond D. Jacob

February 2006

Janitor

P466.00/day

2. Joery L. Sitjar

January 9, 1999

Electrician

P469.00/day

3. Ayan C. Gabriel

February 2003

Janitor

P466.00/day

4. Gregorio B. Balaton

September 11, 2005

Janitor

P466.00/day

5. Lawrence Albert N. Insigne

September 2005

Janitor

P466.00/day

6. Dennis Talamante

March 2013

Electrician

P469.00/day

[8] Id. at 516.

[9] Id. at 490, and 516.

[10] Id. at 517.

[11] Id. at 94-103.

[12] Id. at 517.

[13] Id. at 105.

[14] Id.

[15] Id. at 106.

[16] Id. at 106.

[17] Id. at 108.

[18] Id.

[19] Identical forms filled and signed by each petitioner with corresponding receipt of sums of money.

[20] Rollo, pp. 109-122.

[21] Id. at 226-227.

[22] Id. at 296-302.

[23] Id. at 297-300.

[24] Id. at 301.

[25] Id. at 304-305.

[26] Penned by Labor Arbiter Joel S. Lustria, rollo, pp. 489-504.

[27] Rollo, p. 496.

[28] Id. at 496-497.

[29] Id.

[30] Id. at 498.

[31] Penned by Commissioner Nieves E. Vivar-de Castro, with Presiding Commissioner Joseph Gerard E. Mabilog and Commissioner Isabel G. Panganiban-Origuerra, concurring; id. at 514-526.

[32] Id. at 523.

[33] Id.

[34] Id. at 525.

[35] Id. at 535-536.

[36] Id. at 54-74.

[37] Id. at 62.

[38] Id. at 64.

[39] Id. at 64-66.

[40] Id. at 66.

[41] Id. at 67-68, citing *URSUMCO v. Caballeda*, 582 Phil. 118 (2008).

[42] Rollo, pp. 68-70.

[43] Penned by Associate Justice Victoria Isabel A. Paredes with Associate Justices Priscilla J. Baltazar-Padilla (now a retired member of the Supreme Court) and Ronaldo Roberto B. Martin, concurring; id. at 42-50.

[44] Id. at 47.

[45] Id.

[46] Id. at 49.

[47] Id. at 48.

[48] Id. at 52-53.

[49] Id. at 13-34; Petition for Review on Certiorari.

[50] Id. at 22-28.

[51] Id. at 28.

[52] Id. at 717-729.

[53] Id. at 722-723.

[54] Id. at 725-726.

[55] Id. at 727, citing *Periquet v. NLRC*, 264 Phil. 1115 (1990).

[56] Rollo, p. 728.

[57] Id.

[58] *Cosmos Bottling Corporation v. Nagrama*, 571 Phil. 281, 301 (2008).

[59] In *New City Builders, Inc. v. NLRC*, 499 Phil. 207, 212-213 (2005), citing *Insular Life Assurance Company, Ltd. v. CA*, 472 Phil. 11 (2004), the Supreme Court recognized several exceptions to this rule, to wit: "(1) when the findings are grounded entirely on speculation, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of facts are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; and (11) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion." Emphasis Supplied.

[60] *Grande v. Philippines Nautical Training College*, 806 Phil. 601, 615 (2017), citing *Fortuny Garments/Johnny Co v. Castro*, 514 Phil. 317, 323 (2005).

[61] *Grande*, citing *Vicente v. Court of Appeals*.

[62] *Panasonic Manufacturing Corporation v. Peckson*, G.R. No. 206316, March 20, 2019.

[63] G.R. No. 229881, September 5, 2018.

[64] *Al-Masiya Overseas Placement Agency v. Viernes*, G.R. No. 216132, citing *Philippine Employ Services and Resources, Inc. v. Paramio*, 471 Phil. 753, 730 (2004).

[65] G.R. No. 219419, April 10, 2019, citing *Flight Attendants and Stewards Association of the Philippines*

(FASAP) v. Philippine Airlines, Inc., 827 Phil. 680 (2018); and EDI-Staffbuilders International, Inc. v. National Labor Relations Commission, 563 Phil. 1 (2007).

[66] 497 Phil. 621, 630 (2005).

[67] 582 Phil. 159, 165 (2008).

[68] Grande, supra note 60, at 616, citing Fungo v. Lourdes School of Mandaluyong, 555 Phil. 225 (2007).

[69] 820 Phil. 693, 703 (2017).

[70] 769 Phil. 498, 511 (2015).

[71] 746 Phil. 244, 258 (2014).

[72] Polymer Rubber Corporation v. Salamuding, 715 Phil. 141, 150 (2013).

[73] Gatmaitan v. Dr. Gonzales, 525 Phil. 658, 671 (2006).

[74] Ever Electrical Manufacturing, Inc. v. Samahang Manggagawa ng Ever Electrical/NAMAWU, 687 Phil. 529, 538-539 (2012), citing Malayang Samahan ng mga Manggagawa sa M. Greenfield v. Ramos, 409 Phil. 75 (2001) and Elcee Farms v. NLRC, 541 Phil. 576 (2007).

[75] 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.

[76] Leopard Security and Investigation Agency v. Quitoy, 704 Phil. 449, 459-460 (2013).

[77] Central Azucarera De Tarlac v. Central Azucarera De Tarlac Labor Union-NLU, 639 Phil. 633, 639 (2010), citing Azucena, Jr., Cesario Alvero, Everyone's labor Code, 2001 edition, p. 79.

[78] Central Bank Circular No. 799, s. 2013; Nacar v. Gallery Frames, 716 Phil. 267, 283 (2013).

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