



Republic of the Philippines  
**SUPREME COURT**  
 Manila

CERTIFIED TRUE COPY  
  
 WILFREDO V. LAYITAN  
 Division Clerk of Court  
 Third Division

FEB 05 2018

**THIRD DIVISION**

**ALLIED BANKING CORPORATION,**  
**now merged with PHILIPPINE**  
**NATIONAL BANK,**  
 Petitioner,

**G.R. No. 219435**

Present:

VELASCO, JR., J., Chairperson,  
 BERSAMIN,  
 LEONEN,  
 MARTIRES, and  
 GESMUNDO, JJ.

- versus -

**REYNOLD CALUMPANG,**  
 Respondent.

Promulgated:

January 17, 2018

X-----X

**DECISION**

**VELASCO, JR., J.:**

**The Case**

Before the Court is a Petition for Review on *Certiorari* filed under Rule 45 of the Rules of Court for the reversal and setting aside of the Decision<sup>1</sup> dated September 12, 2014 and the Resolution<sup>2</sup> dated June 9, 2015 of the Court of Appeals (CA) - Cebu City in CA-G.R. CEB SP No. 02906, which affirmed the findings of the National Labor Relations Commission (NLRC) and of the Labor Arbiter, declaring respondent to have been illegally dismissed by petitioner.

**The Facts**

Petitioner Allied Banking Corporation<sup>3</sup> (“Bank”) and Race Cleaners, Inc. (“RCI”), a corporation engaged in the business of janitorial and manpower services, had entered into a Service Agreement whereby the latter provided the former with messengerial, janitorial, communication, and maintenance services and the personnel therefor.<sup>4</sup>

<sup>1</sup> *Rollo*, pp. 11-21. Penned by Associate Justice Renato C. Francisco and concurred in by Associate Justices Gabriel T. Ingles and Pamela Ann Abella Maxino.

<sup>2</sup> *Id.* at 23-25.

<sup>3</sup> Now merged with Philippine National Bank.

<sup>4</sup> *Rollo*, p. 35.

On September 28, 2003, respondent Reynold Calumpang was hired as a janitor by RCI and was assigned at the Bank's Tanjay City Branch ("the Branch"). He was tasked to perform janitorial work and messengerial/errand services. His job required him to be out of the Branch at times to run errands such as delivering statements and checks for clearing, mailing letters, among others.<sup>5</sup>

Petitioner, however, observed that whenever respondent went out on errands, it takes a long time for him to return to the Branch. It was eventually discovered that during these times, respondent was also plying his pedicab and ferrying passengers. Petitioner also found out through several clients of the Branch who informed the Bank Manager, Mr. Oscar Infante, that respondent had been borrowing money from them. Because of these acts, Mr. Infante informed respondent that his services would no longer be required at the Branch.<sup>6</sup>

Disgruntled, respondent thereafter filed a complaint for illegal dismissal and underpayment of wages against petitioner before the NLRC,<sup>7</sup> which was docketed as RAB VII-07-0094-2005-D.<sup>8</sup>

In his position paper, respondent asserted that the four-fold test of employer-employee relationship is present between him and the Bank.<sup>9</sup> First, he averred that he was a regular employee of the Bank assigned as a Janitor of the Branch with a salary of ₱4,200 payable every 15 days each month, and assigned such other tasks essential and necessary for the Bank's business.<sup>10</sup>

He alleged that petitioner engaged his services and exercised direct control and supervision over him through the Branch Head, Oscar Infante, not only as to the results of his work but also as to the means and methods by which the same was to be accomplished. According to respondent, Infante gives the direct orders on the work to be done and accomplished during working days, such as "m[o]pping, cleaning the comfort room of the [B]ank, arrang[ing] furniture and fixture, bank documents, throw[ing] garbage/waste disposal, cleaning the windows, tables and teller cage" as well as directing him to "do messengerial/errand services such as mailing of letters, delivery of bank statements and deliver[ing] checks for clearing."<sup>11</sup>

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<sup>5</sup> Id.

<sup>6</sup> Id.

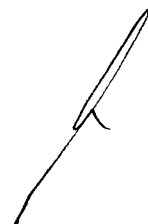
<sup>7</sup> Id.

<sup>8</sup> Id. at 87.

<sup>9</sup> Id. at 73.

<sup>10</sup> Id. at 72.

<sup>11</sup> Id. at 73.



As regards the payment of salary, respondent claimed that it was the Branch that directly paid his salaries and wages every “*quincina*.”<sup>12</sup> As for the power of dismissal, respondent further alleged that it was petitioner Bank, through its Branch Head, who terminated his services.<sup>13</sup>

For its part, petitioner alleged that respondent was not its employee, but that of RCI, with which it had entered into a Service Agreement to provide “messengerial, janitorial, communications and maintenance services and the personnel therefor.”<sup>14</sup> It claimed that while respondent was required to be out of the Branch at times to accomplish his tasks, it was observed that whenever he went out on these errands, he would take a long time to return to the Branch. Petitioner eventually discovered that during these times, respondent was “also plying his pedicab and ferrying passengers.” Aside from this, petitioner averred that several clients of the Branch informed Infante that respondent had been borrowing money from them “owing to his familiarity with said clients.” Upon discovering these incidents, petitioner “had no choice but to have complainant relieved and replaced.” Accordingly, Infante informed respondent that his services would no longer be required by the Branch.<sup>15</sup>

Petitioner denied the existence of any employer-employee relationship between itself and respondent. It asserted that respondent was clearly an employee of RCI by virtue of the Service Agreement which clearly indicated in Article XI thereof that there would be no employer-employee relationship between RCI’s employees and the Bank.<sup>16</sup> It further averred that RCI is a qualified job contractor because of its capitalization and the fact that it exercised control and supervision over its employees deployed at the branches of the petitioner in accordance with Rule VIII-A, Sec. 4, pars. (d) and (e) of the Omnibus Rules Implementing the Labor Code.<sup>17</sup>

Furthermore, petitioner argued that it was merely exercising its prerogative under the Service Agreement to seek the replacement or relief of any personnel assigned by RCI when the Branch Head informed respondent that his services would no longer be required at the Branch. According to petitioner, this decision to replace respondent was not equivalent to termination of employment, especially since it was neither whimsical nor arbitrary.<sup>18</sup> Thus, petitioner concludes that, in the absence of any employer-employee relationship between the parties, respondent had no cause of action against petitioner for illegal dismissal, damages and other claims.<sup>19</sup>

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<sup>12</sup> Id.

<sup>13</sup> Id. at 74.

<sup>14</sup> Id. at 80-81.

<sup>15</sup> Id. at 81.

<sup>16</sup> Id. at 82.

<sup>17</sup> Id. at 83.

<sup>18</sup> Id. at 83-84.

<sup>19</sup> Id. at 84.

### **Ruling of the Labor Arbiter**

In its Decision<sup>20</sup> dated March 28, 2006, the Labor Arbiter ruled in favor of respondent, the dispositive portion of which reads:

**WHEREFORE**, foregoing considered, complainant is hereby declared to be an employee of respondent Allied Banking Corporation. It is declared further that complainant has been illegally dismissed. Respondent Allied Banking Corporation is hereby ordered to reinstate complainant to his former position without loss of seniority rights or privileges, with full backwages from the time his salary was withheld until his actual reinstatement, which is tentatively computed in the amount of P37,800.00. Should reinstatement be unfeasible for valid reasons, respondent is ordered to pay the complainant separation pay of one month salary per year of service, a fraction of six months is considered as one year which is computed in the amount of P46,200.

**SO ORDERED.**<sup>21</sup>

The Labor Arbiter held that there was an employer-employee relationship between petitioner and respondent, based on the following findings: (a) Respondent rendered services to petitioner for eleven (11) unbroken years; (b) There was no evidence of a Service Agreement between petitioner and RCI; (c) There was no evidence of a request for replacement of respondent made by petitioner with RCI; (d) Respondent was directly paid by petitioner and not through RCI; (e) Respondent's work was directly controlled and supervised by petitioner; (f) It was petitioner who terminated the services of respondent with no participation of RCI whatsoever; and (g) RCI disowned any employment relationship with respondent.<sup>22</sup>

Considering its finding of the existence of an employer-employee relationship between petitioner and respondent, the Labor Arbiter further ruled that the reason and manner by which respondent was terminated fell short of the requirements of the law since due process was not observed. Accordingly, respondent was declared to have been illegally dismissed and ordered to be reinstated without loss of seniority or privileges, with full backwages.<sup>23</sup>

Aggrieved, petitioner immediately filed a Notice of Appeal and Memorandum of Appeal with the NLRC, which was docketed as NLRC Case No. V-000628-2006.<sup>24</sup>

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<sup>20</sup> Id. at 87-93. Rendered by Labor Arbiter Fructuoso T. Villarín, IV.

<sup>21</sup> Id. at 92-93.

<sup>22</sup> Id. at 90.

<sup>23</sup> Id. at 92-93.

<sup>24</sup> Id. at 94-103.

### **Ruling of the National Labor Relations Commission**

The NLRC affirmed the decision of the Labor Arbiter in its Decision dated February 16, 2007, to wit:

**WHEREFORE**, premises considered, the appeal of respondent Allied Banking Corporation is hereby **DISMISSED** for lack of merit and the appealed Decision is **AFFIRMED**.

**SO ORDERED.**<sup>25</sup>

Agreeing with the Labor Arbiter's findings, the NLRC ruled that petitioner exercised all the elements of an employer-employee relationship through the payment of wages, control and supervision over complainant's work and the power of dismissal.<sup>26</sup> The NLRC discredited petitioner's argument that it merely exercised its prerogative to seek for a replacement or relief of any personnel assigned by RCI absent any evidence that it sought respondent's relief from RCI.<sup>27</sup>

Petitioner moved for the reconsideration of the NLRC Decision,<sup>28</sup> but the same was denied in a Resolution dated May 17, 2007.<sup>29</sup> Thus, petitioner elevated the matter to the CA in a petition which was docketed as CA-G.R. SP No. 02906.<sup>30</sup>

### **Ruling of the Court of Appeals**

In the assailed Decision dated September 12, 2014, the CA denied the petition and upheld the rulings of the Labor Arbiter and the NLRC. The dispositive portion of the assailed Decision reads:

**WHEREFORE**, premises considered, the petition is hereby **DENIED**. The NLRC Decision dated 16 February 2007 and the Resolution dated 17 May 2007, in RAB VII Case No. 07-0094-2005-D, is **AFFIRMED**.

The Labor Arbiter is hereby ordered to re-compute the award of backwages and separation pay in accordance with the above disquisitions.

**SO ORDERED.**<sup>31</sup>

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<sup>25</sup> Id. at 106.

<sup>26</sup> Id. at 105.


<sup>27</sup> Id. at 106.

<sup>28</sup> Id. at 108-116.

<sup>29</sup> Id. at 117-118.

<sup>30</sup> Id. at 119-134.

<sup>31</sup> Id. at 20-21.



The CA ruled that RCI is a labor-only contractor. It applied the test of independent contractorship that “whether one claiming to be an independent contractor has contracted to do work according to his own methods and without being subject to the control of the employer, except only as to the results of the work” in determining that RCI merely served as an agent of petitioner bank and that respondent was truly an employee of petitioner.<sup>32</sup>

As to the issue of the propriety of respondent’s dismissal, the CA affirmed the findings of the Labor Arbiter and the NLRC that petitioner Bank failed to give respondent ample opportunity to contest the legality of his dismissal since no notice of termination was given to him. Consequently, the CA affirmed the award of reinstatement without loss of seniority rights and other privileges, and his full backwages inclusive of allowances and other benefits or their monetary equivalent, computed from the time his compensation was withheld up to the time of his actual reinstatement.

Nevertheless, finding that there were strained relations between petitioner bank and respondent, the CA ordered the award of separation pay in lieu of reinstatement, equivalent to one (1) month salary for every year of service, with a fraction of a year of at least six (6) months to be considered as one (1) whole year, to be computed from the date he was hired until the finality of the decision, earning a legal interest at the rate of six percent (6%) *per annum* until full satisfaction.

Petitioner filed a *Motion for Reconsideration (of the Decision Dated 12 September 2014) with Entry of Appearance and Motion for Substitution of Party* dated October 16, 2014,<sup>33</sup> but it was denied in the assailed Resolution dated June 9, 2015.

Hence, this petition.

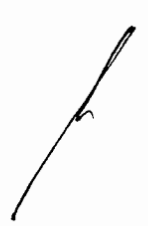
### **The Petition**

Petitioner asserts that the CA erred in declaring RCI as a labor-only contractor. It claims that RCI carried an independent business as reflected in the Service Agreement that petitioner bank entered with RCI. Aside from the substantial capitalization of RCI, petitioner bank avers that RCI exercises control and supervision over its personnel deployed at its branches. Petitioner bank further argues that even assuming that respondent’s work is related to its business, such work is not necessary in the conduct of the bank’s principal business. Finally, petitioner contends that it does not have the power to dismiss respondent and control his work based on the Service Agreement with RCI.

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<sup>32</sup> Id. at 15-19.

<sup>33</sup> Id. at 146-159.



Nevertheless, petitioner bank defends its right to ask for respondent's replacement under Article IV of the Service Agreement. Petitioner reiterates that respondent's acts of borrowing money from the bank's clients and plying/ferrying passengers for a fee during his hour of duty constitute conduct which is prejudicial to the interest of petitioner. Thus, in accordance with the Service Agreement, petitioner bank merely exercised its right to change or have respondent replaced instead of imposing disciplinary measures on him. According to petitioner, this act was erroneously construed by the CA as an exercise of the power of control over or of dismissal of respondent.

In a Resolution<sup>34</sup> dated September 28, 2015, We required respondent to comment on the petition within ten (10) days from notice. However, respondent has failed to file any comment thereon to date. Accordingly, respondent is deemed to have waived his right to comment on the petition and the Court shall now proceed to rule on its merits.

### **The Issues**

Petitioner raises the following issues:

1. Whether or not the CA erred in declaring that RCI is a labor-only contractor.
2. Whether or not the CA erred in declaring that there exists an employer-employee relationship between the Bank and respondent.
3. Whether or not the CA erred in (i) declaring that respondent had been illegally dismissed, and (ii) granting his monetary claims.

Essentially, the principal issue is whether the CA erred in affirming the NLRC Decision which declared that RCI is a labor-only contractor, and in ordering the Labor Arbiter to re-compute the award of backwages and separation pay.

### **The Court's Ruling**


The petition is partly meritorious.

#### ***RCI is a labor-only contractor***

Article 106 of the Labor Code provides the relations which may arise between an employer, a contractor, and the contractors' employees, thus:

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<sup>34</sup> Id. at 166-167.



ART. 106. *Contractor or subcontracting.* – Whenever an employer enters into a contract with another person for the performance of the former's work, the employees of the contractor and of the latter's subcontractor, if any, shall be paid in accordance with the provisions of this Code.

In the event that the contractor or subcontractor fails to pay the wages of his employees in accordance with this Code, the employer shall be jointly and severally liable with his contractor or subcontractor to such employees to the extent of the work performed under the contract, in the same manner and extent that he is liable to employees directly employed by him.

The Secretary of Labor and Employment may, by appropriate regulations, restrict or prohibit the contracting out of labor to protect the rights of workers established under the Code. In so prohibiting or restricting, he may make appropriate distinctions between labor-only contracting and job contracting as well as differentiations within these types of contracting and determine who among the parties involved shall be considered the employer for purposes of this Code, to prevent any violation or circumvention of any provision of this Code.

There is labor-only contracting where the person supplying workers to an employer does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, and the workers recruited and placed by such person are performing activities which are directly related to the principal business of such employer. In such cases, the person or intermediary shall be considered merely as an agent of the employer who shall be responsible to the workers in the same manner and extent as if the latter were directly employed by him.

Permissible job contracting or subcontracting has been distinguished from labor-only contracting such that permissible job contracting or subcontracting refers to an arrangement whereby a principal agrees to put out or farm out to a contractor or subcontractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal, while labor-only contracting, on the other hand, pertains to an arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job, work or service for a principal.<sup>35</sup>

These distinctions were laid out in the Omnibus Rules Implementing the Labor Code thus:

SECTION 8. Job Contracting. — There is job contracting permissible under the Code if the following conditions are met:

(a) The contractor carries on an independent business and undertakes the contract work on his own account under his own responsibility according to his own manner and method, free from the control and direction of his employer or principal in all matters connected with the performance of the work except as to the results thereof; and

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<sup>35</sup> *Sasan, Sr. v. National Labor Relations Commission 4th Division*, G.R. No. 176240, October 17, 2008, 569 SCRA 670.





(b) The contractor has substantial capital or investment in the form of tools, equipment, machineries, work premises, and other materials which are necessary in the conduct of his business.

SECTION 9. Labor-only contracting. — (a) Any person who undertakes to supply workers to an employer shall be deemed to be engaged in labor-only contracting where such person:

(1) Does not have substantial capital or investment in the form of tools, equipment, machineries, work premises and other materials; and

(2) The workers recruited and placed by such person are performing activities which are directly related to the principal business or operations of the employer in which workers are habitually employed.

(b) Labor-only contracting as defined herein is hereby prohibited and the person acting as contractor shall be considered merely as an agent or intermediary of the employer who shall be responsible to the workers in the same manner and extent as if the latter were directly employed by him.

(c) For cases not falling under this Rule, the Secretary of Labor and Employment shall determine through appropriate orders whether or not the contracting out of labor is permissible in the light of the circumstances of each case and after considering the operating needs of the employer and the rights of the workers involved. In such case, he may prescribe conditions and restrictions to insure the protection and welfare of the workers.

As a general rule, a contractor is presumed to be a labor-only contractor, unless such contractor overcomes the burden of proving that it has the substantial capital, investment, tools and the like.<sup>36</sup>

In the present case, petitioner failed to establish that RCI is a legitimate labor contractor as contemplated under the Labor Code. Except for the bare allegation of petitioner that RCI had substantial capitalization, it presented no supporting evidence to show the same. Petitioner never submitted financial statements from RCI. Even the Service Agreement allegedly entered into between petitioner and RCI, upon which petitioner relied to show that RCI was an independent contractor, had lapsed in August 2005, as admitted by petitioner in its Position Paper.<sup>37</sup> Notably, petitioner failed to allege when the Service Agreement was executed, thus, making its claim that respondent was hired by RCI and assigned to petitioner in 2003 even more ambiguous.


Aside from this, petitioner's claim that RCI exercised control and supervision over respondent is belied by the fact that petitioner admitted that its own Branch Manager had informed respondent that his services would no longer be required at the Branch.<sup>38</sup> This overt act shows that petitioner had

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<sup>36</sup> *Diamond Farms, Inc. v. Southern Philippines Federation of Labor (SPFL)-Workers Solidarity of DARBMUPCO/Diamond-SPFL*, G.R. Nos. 173254-55 & 173263, January 13, 2016.

<sup>37</sup> *CA rollo*, pp. 38-39.

<sup>38</sup> *Id.* at 39.



direct control over respondent while he was assigned at the Branch. Moreover, the CA is correct in finding that respondent's work is related to petitioner's business and is characterized as part of or in pursuit of its banking operations.

***An employer-employee relationship exists between petitioner and respondent***

A finding that a contractor is a labor-only contractor, as opposed to permissible job contracting, is equivalent to declaring that there is an employer-employee relationship between the principal and the employees of the supposed contractor, and the labor-only contractor is considered as a mere agent of the principal, the real employer.<sup>39</sup>

In this case, petitioner bank is the principal employer and RCI is the labor-only contractor. Accordingly, petitioner and RCI are solidarily liable for the rightful claims of respondent.

***Petitioner had valid grounds to dismiss respondent***

It is an established principle that the dismissal of an employee is justified where there was a just cause and the employee was afforded due process prior to dismissal.<sup>40</sup> The burden of proof to establish these twin requirements is on the employer, who must present clear, accurate, consistent, and convincing evidence to that effect.<sup>41</sup>

The Labor Arbiter haphazardly declared that respondent was illegally dismissed when it ruled that respondent's misconduct was not established since due process was not observed.<sup>42</sup> The NLRC also ruled in a similar manner and failed to address the grounds for termination raised by petitioner, specifically respondent's transgressions.<sup>43</sup> While the CA addressed the aspect of substantive due process, it simply disregarded the grounds raised by petitioner and concluded that petitioner failed to discharge the burden of proof that valid or authorized causes under the Labor Code exist.<sup>44</sup>

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<sup>39</sup> *Diamond Farms, Inc. v. Southern Philippines Federation of Labor (SPFL)-Workers Solidarity of DARBMUPCO/Diamond-SPFL*, supra note 36.

<sup>40</sup> *Olympia Housing, Inc. v. Allan Lapastora and Irene Ubalubao*, G.R. No. 187691, January 13, 2016.

<sup>41</sup> *Hanjin Heavy Industries and Construction Co. Ltd. v. Ibaez*, G.R. No. 170181, June 26, 2008, 555 SCRA 537.

<sup>42</sup> *Rollo*, p. 59.

<sup>43</sup> *Id.* at 106.

<sup>44</sup> *Id.* at 19-20.

We, however, find that petitioner's basis for terminating respondent rests on valid and legal grounds. At the very first instance, petitioner had already stressed in its position paper that respondent was found committing conduct prejudicial to the interests of the Branch when it was discovered that 1) respondent was plying his pedicab and ferrying passengers during his work hours and 2) he had been borrowing money from several clients of the Branch.

Nowhere in the records was it shown that respondent denied these imputations against him. Absent any denial on the part of respondent, the Court is constrained to believe that respondent's silence can be construed as an admission of these accusations against him.

The very nature of the actions imputed against respondent is serious and detrimental to the Bank's operations and reputation. Thus, petitioner's decision to relieve respondent from his employment is justified.

***Respondent's right to procedural due process was violated***

Nevertheless, We agree with the findings of the appellate court that there were procedural lapses in the dismissal of respondent.

The importance of procedural due process was expounded by this Court in *King of Kings Transport, Inc. v. Mamac*, thus:

(1) The **first written notice** to be served on the employees should contain the specific causes or grounds for termination against them, and a directive that the employees are given the opportunity to submit their written explanation within a reasonable period. Reasonable opportunity under the Omnibus Rules means every kind of assistance that management must accord to the employees to enable them to prepare adequately for their defense. This should be construed as a period of at least five calendar days from receipt of the notice x x x. Moreover, in order to enable the employees to intelligently prepare their explanation and defenses, the notice should contain a detailed narration of the facts and circumstances that will serve as basis for the charge against the employees. A general description of the charge will not suffice. *Lastly*, the notice should specifically mention which company rules, if any, are violated and/or which among the grounds under Art. 288 [of the Labor Code] is being charged against the employees.

(2) After serving the first notice, the employees should schedule and conduct a **hearing or conference** wherein the employees will be given the opportunity to (1) explain and clarify their defenses to the charge against them; (2) present evidence in support of their defenses; and (3) rebut the evidence presented against them by the management. During the hearing or conference, the employees are given the chance to defend themselves personally, with the assistance of a representative or counsel of their choice x x x.

(3) After determining that termination is justified, the employer shall serve the employees a **written notice of termination** indicating that: (1) all the circumstances involving the charge against the employees have been considered; and (2) grounds have been established to justify the severance of their employment.<sup>45</sup> (emphasis in the original)

In the present case, it is uncontested that petitioner failed to give respondent ample opportunity to contest the legality of his dismissal since he was neither given a notice to explain nor a notice of termination. The first and second notice requirements have not been properly observed; thus, respondent's dismissal, albeit with valid grounds, is tainted with illegality.

***The award of backwages and separation pay is deleted but respondent is entitled to nominal damages***

Considering that there were valid and substantive grounds to terminate respondent's employment, the award of backwages and separation pay is deleted. However, petitioner's violation of respondent's right to statutory procedural due process warrants the payment of indemnity in the form of nominal damages.

Nominal damages may be awarded to a plaintiff whose right has been violated or invaded by the defendant, for the purpose of vindicating or recognizing that right, and not for indemnifying the plaintiff for any loss suffered by him. Its award is thus not for the purpose of indemnification for a loss but for the recognition and vindication of a right.<sup>46</sup>


In fixing the amount of nominal damages whose determination is addressed to our sound discretion, the Court should take into account several factors surrounding the case, such as: (1) the employer's financial, medical, and/or moral assistance to the sick employee; (2) the flexibility and leeway that the employer allowed the sick employee in performing his duties while attending to his medical needs; (3) the employer's grant of other termination benefits in favor of the employee; and (4) whether there was a bona fide attempt on the part of the employer to comply with the twin-notice requirement as opposed to giving no notice at all.<sup>47</sup>

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<sup>45</sup> G.R. No. 166208, June 29, 2007, 526 SCRA 116, 125-26.

<sup>46</sup> *Libcap Marketing Corp., Johanna J. Celiz, and Ma. Lucia G. Mondragon v. Lanny Jean B. Baquial*, G.R. No. 192011, June 30, 2014.

<sup>47</sup> *Marlo A. Deoferio v. Intel Technology Philippines, Inc. and/or Mike Wentling*, G.R. No. 202996, June 18, 2014, 726 SCRA 679.




Based on the factual considerations of the present case, We deem it appropriate to award nominal damages in the amount of Thirty Thousand Pesos (₱30,000) in favor of respondent as a result of petitioner's act of violating his right to procedural due process.

**WHEREFORE**, the petition is hereby **PARTIALLY GRANTED**. The Decision dated September 12, 2014 and the Resolution dated June 9, 2015 of the Court of Appeals-Cebu City in CA-G.R. CEB SP No. 02906 are hereby **AFFIRMED** with **MODIFICATION**. Since Race Cleaners Inc. is a labor-only contractor, petitioner Allied Banking Corporation now merged with Philippine National Bank is declared to be the employer of respondent Reynold Calumpang, whose dismissal is declared to be substantively valid for being based on sufficient and valid grounds. However, he was denied his right to procedural due process for lack of the required twin notices to explain and of dismissal.

Consequently, petitioner is ordered to pay respondent nominal damages in the amount of ₱30,000 for its non-compliance with procedural due process.

**SO ORDERED.**



**PRESBITERO J. VELASCO, JR.**  
Associate Justice

WE CONCUR:

  
**LUCAS P. BERSAMIN**  
 Associate Justice

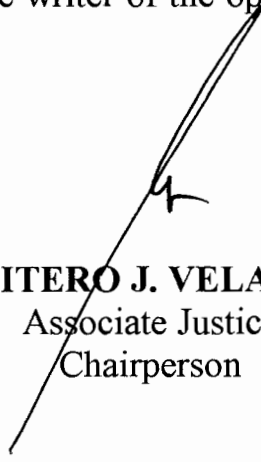
  
**MARVIC M.V.F. LEONEN**  
 Associate Justice

  
**SAMUEL R. MARTIRES**  
 Associate Justice

  
**ALEXANDER G. GESMUNDO**  
 Associate Justice

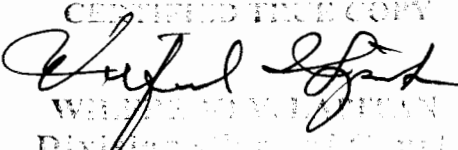
**ATTESTATION**

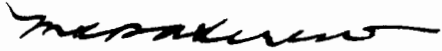
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**PRESBITERO J. VELASCO, JR.**  
 Associate Justice  
 Chairperson

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

CERTIFIED TRUE COPY  
  
 WILSON M. ALONSO  
 DIVISION CHIEF OF COURT  
 THIRD DIVISION

  
**MARIA LOURDES P. A. SERENO**  
 Chief Justice

FEB 05 2018