

ST. THERESITA’S ACADEMY AND/OR THE SERVANTS OF ST. JOSEPH, REPRESENTED BY SR. ANITA BAGO, PETITIONERS, VS. THE NATIONAL LABOR RELATIONS COMMISSION AND LILIA ARIOLA, RESPONDENTS.

G.R. No. 94523. October 27, 1992

Ponente: GRIÑO-AQUINO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-94523/>

GRIÑO-AQUINO, J.:

Petition for certiorari with application for preliminary injunction and/or restraining order to annul and/or set aside the resolution dated July 2, 1990 of the Fourth Division of the National Labor Relations Commission (Cebu City) (NLRC, for short), affirming with modification the decision dated August 14, 1987 of the Labor Arbiter of Bacolod City in RAB-VI-Case No. 0201--83. The dispositive portion of the decision of the NLRC reads as follows:

"WHEREFORE, the appeal filed by respondents is hereby dismissed for lack of merit and the decision of the Labor Arbiter dated August 14, 1987 is hereby MODIFIED. Respondent is hereby ordered to pay complainant her backwages limited to three (3) years without deduction and qualification starting April 1983. In lieu of reinstatement, respondents are hereby ordered to give separation pay to herein complainant computed at the rate of one month's salary for every year of service from June 1979 up to March 1986, the end of the three (3) year rule on backwages." (p. 39, Rollo.)

The private respondent, Lilia G. Ariola, had been employed as a school teacher since the school year 1954--55 up to the school year 1975-76 (or for 22 continuous years). She retired on March 30, 1976 with separation benefits in the amount of P4,927.30. For a while, she worked as an insurance underwriter. In 1979, the Mother Superior invited her to go back as a school teacher because the school needed qualified and good teachers in Mathematics and English. The complainant accepted on condition that she should be considered a regular teacher and not as a newly hired teacher. That condition was accepted without hesitation. She signed a contract with the school which was renewable yearly.

Complainant and her co-teachers were paid summer living allowance in 1979-1980 and 1980-1981. However, in June 1981, that amount was deducted from their salaries. Complainant and her co-teachers protested against the deduction. A meeting was called by the school to explain that the payment of the summer living allowance had been a mistake, hence, it must be paid back to the school. Another meeting was called by the Mother Superior to discuss the legality of the deduction and/or nonpayment of the summer living allowance. In that meeting, the complainant and her co-teachers pleaded for the revival of the summer living allowance but they were advised by the Mother Superior that the school could not afford to give it to them. The matter was referred to the Ministry of Labor and Employment. Because of the agitation for the payment of the summer living allowance, the Siervas de San Jose, which owns and operates respondent school in Silay City, held a board meeting on January 19, 1983 (Exhibit I), wherein it was resolved that effective school year 1983-84, no Siervas de San Jose School shall rehire a retired teacher and that any rehired retiree who is at present a member of the faculty shall be notified that her/his

Teacher's Contract will not be renewed for the coming year.

After four (4) years of continuous satisfactory service, complainant was notified on March 1, 1983 that her contract would no longer be renewed at the end of the school year 1982-83. A report was made to the office of the Ministry of Labor and Employment regarding the impending termination of her teacher's contract (Annex E).

On April 7, 1985, private respondent filed in the NLRC, National Arbitration Branch No. VI in Bacolod City, a complaint against the petitioner for Illegal Dismissal praying for reinstatement with backwages, ECOLA, non payment of allowances, underpayment of 13th month pay and damages.

On August 14, 1987, the Labor Arbiter rendered a decision ordering the petitioner to pay the private respondent separation pay computed at one-half (1/2) month for every year of her 4-year service with the school.

On appeal by the school to the NLRC, the latter ruled that:

- (1) the year-to-year contract between petitioner and private respondent violated Art. 280 of the Labor Code, hence, despite the fixed period provided therein, private respondent became a "regular" employee who could not be dismissed except for cause;
- (2) when the year-to-year contracts went beyond three years, private respondent became a "regular" or "permanent" employee, pursuant to Sec. 75 of the Manual of Regulations for private schools, which provides that "full-time teachers who have rendered three consecutive years of satisfactory service shall be considered permanent" (p. 11, Rollo); and
- (3) the policy of the school of no longer renewing the year-to-year contracts of teachers who had been recalled from retirement, violated the security of tenure of the complainant.

On July 2, 1990, the NLRC issued the resolution quoted earlier in this decision.

In its petition for review of that decision, the petitioner alleges that:

1. the NLRC decision is clearly contrary to the decision of this Court;
2. the NLRC ruling confuses the three year-to-year probationary contracts given to new teachers before they become "regular and permanent," with the year-to-year or other fixed period contract given to teachers who are being recalled from retirement; for the year-to-year contract with a retired teacher is not intended to test the teacher's fitness to be hired on a permanent basis, unlike a new teacher who must first be tested; and
3. it is the prerogative of an employer to adopt a policy of not rehiring retired teachers and of not renewing the annual contracts of teachers who have been recalled from retirement.

A review of the records of this case shows that the NLRC did not abuse its discretion in affirming with modification the decision of the Labor Arbiter.

Article 280 of the Labor Code defines regular employment as follows:

"ART. 280. Regular and Casual Employment. - The provisions of written agreement to the contrary notwithstanding and regardless of the oral agreement of the parties, an employment shall be deemed to be regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or where the work or services to be performed is seasonal in nature and the employment is for the duration of the season.

"An employment shall be deemed to be casual if it is not covered by the preceding paragraph: Provided, That

any employee who has rendered at least one year of service, whether such service is continuous or broken, shall be considered a regular employee with respect to the activity in which he is employed and his employment shall continue while such actually exists." (Underscoring supplied.)

With respect to school teachers, paragraph 75 of the Manual of Regulations for Private Schools provides:

"Full-time teachers who have rendered three (3) years of satisfactory service shall be considered permanent." (p. 63, Rollo.)

Furthermore, paragraphs 7 and 9 of the Teacher's Contract which the petitioner and the private respondent signed, categorically stipulated:

"7. This CONTRACT SHALL BE IN FULL FORCE AND EFFECT during the school year 1982-1983 from June to March, unless sooner terminated by either party for valid causes and approved by the Director of Private Schools. In the absence of valid cause(s) for termination of services, this CONTRACT shall be rendered for the same period until the teacher shall have gained a Regular or Permanent Status, pursuant to the pertinent provisions of the Manual of Regulations for Private Schools.

"9. This CONTRACT shall not affect the Permanent Status of the teacher, even if entered into every school year; provided that the Probationary Period for new teachers shall be three (3) years." (Emphasis supplied, p. 79, Rollo.)

The record shows that after Ariola retired in 1976, she was rehired three (3) years later and rendered four (4) more years of satisfactory service to the petitioner in the school years 1979-1980, 1980-1981, 1981-1982, and 1982-1983.

When she was rehired in 1979 she did not have to undergo the 3-year probationary employment for new teachers for her teaching competence had already been tried and tested during her 22 years of service to the school in 1954 to 1976. She reentered the service in 1979 as a regular or permanent teacher. She could not be discharged solely on account of the expiration of her fourth annual contract. She could only be dismissed for cause and with due process, as provided in Article 279 of the Labor Code.

The NLRC did not abuse its discretion in holding that her dismissal from the service, on account of the expiration of her annual contract, was illegal and that the school is liable to pay her backwages and separation pay.

WHEREFORE, the petition for certiorari is DISMISSED, with costs against the petitioner.

SO ORDERED.

Medialdea and Bellosillo, JJ., concur.

Padilla, J., no part, former lawyer of Servants of St. Joseph.

Cruz, J., (Chairman), on leave.

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.