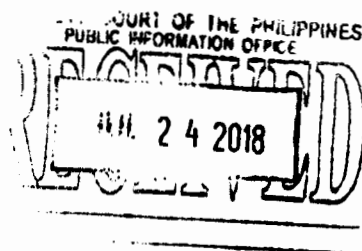




Republic of the Philippines
Supreme Court
 Manila



FIRST DIVISION

**STRADCOM CORPORATION
 AND JOSE A. CHUA,**
 Petitioners,

G.R. No. 206800

Present:

LEONARDO-DE CASTRO, J.,*
Chairperson,
 DEL CASTILLO,**
 JARDELEZA, and
 TIJAM,
 GESMUNDO, JJ.***

- versus -

**JOYCE ANNABELLE L.
 ORPILLA,**
 Respondent.

Promulgated:

JUL 02 2018

X-----X

DECISION

TIJAM, J.:

Before Us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court filed by petitioners Stradcom Corporation (Stradcom) and Jose A. Chua (Chua) (collectively referred to as petitioners), assailing the Decision¹ dated September 28, 2012 and Resolution² dated April 17, 2013 of the Court of Appeals (CA) in CA-G.R. SP No. 91150, which reversed the National Labor Relations Commission (NLRC) Decision³ dated July 30, 2004 and Resolution⁴ dated April 20, 2005 and reinstated the Labor Arbiter's (LA's) ruling⁵ dated September 30, 2003.

* On official leave.

** Designated as Acting Chairperson pursuant to Special Order No. 2562 dated June 20, 2018.

*** Designated as Acting Member pursuant to Special Order No. 2560 dated May 11, 2018.

¹ Penned by Associate Justice Michael P. Elbinias and concurred in by Associate Justices Isaias P. Dicedican and Nina G. Antonio-Valenzuela, *Rollo*, pp. 545-560.

² *Id.* at 573-575.

³ Penned by Presiding Commissioner Ernesto S. Dinopol and concurred in by Commissioners Roy V. Señeres and Romeo L. Go; *Id.* at 209-228.

⁴ *Id.* at 297-299.

⁵ Penned by Labor Arbiter Facundo L. Leda; *Id.* at 181-208.

The Procedural and Factual Antecedents

The Version of Respondent Joyce Anabelle L. Orpilla

On November 15, 2001, Joyce Anabelle L. Orpilla (respondent) was employed by Stradcom as Human Resources Administration Department (HRAD) Head, under a probationary status for six months, with a monthly salary of ₱60,000.⁶ Her duties included administrative and training matters.⁷

On January 2, 2003, Chua, the President and Chief Executive Officer (CEO) of Stradcom, issued a Memorandum addressed to the Chief Operating Officer (COO), Ramon G. Reyes (Reyes), and Chief Financial Officer (CFO), Raul C. Pagdanganan (Pagdanganan), announcing the reorganization of the HRAD.⁸ The pertinent portions of the memorandum provides:

1. The Training Section of the Department shall be spun off and will form part of the Business Operations. x x x (The Training Section shall be called Human Resources Training and Development).

x x x x

3. Under the said reorganization, new sections shall be reporting to the following:

- The Human Resources Training and Development shall be reporting to Mr. Ramon G. Reyes, COO.
- The Personnel and Administration shall be reporting to Mr. Raul Pagdanganan, CFO.
- Ms. Joyce Anabelle L. Orpilla and the Training Section will be reporting directly to the COO. x x x⁹

After the turn-over of the documents and equipment of HRAD, respondent inquired from Chua as to her status in the light of the said reorganization. Chua, on the other hand, replied that the management has lost its trust and confidence in her and it would be better if she resigned. Respondent protested the resignation and insisted that if there were charges against her, she was open for formal investigation. Chua, however, was not able to come up with any charges.¹⁰

On January 9, 2003, a meeting was held wherein, Atty. Eric Gene Pilapil (Atty. Pilapil), the Chief Legal Officer (CLO) offered a settlement to respondent in exchange for her employment, otherwise, respondent would

⁶ Id. at 88-90.

⁷ Id. at 303.

⁸ Id. at 120.

⁹ Id.

¹⁰ Id. at 305.

have to undergo the burden of litigation in pursuing the retention of her employment.¹¹ Atty. Pilapil set another meeting on January 13, 2003 with respondent, and told her to take a leave in the meantime to think about the settlement offer. Atty. Pilapil also assured respondent that she would continue to receive her salary.¹²

On January 13, 2003, per advice of Atty. Pilapil, respondent reported for work but the guards refused her entry and advised her to take a leave of absence.¹³

Respondent claimed that she was informed by Accounting Manager, Mr. Arnold C. Ocampo, that her January 15, 2003 salary was already deposited in her bank account which included the proportionate 13th month pay for the year 2003 and was her last and final pay. After such, respondent no longer received any kind of payment from petitioners.¹⁴ Respondent claimed that she was constructively dismissed on January 2, 2003 and turned into an actual dismissal on January 15, 2003, when she received her last pay.¹⁵

On June 29, 2003, respondent filed a complaint for constructive dismissal with monetary claims of backwages, attorney's fees and damages.¹⁶

The Version of Petitioners Stradcom Corporation and Jose A. Chua

On November 15, 2001, respondent was employed by Stradcom as HRAD Head, a managerial position with a monthly salary of ₱60,000.¹⁷ As HRAD Head, respondent's duties and responsibilities included administration and personnel, and training matters.¹⁸

Sometime in December 2002, Pagdanganan gave instructions to respondent to commence preparations for Stradcom's 2002 Christmas party. Chua also gave instructions to respondent to include the Land Registration Systems, Inc. (Lares) officers and employees, an affiliate of Stradcom in the Christmas party, to foster camaraderie and working relations between the two companies.¹⁹

¹¹ Id. at 306.

¹² Id. at 306.

¹³ Id. at 307.

¹⁴ Id. at 309.

¹⁵ Id.

¹⁶ Id. at 300.

¹⁷ Id. at 66.

¹⁸ Id.

¹⁹ Id.

Contrary to Chua's instruction, respondent then called a staff lunch meeting for Stradcom's 2002 Christmas party, wherein respondent conveyed her intention of easing out Lares' employees from the party.²⁰

Later, it had come to Stradcom's attention that respondent was not comfortable with the idea to include Lares in the Christmas party, as respondent appeared evasive on the queries about the event made by Ms. May Marcelo, the Head Personnel and Administration of Lares.²¹ This matter was brought to the attention of Chua, who decided to strip respondent of any responsibility in organizing the Christmas party and transferred the same to another committee. As part of the turnover, respondent furnished the committee with a copy of the initial budget which included the catering services from G&W Catering Services at ₱250 per head.²²

On December 16, 2002, Ms. Rowena Q. Samson (Samson) and Mr. Saturnino S. Galgana (Galgana), members of the new Christmas party committee went to see Mrs. Myrna G. Sese (Sese), the proprietress of the G&W Catering Services.²³ They were surprised to find out that the price of the food was actually ₱200 per head and not ₱250 per head as represented by respondent. Suspicious about the correct pricing, Samson and Galgana reported the matter to the Stradcom's management. Stradcom began its investigation and interviewed some employees regarding the conduct of respondent.²⁴

After the investigation, Stradcom also discovered that respondent required her staff to prepare presentation/training materials/manuals using company resources for purposes not related to the affairs of the company, on overtime and on Sundays.²⁵

Subsequently, Pagdanganan called for a conference with respondent, and discussed respondent's non-inclusion of Lares in Stradcom's Christmas party, the overpricing of the food, and her moonlighting. Respondent made a bare denial.²⁶

On January 3, 2003, Chua notified his employees about the reorganization of the HRAD and the Business Operations Department.²⁷ On the same date and as part of routine procedure, respondent turned-over the necessary documents and equipment.²⁸ Respondent reported to Reyes, her new immediate superior and secured the latter's approval for her leave of

²⁰ Id.

²¹ Id. at 67.

²² Id.

²³ Id.

²⁴ Id.

²⁵ Id. at 68.

²⁶ Id. at 69.

²⁷ Id. at 70.

²⁸ Id.



absence on the dates of January 3 in the afternoon up to January 6, 2003, due to personal reasons. Reyes approved her leave.²⁹

However, before respondent's scheduled leave, she approached Chua to discuss the reorganization and her previous conference with Pagdanganan regarding her said infractions. Chua told respondent that the management has lost its trust and confidence in her due to her willful disobedience in excluding the employees of Lares in the Stradcom's Christmas party and for willful breach of trust in connection with the canvassing of the caterer.³⁰

Respondent explained her side and asked Chua for his advice. Chua replied that considering her position is one that requires the trust and confidence of the management, it would be difficult to force herself on the management. Thus, respondent conveyed her willingness to resign. In view of this, Stradcom's officers agreed that any formal investigation on respondent was unnecessary in view of her willingness to resign.³¹

However, on January 7, 2003, respondent reported for work and suprisedly informed Stradcom that she would not resign. When Chua found out about the respondent's retraction of her statement to resign, he instructed Atty. Pilapil to talk things through with respondent.³²

On January 9, 2003, Atty. Pilapil invited respondent for dinner outside the company premises. Respondent was given another chance regarding her said infractions. Respondent then requested for four days leave to think things through and Atty. Pilapil adhered to request and assured her that she will receive her pay while on leave. They likewise agreed that they would meet again on January 13, 2003, outside the office to discuss respondent's final decision.³³

Petitioners were shocked when they found out that respondent had filed a complaint for constructive dismissal with monetary claims of backwages, attorney's fees and damages on January 29, 2003.³⁴

Petitioners contended that the dismissal of respondent was for just cause on the ground of loss of trust and confidence and the same was in compliance with the due process requirements.³⁵ Petitioners further contended that the acts that caused the loss of trust and confidence of the petitioners in the respondent were her mishandling of Stradcom's 2002 Christmas party, dishonesty in preparing the budget thereof,

²⁹ Id.

³⁰ Id.

³¹ Id. at 71.

³² Id.

³³ Id.

³⁴ Id. at 300.

³⁵ Id. at 75.

misrepresentation in her application for employment, and using company personnel and resources for purposes not beneficial to the interest of Stradcom.³⁶

The Ruling of the LA

On September 30, 2003, the LA rendered a Decision, which ruled that respondent was illegally dismissed and Chua is solidarily liable with Stradcom for the payment of the monetary awards to respondent.³⁷ The dispositive portion of the LA Decision, provides:

WHEREFORE, decision is hereby rendered, as follows:

1. Declaring that the complainant was illegally dismissed;
2. Declaring that the dismissal was effected in violation of the due process and notice requirements; and
3. Ordering respondents Stradcom Corporation and Jose A. Chua to pay complainant, jointly and severally, the total amount of EIGHT HUNDRED FORTY SEVEN THOUSAND PESOS (P847,000.00) representing her separation pay, backwages, moral and exemplary damages and attorney fees.

The awards for separation pay, backwages and the corresponding 10% attorney's fees shall be subject to further computation until the decision in this case becomes final and executory.

The other claims are denied for lack of merit.

SO ORDERED.³⁸

Aggrieved, petitioners seasonably filed a memorandum of appeal before the NLRC.

The Ruling of the NLRC

On July 30, 2004, the NLRC issued its Decision. It partially granted the appeal filed by petitioners and modified the Decision of the LA. The NLRC ruled that respondent was validly dismissed on the ground of loss and trust confidence, due to her mishandling of the 2002 budget for the Christmas party. The NLRC awarded respondent her unpaid salary for the period of January 16 to April 16, 2003, the date when she was formally advised of her disengagement from service. Attorney's fees were also awarded.³⁹ The decretal portion of the NLRC Decision thus, reads:

³⁶ Id. at 75-85.

³⁷ Id. at 208.

³⁸ Id.

³⁹ Id. at 209-228.

WHEREFORE, in view of the foregoing considerations, the appeal is hereby **PARTIALLY GRANTED**. The dispositive portion of the appealed Decision is hereby **MODIFIED** and another one entered:

- 1. Declaring that Appellee, Joyce Anabelle L. Orpilla was validly dismissed and;
- 2. Ordering appelland corporation to pay her the following:

a) Withheld wages from January 16 to April 16, 2003 (P60,000.00 x 3 plus 1/12 thereof as 13 th month pay) -----	P195,000.00
b) attorney's fees -----	P 19,500.00
Total Award -----	P214,500.00

SO ORDERED.⁴⁰

Respondent sought to reconsider the above-mentioned Decision but it was denied by the NLRC in its Resolution⁴¹ dated April 20, 2005, for lack of merit.

Dismayed, respondent filed a petition for review on *certiorari* under Rule 65 with the CA.

The Ruling of the CA

On September 28, 2012, the CA reversed and set aside the NLRC and ruled that respondent was illegally dismissed.⁴² The *fallo* of the CA Decision provides:

IN VIEW OF ALL THESE, the Petition is **GRANTED**. The assailed Decision and Resolution of public respondent NLRC are **SET ASIDE**. The Decision of the Labor Arbiter dated September 30, 2003 is **REINSTATED**.

SO ORDERED.⁴³

Petitioners promptly filed a Motion for Reconsideration but it was denied by the CA in its Resolution dated April 17, 2013.⁴⁴

Hence, the present petition.

⁴⁰ Id. at 227.
⁴¹ Id. at 298.
⁴² Id. at 558-559.
⁴³ Id. at 559.
⁴⁴ Id. at 574.

The Issues

A. WHETHER OR NOT THE COURT OF APPEALS HAS COMMITTED SERIOUS AND REVERSIBLE ERRORS IN REVERSING THE DECISION OF THE NATIONAL LABOR RELATIONS COMMISSION AND FAULTING THE SAME WITH GRAVE ABUSE OF DISCRETION BY FINDING THAT PETITIONERS HAS ILLEGALLY DISMISSED RESPONDENT FROM HER EMPLOYMENT AS HEAD OF THE HUMAN RESOURCE DEPARTMENT?

A.1 WHETHER OR NOT RESPONDENT HAS WILLFULLY DISOBEYED PETITIONERS' LAWFUL AND REASONABLE INSTRUCTIONS?

A.2 WHETHER OR NOT RESPONDENT HAS COMMITTED FRAUD, MISREPRESENTATION, DISHONESTY AND OTHER ACTS INIMICAL TO THE INTEREST OF THE PETITIONERS WHILE BEING EMPLOYED BY THE PETITIONER?

A.3 WHETHER OR NOT REPENDENT HAS ENGAGED IN MOONLIGHTING ACTIVITIES AND USED COMPANY PERSONNEL AND RESOURCES NOT IN LINE WITH THE BUSINESS OF STRADCOM.

B. WHETHER OR NOT THE COURT OF APPEALS HAS COMMITTED SERIOUS AND REVERSIBLE ERRORS IN REVERSING THE DECISION OF THE NATIONAL LABOR RELATIONS COMMISSION AND FAULTING THE SAME WITH GRAVE ABUSE OF DISCRETION BY FINDING THAT RESPONDENT WAS DEMOTED BY THE PETITIONERS AND THE LATTER DID NOT ACCORD THE FORMER DUE PROCESS?

B.1 WHETHER OR NOT THE REORGANIZATION OF THE HUMAN RESOURCE AND ADMINISTRATION (HRA) DEPARTMENT WAS A VALID EXERCISE OF MANAGEMENT PREROGATIVE?

B.2 WHETHER OR NOT RESPONDENT WAS DENIED DUE PROCESS?

B.3 WHETHER OR NOT RESPONDENT VOLUNTARILY RESIGNED [FROM] HER EMPLOYMENT WITH STRADCOM.

C. WHETHER OR NOT THE RESPONDENT IS ENTITLED TO BACKWAGES, REINSTATEMENT OR SEPARATION PAY?

D. WHETHER OR NOT THE RESPONDENT IS ENTITLED MORAL AND EXEMPLARY DAMAGES?

E. WHETHER OR NOT PETITIONER CHUA MAY BE HELD JOINTLY AND SEVERALLY LIABLE WITH CO-PETITIONER



STRADCOM FOR THE PAYMENT OF WHATEVER MONETARY
AWARD IN FAVOR OF RESPONDENT?⁴⁵

The pivotal issue for Our resolution is whether or not respondent was validly dismissed from employment on the ground of loss of trust and confidence.

The Court's Ruling

The petition is meritorious.

Generally, only errors of law are revived in petitions for review for *certiorari*, since this Court is not a trier of facts. As such, the findings of facts and conclusion of the NLRC are generally accorded not only great weight and respect but even clothed with finality and deemed binding on this Court as long as they are supported by substantial evidence.⁴⁶ However, if the factual findings of the LA and the NLRC are conflicting, as in this case, the reviewing court may delve into the records and examine for itself the questioned findings.⁴⁷ The exception, rather than the general rule, applies in the present case since the LA and the CA found facts supporting the conclusion that respondent was illegally dismissed, while the NLRC's factual findings contradicted the LA's findings.

Under this situation, such conflicting factual findings are not binding on Us, and We retain the authority to pass on the evidence presented and draw conclusions therefrom.⁴⁸

After judicious review on the records of the case, this Court finds that the petitioners proved that respondent was dismissed for a just cause.

*The dismissal of respondent was
founded on just cause - loss of trust
and confidence*

Among the just causes for termination is the employer's loss of trust and confidence in its employee. Article 297 (c) [formerly Article 282] of the Labor Code provides that an employer may terminate the services of an employee for fraud or willful breach of the trust reposed in him/her.⁴⁹ Article 297, provides:

⁴⁵ Id. at 17-18.

⁴⁶ *Paredes v. Feed the Children Philippines, Inc.*, 769 Phil. 418, 433 (2015) citing *Acebedo Optical v. National Labor Relations Commission*, 554 Phil. 524, 541 (2007).

⁴⁷ Id., citing *Agabon v. National Labor Relations Commission*, 458 Phil. 248, 277 (2004).

⁴⁸ Id.

⁴⁹ *Alaska Milk Corporation, et al. v. Ponce*, G.R. No. 224812, July 26, 2017.

Article 297. TERMINATION BY EMPLOYER.—An employer may terminate an employment for any of the following causes:

- (a) Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
- (b) Gross and habitual neglect by the employee of his duties;
- (c) Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;**
- (d) Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representative; and
- (e) Other causes analogous to the foregoing. (Emphasis ours)

In order for the said cause to be properly invoked, however, certain requirements must be complied with, namely: (1) the employee concerned must be holding a position of trust and confidence; and (2) there must be an act that would justify the loss of trust and confidence.⁵⁰

The two classes of positions of trust were enunciated in the case of *Alaska Milk Corporation, et al. v. Ponce*:⁵¹

(1) managerial employees whose primary duty consists of the management of the establishment in which they are employed or of a department or a subdivision thereof, and to other officers or members of the managerial staff; and (2) fiduciary rank-and-file employees, such as cashiers, auditors, property custodians, or those who, in the normal exercise of their functions, regularly handle significant amounts of money or property. These employees, though rank-and-file, are routinely charged with the care and custody of the employer's money or property, and are, thus, classified as occupying positions of trust and confidence.⁵²

As regards a managerial employee, the mere existence of a basis for believing that such employee has breached the trust of his employer would suffice for his dismissal. Hence, in the case of managerial employees, proof beyond reasonable doubt is not required, it being sufficient that there is some basis for such loss of confidence, such as when the employer has reasonable ground to believe that the employee concerned is responsible for the purported misconduct, and the nature of his participation therein renders him unworthy of the trust and confidence demanded by his position.⁵³

It is undisputed that at the time of respondent's dismissal, she was holding a managerial position, which was HRAD Head of Stradcom and directly reported to the President, herein Chua and other high ranking officials of Stradcom. Likewise, respondent performed key and sensitive

⁵⁰ Id., citing *Philippine Plaza Holdings, Inc. v. Episcopo*, 705 Phil. 210, 217 (2013).

⁵¹ Id.

⁵² Id.

⁵³ Id., citing *Mendoza v. HMS Credit Corporation, et al.*, 709 Phil. 756, 767 (2013).

functions, as her duties and responsibilities included the administration, personnel and training matters of the company. Respondent held a trust and critical position which required the conscientious observance of the company rules and procedures.

The presence of the first requisite is thus certain. Anent to the second requisite, the Court finds that the petitioners meet their burden of proving that the respondent's dismissal was for a just cause.

The acts alleged to have caused the loss of trust and confidence of the petitioners in the respondent was her mishandling of Stradcom's 2002 Christmas party, dishonesty in preparing the budget thereof, misrepresentation in her application for employment, and using company personnel and resources for purposes not beneficial to the interest of Stradcom. The evidence on record support Stradcom's claims.

There was substantial evidence to support that respondent overpriced the food for the 2002 Christmas party. The overpricing was discovered by the new committee which took over the preparations for the said party. It is undisputed that respondent was the one who initially negotiated with G&W Catering Services. Respondent was also the one who prepared the budget for the approval of the President, herein Chua. G&W billed Stradcom for food at the rate of Two Hundred Pesos (₱200) per head only, contrary to the Two Hundred Fifty (₱250) per head quoted by respondent, and the rental for chairs at Twenty-Eight Pesos (₱28), in the aggregate amount of Sixty-Three Thousand Eight Hundred Forty Pesos (₱63,840) as evidenced by the Affidavit of Sese, the proprietress of the G&W Catering Services. Clearly, the overpricing amounted to dishonesty.

Also, respondent's overpricing of ₱250 per head for the Christmas party was corroborated by Ms. Rowena Samson,⁵⁴ Chua's Secretary of the President and CEO and Mr. Saturnino S. Galgana,⁵⁵ Stradcom's Purchasing Assistant, as evidenced by their affidavits dated March 18, 2003.

Furthermore, respondent was proven to have engaged in moonlighting activities and used company personnel and resources for purposes not in line with the business interest of Stradcom. In fact, respondent admitted that she actually took home some of the training materials owned by the company without the latter's prior clearance and without disclosed purpose.

Such dishonesty on the part of the respondent in carrying out her duties is prejudicial to the interest of Stradcom and constitutes just cause to terminate her employment.

⁵⁴ *Rollo*, pp. 99-100.

⁵⁵ *Id.* at 101-102.

Considering the foregoing, this Court agrees with the findings of the NLRC that there was a just cause for the respondent's dismissal. We emphasize that dismissal of a dishonest employee is to the best interest not only of the management but also of labor.⁵⁶ Stradcom, as an employer in the exercise of self-protection, cannot be compelled to continue employing an employee who is guilty of acts inimical to its interest.

Respondent is entitled to nominal damages for violation of her right to statutory procedural due process

We note however that even if there is a just cause to terminate respondent's employment, her right to due process was not satisfied.

On the matter of procedural due process, it is well-settled that the employer must furnish the employee with two written notices before termination of employment can be legally effected.⁵⁷ The first appraises the employee of the particular acts or omissions for which dismissal is sought.⁵⁸ The second informs the employee of the employer's decision to dismiss him.⁵⁹

The case of *Libcap Marketing Corp, et. al. v. Baquial*⁶⁰ explains:

The law and jurisprudence, on the other hand, allow the award of nominal damages in favor of an employee in a case where a valid cause for dismissal exists but the employer fails to observe due process in dismissing the employee. Financial assistance is granted as a measure of equity or social justice, and is in the nature or takes the place of severance compensation.

On the other hand, 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." The amount of nominal damages to be awarded the employee is addressed to the sound discretion of the court, taking into consideration the relevant circumstances. (Citations omitted)⁶¹

As discussed above, the Court is given the latitude to determine the amount of nominal damages to be awarded to an employee who was validly dismissed but whose due process rights were violated. The two causes for a valid dismissal in the Labor Code are under Article 282, due to just causes

⁵⁶ *Yabut v. Manila Electric Company, et al.*, 679 Phil. 97, 113 (2012).

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ *Id.* citing *Asian Terminals, Inc. v. Sallao, et al.*, 580 Phil. 229 (2008).

⁶⁰ 735 Phil. 349(2014).

⁶¹ *Id.* at 361.

and Article 283, based on authorized causes. These were differentiated in the case of *Jaka Food Processing Corp. v. Pacot*,⁶² to wit:

A dismissal for just cause under Article 282 implies that the employee concerned has committed, or is guilty of, some violation against the employer, i.e. the employee has committed some serious misconduct, is guilty of some fraud against the employer, or, as in *Agabon*, he has neglected his duties. Thus, it can be said that the employee himself initiated the dismissal process.

On another breath, a dismissal for an authorized cause under Article 283 does not necessarily imply delinquency or culpability on the part of the employee. Instead, the dismissal process is initiated by the employer's exercise of his management prerogative, i.e. when the employer opts to install labor saving devices, when he decides to cease business operations or when, as in this case, he undertakes to implement a retrenchment program.

X X X X

Accordingly, it is wise to hold that: (1) if the dismissal is based on a just cause under Article 282 but the employer failed to comply with the notice requirement, the sanction to be imposed upon him should be tempered because the dismissal process was, in effect, initiated by an act imputable to the employee; and (2) if the dismissal is based on an authorized cause under Article 283 but the employer failed to comply with the notice requirement, the sanction should be stiffer because the dismissal process was initiated by the employer's exercise of his management prerogative.⁶³

Here, the cause for termination was loss of trust and confidence, thus due to the employee or respondent's fault, but *Stradcom* failed to comply with the twin-notice requirement, thus, as a measure of equity, We order *Stradcom* to pay respondent nominal damages in the amount of ₱30,000.

The solidary liability of Chua as a corporate officer is not proper and must be recalled

It is well-settled that a corporation has its own legal personality separate and distinct from those of its stockholders, directors or officers.⁶⁴ Absence of any evidence that a corporate officer and/or director has exceeded their authority, or their acts are tainted with malice or bad faith, they cannot be held personally liable for their official acts. Here, there was neither any proof that *Chua* acted without or in excess of his authority nor was motivated by personal ill-will towards respondent to be solidarily liable with the company. We quote with affirmation the *NLRC's* pronouncement, viz:

⁶² 494 Phil. 114 (2005).

⁶³ Id. at 120-121.

⁶⁴ *Torres v. Rural Bank of San Juan, Inc., et al.*, 706 Phil. 355, 376 (2013).

Finally, on the issue of whether or not the Labor Arbiter committed manifest error in ordering appellant Chua solidarily liable with appellant corporation, we have to rule in the affirmative. Appellant Chua cannot be made solidarily liable with appellant corporation for any award in favor of appellee. Appellant corporation is separate and distinct from Appellant Chua.

x x x x

Appellant Chua's acts were official acts, done in his capacity as an officer of appellant corporation on its behalf. There is no showing of any act, or that he acted without or in excess of his authority or was motivated by personal ill-will toward appellee. Stated simply, appellant Chua was merely doing his job. In fact, he even tried to save appellee from undue embarrassment.⁶⁵

Respondent is not entitled to backwages separation pay, moral and exemplary damages, as well as attorney's fees

With the sad reality that the respondent was not illegally dismissed, she is not entitled to backwages. Backwages may be granted only when there is a finding that the dismissal is illegal.⁶⁶ Respondent's monetary claims for backwages, separation pay, moral and exemplary damages, as well as attorney's fees must necessarily fail as a consequence of Our finding that her dismissal was for a just cause and that the petitioners acted in good faith when they terminated her services.⁶⁷

WHEREFORE, premises considered, the petition is **GRANTED**. The assailed Court of Appeals Decision dated September 28, 2012 and Resolution dated April 17, 2013, are hereby **REVERSED and SET ASIDE**, and the Decision of the National Labor Relations Commission dated July 30, 2004, is **REINSTATED** but **MODIFIED** to the effect that backwages and attorney's fees are hereby **DELETED**, and that Stradcom Corporation is liable to pay respondent Joyce Anabelle L. Orpilla nominal damages in the amount of ₱30,000.

SO ORDERED.


NOEL GIMENEZ TIJAM
Associate Justice

⁶⁵ Rollo, p. 226.

⁶⁶ *Velez v. Shangri-La's Edsa Plaza Hotel*, 535 Phil. 12, 31 (2006).


⁶⁷ *Deoferio v. Intel Technology Philippines, Inc., et al*, 736 Phil. 625, 643 (2014).

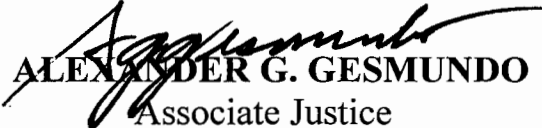
WE CONCUR:

(On official leave)

TERESITA J. LEONARDO-DE CASTRO
Chairperson



MARIANO C. DEL CASTILLO
Associate Justice


FRANCIS H. JARDELEZA
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.


MARIANO C. DEL CASTILLO
Associate Justice
Acting Chairperson, First Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Acting 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.



ANTONIO T. CARPIO

Senior Associate Justice

(Per Section 12, R.A. 296,
The Judiciary Act of 1948, as amended.)