

DE LA SALLE UNIVERSITY, BROTHER DANIEL ORTIZ, FSC AND DEAN PATRICIO CEBALLOS, PETITIONERS, VS. LOLITA U. LAO AND COURT OF APPEALS, RESPONDENTS.

G.R. No. 56566. April 15, 1985

Ponente: AQUINO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-56566/>

AQUINO, J.:

This case is about the jurisdiction of the Court of First Instance over the claim for damages of Lolita U. Lao who was allegedly maliciously dismissed as assistant professor of De La Salle University at the end of her one-year probationary term.

The Appellate Court found that Lolita Lao was appointed "non-tenured full-time probationary assistant professor C" at P13,000 a year excluding payment for overload as shown in a memorandum of the chairman of the economics department dated October 22, 1974, addressed to the academic vice-president. It was stated in that memorandum that to strengthen the economics department Lao had been hired full-time effective October 16, 1974. The chairman requested that Lao be included in the faculty list and in the payroll.

Lao assumed her position and performed her academic duties. The secretary of the economics department in June, 1975 gave Lao a contract as a full-time faculty member for the school year 1975-76 at P15,155 per annum. The contract contained the conditions of her appointment. Lao signed it. She placed therein her residence certificate number, place and date of issue (Exh. B).

However, the university president did not sign the contract because Frank Tajanan, the chairman of the economics department, did not forward the contract to him. Lao taught during the first semester of the academic year, 1975-76. In August, 1975, she asked Tajanan what happened to her contract.

Tajanán replied that he intended to terminate her services with the school at the end of that first semester, the end of her one-year probationary period. Dr. Patricio R. Ceballos, the dean of the college of arts and sciences, confirmed that fact in his letter to Lao dated August 29, 1975. He stated that Lao's probationary status would end as of the first semester of academic year 1975-76 and that the university had decided not to enter into a permanent contract with her (Exh. C).

Brother Daniel Ortiz, FSC, the acting dean of the college, in his letter of September 30, 1975 further confirmed the termination of Lao's services at the end of the first semester, or on October 15, 1975 (Exh. D). Lao protested against the abortion of her contract (Exh. E; 17-26, Record on Appeal).

On October 3, she filed a petition against the university, its president, Brother Ortiz, Ceballos and Tajanan. She prayed that the university and its officials be restrained from terminating her services on October 15, 1975 and for the award of P99,000 as damages. The respondents pleaded that there was no enforceable contract and that the case falls within the jurisdiction of the National Labor Relations Commission.

Lao's services were terminated on October 15. On January 7, 1976 she filed an amended petition. She limited her

action to the recovery of damages amounting to P99,000. Respondents reiterated their objection to the court's jurisdiction and their defense that Lao had no cause of action for damages because no contract was violated.

The lower court found that the respondent university, Ortiz, Ceballos and Tajanan violated Lao's rights under her full-time contract. It sentenced them to pay solidarily to Lao P90,000 as moral and exemplary damages and attorney's fees. It relied on articles 1701, 20, 21, 2208(11), 2219(10), 2229 and 2232 of the Civil Code. The Appellate Court on November 12, 1980 affirmed the decision. The university and its officials appealed to this Court.

Appellants contend in their eight assignments of error that the case is within the jurisdiction of the National Labor Relations Commission. The Labor Code, which took effect on May 1, 1974, provides in its article 265(f) that Labor Arbiters have exclusive jurisdiction over "cases or matters arising from employer-employee relations" unless expressly excluded by the Code. As amended and revised, article 265(f) became article 217(5) of the Labor Code.

We hold that the Labor Arbiter and the NLRC have no jurisdiction over the case. It was properly brought before the civil courts. The issue was the existence of employer-employee relations between Lao and the university. Under article 265(f), later article 217(5), the existence of employer-employee relations is assumed, not disputed.

In this case, it is necessary to determine whether Lao became a permanent employee after she was hired as a probationary employee. The determination of that question could be more competently handled by the court after a full-dress trial and not by the Labor Arbiter by means of the position-paper procedure followed by him.

The other contention of the appellants in their ninth and tenth assignments of error is that Lao never became a permanent employee. We find that the contract for permanent employment was not completed because it was not signed by the university president, it was legally withdrawn before it became effective and it was never delivered to Lao.

Lao was a probationary employee. Her probationary employment was the one legally terminated by the university. There can be no doubt as to the university's prerogative to terminate her probationary employment and not to give her a permanent employment. Lao has no cause of action for damages. It must be conceded that she filed the case in good faith.

WHEREFORE, the judgment of the Appellate Court is reversed and set aside. Lao's amended petition (complaint) is dismissed. No costs.

SO ORDERED.

Abad Santos, Cuevas, and Alampay[*], JJ., concur.

Makasiar, J., (Chairman), in the result.

Concepcion, Jr., and Escolin, JJ., on leave.

[*] Designated to sit in the Second Division.

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.