Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

JULITA M. ALDOVINO, JOAN B. LAGRIMAS, WINNIE B. LINGAT, CHITA A. SALES, SHERLY L. GUINTO, REVILLA S. DE JESUS, and LAILA V. ORPILLA, Petitioners,	**G.R. No. 200811** Present: PERALTA,* *J.*, LEONEN, *Acting Chairperson,* REYES, A., JR., HERNANDO,** and INTING, *JJ.*
-versus-	
GOLD AND GREEN MANPOWER MANAGEMENT AND DEVELOPMENT SERVICES, INC., SAGE INTERNATIONAL DEVELOPMENT COMPANY, LTD., and ALBERTO C. ALVINA, Respondents.	**Promulgated:** June 19, 2019

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DECISION

LEONEN, *J.*:

The clause "or for three (3) months for every year of the unexpired term, whichever is less" as reinstated in Section 7 of Republic Act No. 10022 is unconstitutional, and has no force and effect of law. It violates due process as it deprives overseas workers of their monetary claims without any discernable valid purpose.[1]

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* On official leave.
** On official leave.
1 *Sameer Overseas Placement Agency v. Cabiles*, 740 Phil. 403 (2014) [Per J. Leonen, En Banc].

This Court resolves a Petition for Review on Certiorari[2] assailing the September 29, 2011 Decision[3] and January 26, 2012 Resolution[4] of the Court of Appeals. The Court of Appeals ruled that Julita M. Aldovino (Aldovino), Joan B. Lagrimas, Winnie B. Lingat, Chita A. Sales, Sherly L. Guinto, Revilla S. De Jesus (De Jesus), and Laila V. Orpilla were all illegally dismissed from service.

Aldovino and her co-applicants applied for work at Gold and Green Manpower Management and Development Services, Inc. (Gold and Green Manpower), a local manning agency whose foreign principal is Sage International Development Company, Ltd. (Sage International).[5]

Eventually, they were hired as sewers for Dipper Semi-Conductor Company, Ltd. (Dipper Semi-Conductor), a Taiwan-based company. Their respective employment contracts provided an eight (8)-hour working day, a fixed monthly salary, and entitlement to overtime pay, among others.[6]

Before they could be deployed for work, Gold and Green Manpower required each applicant to pay a ₱72,000.00 placement fee. But since the applicants were unable to produce the amount on their own, Gold and Green Manpower referred them to E-Cash Paylite and Financing, Inc. (E-Cash Paylite), where they loaned their placement fees.[7]

Once Aldovino and her co-workers arrived in Taiwan, Gold and Green Manpower took all their travel documents, including their passports. They were then made to sign another contract that provides that they would be paid on a piece-rate basis instead of a fixed monthly salary.[8]

During their employment, Aldovino and her co-workers toiled from 8:00 a.m. to 9:00 p.m. for six (6) days a week. At times, they were forced to work on Sundays without any overtime premium.[9] Because they were paid on a piece-rate basis, they received less than the fixed monthly salary stipulated in their original contract. When Aldovino and her co-workers inquired, Dipper Semi-Conductor refused to disclose the schedule of payment

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2 *Rollo,* pp. 2–26. Filed under Rule 45 of the Rules of Court.

3 Id. at 50–61. The Decision was penned by Associate Justice Juan Q. Enriquez, Jr., and concurred in by Associate Justices Ramon M. Bato, Jr. and Florito S. Macalino of the Fifth Division, Court of Appeals, Manila.

4 Id. at 69–71. The Resolution was penned by Associate Justice Juan Q. Enriquez, Jr., and concurred in by Associate Justices Ramon M. Bato, Jr. and Florito S. Macalino of the Former Fifth Division, Court of Appeals, Manila.

5 Id. at 8.

6 Id. at 9.

7 Id.

8 Id.

9 Id.

on a piece-rate basis. Eventually, they defaulted on their loan obligations with E-Cash Paylite.[10]

On January 19, 2009, Aldovino and her co-workers, except De Jesus, filed before a local court in Taiwan a Complaint against their employers, Dipper Semi-Conductor and Sage International.[11]

On March 26, 2009, the parties met before the Bureau of Labor Affairs for a dialogue. There, Dipper Semi-Conductor ordered Aldovino and her co-workers to return to the Philippines as it was no longer interested in their services. They were then made to immediately pack their belongings, after which they were dropped off at a train station in Taipei. After a few hours, a friend brought them to the Manila Economic and Cultural Office, where they stayed for a week. They were then transferred to Hope Shelter, where they remained for four (4) months while the case was pending.[12]

Eventually, the parties entered into a Compromise Agreement,[13] which read:

> 1. Event:
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> A. Reconciliation Part:
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> This issue is pertaining to the labor Case No. 86 of 2009 at Ban Qiao District Court, wherein Party A is asking for the payment of salary, etc. from party B. This was caused by the differences in interpreting the basic salary and the method in calculation of piece work salary. Both parties is hereby reach (*sic*) a reconciliation.
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> B. Compensation Part:
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> With regard to the damages and fees incurred in the process of this controversy, Party B shall voluntarily give monetary compensation to Party A.
>
> 2. Amount of Payment:
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> A. Amount of Reconciliation: NT$500,000.00
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> B. Amount of Compensation: On top of the fees incurred by Party A during the period Party A left the company of Party B and waiting for going back to their home country, including board and lodging, livelihood cost, the loss of Recruitment Agency's commission borne by Party A, airplane ticket, etc. Party B shall pay another compensation of NT$1 Million.
>
> C. Aside from this, Party A can't ask for compensation of any kind, and all the civil cases involved shall be cancelled.
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> 3. Mode of Payment
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> A. When this case reach (*sic*) reconciliation, Party B will pay to the appointed lawyer of Party A an amount of NT$500,000 in cash

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[10] Id. at 9–10.
[11] Id. at 10 and 39–40.
[12] Id. at 10–11.
[13] Id. at 40 and 57–58.

in one transaction. This will be witness (*sic*) by the Philippine Labor Center.

B. Both parties will present the following civil and criminal case requests and affidavit of waiver to the related agencies, lawyers of both will change the documents, and Party B will secure a RECEIPT AND RELEASE/QUITCLAIM (as in attachment A) signed by TORZAR SIONY TARROZA, after which, Party B will pay to the appointed lawyer of Party A an amount of NT$1 Million in cash in one transaction. This will be witness (*sic*) by the Philippine Labor Center.

. . . .

6. After the effectivity of this reconciliation agreement, Party A shall withdraw the case from the civil court of the Taiwan Banqiao Local court, Party A shall bear the cost of civil proceeding.

7. After the effectivity of this reconciliation agreement, Party A shall give up all other rights of compensation. They shall not ask for any compensation based on any other causes.[14]

Based on the Compromise Agreement, Aldovino and her co-workers, except De Jesus, executed an Affidavit of Quitclaim and Release.[15] On July 28, 2009, all of them returned to the Philippines.[16] They eventually filed before the Labor Arbiter a case for illegal termination, underpayment of salaries, human trafficking, illegal signing of papers,[17] and other money claims such as overtime pay, return of placement fees, and moral and exemplary damages.[18]

In its April 8, 2010 Decision,[19] the Labor Arbiter dismissed the Complaint for illegal dismissal but ordered Gold and Green Manpower and Sage International to pay each of the workers ₱20,000.00 as financial assistance.

On appeal, the National Labor Relations Commission, in its July 29, 2010 Decision,[20] affirmed the Labor Arbiter's Decision. It found that Aldovino and her co-workers were not illegally dismissed and that they voluntarily returned to the Philippines. Moreover, the Compromise Agreement barred any further claims arising from their employment.[21]

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14 Id. at 32–33 and 58–59.
15 Id. at 33.
16 Id. at 41.
17 Id. at 42.
18 Id. at 29.
19 Id. at 27–36. The Decision was penned by Labor Arbiter Marita V. Padolina of the National Labor Relations Commission, Quezon City.
20 Id. at 37–46. The Decision was penned by Presiding Commissioner Alex A. Lopez, and concurred in by Commissioners Gregorio O. Bilog III and Pablo C. Espiritu, Jr. of the Third Division, National Labor Relations Commission, Quezon City.
21 Id. at 45.

Additionally, the National Labor Relations Commission deleted the award of financial assistance for lack of factual and legal bases.[22]

Aldovino and her co-workers moved for reconsideration, but their Motion was denied for lack of merit in the National Labor Relations Commission August 31, 2010 Resolution.[23] Hence, they filed before the Court of Appeals a Petition for Certiorari.[24]

In its September 29, 2011 Decision,[25] the Court of Appeals reversed the labor tribunals' rulings. It not only ruled that Aldovino and her co-workers had been illegally dismissed from service, but also declared that the Compromise Agreement did not bar them from filing an illegal dismissal case.[26]

Accordingly, the Court of Appeals ordered Gold and Green Manpower and Sage International to pay the workers their salaries "for the unexpired portion of their contract in accordance with Section 7 of [Republic Act No.] 10022[27] and pursuant to *Serrano v. Gallant Maritime Services, Inc.*,"[28] among others. The dispositive portion of the Court of Appeals Decision read:

> WHEREFORE, premises considered, the petition is hereby GRANTED. The Decision dated July 29, 2010 and Order dated August 31, 2010 of the NLRC in NLRC LAC (OFW-L) 05-000409-10, are hereby REVERSED and SET ASIDE. Respondents Gold and Green Manpower Management and Development Services, Inc. and Sage International Development Co., Ltd. are hereby ordered to reimburse petitioners their placement fee with interest at twelve percent (12%) per annum, and to pay the salaries of petitioners for the unexpired portion of their respective employment contracts or for three (3) months for every year of the unexpired term, whichever is less.
>
> SO ORDERED.[29]

Aldovino and her co-workers moved for partial reconsideration,[30] praying that the three (3)-month cap stated in the Decision's dispositive portion be annulled, pursuant to *Serrano*.[31] However, their Motion was denied in the Court of Appeals' January 26, 2012 Resolution.[32]

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22 Id. at 45.
23 Id. at 47–49.
24 Id. at 50–51.
25 Id.
26 Id. at 59–60.
27 Otherwise known as the amended Migrant Workers and Overseas Filipinos Act of 1995.
28 *Rollo*, p. 60 *citing Serrano v. Gallant Maritime Services, Inc.*, 601 Phil. 205 (2009) [Per J. Austria-Martinez, En Banc].
29 Id.
30 Id. at 62–68.
31 Id.
32 Id. at 69–71.

Thus, Aldovino and her co-workers filed a Petition for Review on Certiorari.[33]

On June 15, 2012, respondents filed their Comment,[34] to which petitioners filed a Reply on September 5, 2016.[35]

Petitioners again question the three (3)-month salary cap stated in the dispositive portion of the Court of Appeals Decision. Citing *Serrano*, they assert that the three (3)-month cap in Section 10 of Republic Act No. 8042, or the Migrant Workers and Overseas Filipinos Act of 1995, as reenacted in Republic Act No. 10022, has already been declared unconstitutional.[36]

Petitioners thus assert that they are entitled to the payment of their salaries for the unexpired portion of their employment contracts.[37]

On the other hand, respondents question the legality of the monetary damages awarded to petitioners. They assert that the Court of Appeals erred in nullifying the parities' Compromise Agreement, pointing out that the labor tribunals had already rendered it valid.[38] The agreement, they further argue, released them from liability on petitioners' other claims.[39]

The chief issue for this Court's resolution is whether or not petitioners Julita M. Aldovino, Joan B. Lagrimas, Winnie B. Lingat, Chita A. Sales, Sherly L. Guinto, Revilla S. De Jesus, and Laila V. Orpilla are entitled to the payment of their salaries for the unexpired portion of their employment contract. Subsumed under this is the issue of whether or not Section 7 of Republic Act No. 10022, which reinstated the three (3)-month cap, has the force and effect of law.

To pass upon this issue, this Court must resolve the following:

First, whether or not the Compromise Agreement barred all other claims against respondents Gold and Green Manpower Management and Development Services, Inc. and Sage International Development Company, Ltd., and Alberto C. Alvina; and

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33 Id. at 2–26. Later on, in its June 26, 2013 Resolution (*rollo*, pp. 125–125-A), this Court granted petitioners' Motion to remove Seapower Shipping Enterprises, Inc. from the case title. Petitioners have inadvertently included the company as a party to this case.

34 Id. at 106–117.

35 Id. at 134–146.

36 Id. at 13–17.

37 Id.

38 Id. at 107–109.

39 Id. at 109–110.

Second, whether or not petitioners were illegally dismissed and, consequently, entitled to the reimbursement of their placement fees and payment of moral and exemplary damages and attorney's fees.

The Petition is meritorious.

It must be noted that this case is governed by Philippine laws. Both the Constitution[40] and the Labor Code[41] guarantee the security of tenure. It is not stripped off when Filipinos work in a different jurisdiction.[42] We follow the *lex loci contractus* principle, which means that the law of the place where the contract is executed governs the contract.

In *Triple Eight Integrated Services, Inc. v National Labor Relations Commission*:[43]

> First, established is the rule that *lex loci contractus* (the law of the place where the contract is made) governs in this jurisdiction. There is no question that the contract of employment in this case was perfected here in the Philippines. Therefore, the Labor Code, its implementing rules and regulations, and other laws affecting labor apply in this case. Furthermore, settled is the rule that the courts of the forum will not enforce any foreign claim obnoxious to the forum's public policy. Here in the Philippines, employment agreements are more than contractual in nature. The Constitution itself, in Article XIII, Section 3, guarantees the special protection of workers. . . .
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> . . . .

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40 CONST., art. XIII, sec. 3 provides:

SECTION 3. The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all.

It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage. They shall also participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

The State shall promote the principle of shared responsibility between workers and employers and the preferential use of voluntary modes in settling disputes, including conciliation, and shall enforce their mutual compliance therewith to foster industrial peace.

The State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth.

41 LABOR CODE, art. 294 provides:

ARTICLE 294. 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.

42 *Sameer Overseas Placement Agency, Inc. v. Cabiles*, 740 Phil. 403, 421 (2014) [Per J. Leonen, En Banc].

43 359 Phil. 955 (1998) [Per J. Romero, Third Division].

> This public policy should be borne in mind in this case because to allow foreign employers to determine for and by themselves whether an overseas contract worker may be dismissed on the ground of illness would encourage illegal or arbitrary pre-termination of employment contracts.[44] (Citation omitted)

Indeed, because petitioners' employment contracts were executed in the Philippines, Philippine laws govern them. Respondents, then, must answer and be held liable under our laws.

I

Respondents claim that the Compromise Agreement barred petitioners from holding them liable for claims. This is outright erroneous.

Waivers and quitclaims executed by employees are generally frowned upon for being contrary to public policy. This is based on the recognition that employers and employees do not stand on equal footing.[45]

In *Land and Housing Development Corporation v. Esquillo*:[46]

> We have heretofore explained that the reason why quitclaims are commonly frowned upon as contrary to public policy, and why they are held to be ineffective to bar claims for the full measure of the workers' legal rights, is the fact that the employer and the employee obviously do not stand on the same footing. The employer drove the employee to the wall. The latter must have to get hold of money. Because, out of a job, he had to face the harsh necessities of life. He thus found himself in no position to resist money proffered. His, then, is a case of adherence, not of choice. One thing sure, however, is that petitioners did not relent on their claim. They pressed it. They are deemed not [to] have waived any of their rights. *Renuntiatio non praesumitur.*
>
> Along this line, we have more trenchantly declared that quitclaims and/or complete releases executed by the employees do not estop them from pursuing their claims arising from unfair labor practices of the employer. The basic reason for this is that such quitclaims and/or complete releases are against public policy and, therefore, null and void. The acceptance of termination does not divest a laborer of the right to prosecute his employer for unfair labor practice acts.[47] (Emphasis in the original)

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44 Id. at 968–969.

45 *Sicangco v. National Labor Relations Commission*, 305 Phil. 102, 108 (1994) [Per J. Cruz, First Division].

46 508 Phil. 478 (2005) [Per J. Panganiban, Third Division].

47 Id. at 487 *citing Marcos v. National Labor Relations Commission,* 318 Phil. 172 (1995) [Per J. Regalado, Second Division].

Quitclaims do not bar employees from filing labor complaints and demanding benefits to which they are legally entitled.[48] They are "ineffective in barring recovery of the full measure of a worker's rights, and the acceptance of benefits therefrom does not amount to estoppel."[49] The law does not recognize agreements that result in compensation less than what is mandated by law. These quitclaims do not prevent employees from subsequently claiming benefits to which they are legally entitled.[50]

In *Am-Phil Food Concepts, Inc. v. Padilla*,[51] this Court held that quitclaims do not negate charges for illegal dismissal:

> The law looks with disfavor upon quitclaims and releases by employees pressured into signing by unscrupulous employers minded to evade legal responsibilities. As a rule, deeds of release or quitclaim cannot bar employees from demanding benefits to which they are legally entitled or from contesting the legality of their dismissal. The acceptance of those benefits would not amount to estoppel. The amounts already received by the retrenched employees as consideration for signing the quitclaims should, however, be deducted from their respective monetary awards.[52]

Here, the parties entered into the Compromise Agreement to terminate the case for underpayment of wages, which petitioners had previously filed against respondents in Taiwan. The object and foundation of the Compromise Agreement was to settle the payment of salaries and overtime premiums to which petitioners were legally entitled. Hence, it should not be construed as a restriction on petitioners' right to prosecute other legitimate claims they may have against respondents.

Paragraph 7 of the Compromise Agreement, which stipulates that petitioners "shall give up other rights of compensation . . . [and] shall not ask for any compensation based on any other causes[,]"[53] cannot bar petitioners from filing this case and from being indemnified should respondents be adjudged liable. Blanket waivers exonerating employers from liability on the claims of their employees are ineffective.[54]

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48 *Goodyear Philippines, Inc. v. Angus*, 746 Phil. 668 (2014) [Per J. Del Castillo, Second Division] *citing Solgus Corporation v. Court of Appeals*, 543 Phil. 483 (2007) [Per J. Chico-Nazario, Third Division].

49 *De Andres v. Diamond H Marine Services & Shipping Agency, Inc.*, G.R. No. 217345, July 12, 2017, 831 SCRA 129, 150 [Per J. Mendoza, Second Division].

50 *Fuentes v. National Labor Relations Commission*, 249 Phil. 712 (1988) [Per J. Paras, En Banc].

51 744 Phil. 674 (2014) [Per J. Leonen, Second Division].

52 Id. at 692 *citing F.F. Marine Corporation v. National Labor Relations Commission*, 495 Phil. 140 (2005) [Per J. Tinga, Second Division].

53 *Rollo*, pp. 58–59.

54 *Dela Rosa Liner, Inc. v. Borela*, 765 Phil. 251 (2015) [Per J. Brion, Second Division].

Besides, at the time the parties' Compromise Agreement was executed, respondents had just terminated petitioners from employment. Petitioners, therefore, had no other choice but to accede to the terms and conditions of the agreement to recover the difference in their salaries and overtime pay. With no means of livelihood, they signed the Compromise Agreement out of dire necessity.

II

Respondents further justify the dismissal by arguing that petitioners voluntarily severed their employment when they signed the Compromise Agreement.

This argument is also untenable.

Under the Labor Code, employers may only terminate employment for a just or authorized cause and after complying with procedural due process requirements. Articles 297 and 300 of the Labor Code enumerate the causes of employment termination either by employers or employees:

> ARTICLE 297. [282] *Termination by employer.* — An employer may terminate an employment for any of the following causes:
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> (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 representatives; and
> (e) Other causes analogous to the foregoing.
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> . . . .
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> ARTICLE 300. [285] *Termination by employee.* — (a) An employee may terminate without just cause the employee-employer relationship by serving a written notice on the employer at least one (1) month in advance. The employer upon whom no such notice was served may hold the employee liable for damages.
>
> (b) An employee may put an end to the relationship without serving any notice on the employer for any of the following just causes:
>
> 1. Serious insult by the employer or his representative on the honor and person of the employee;
> 2. Inhuman and unbearable treatment accorded the employee by the employer or his representative;

3. Commission of a crime or offense by the employer or his representative against the person of the employee or any of the immediate members of his family; and
4. Other causes analogous to any of the foregoing.

In illegal dismissal cases, the burden of proof that employees were validly dismissed rests on the employers. Failure to discharge this burden means that the dismissal is illegal.[55]

A review of the records here shows that the termination of petitioners' employment was effected merely because respondents no longer wanted their services. This is not an authorized or just cause for dismissal under the Labor Code. Employment contracts cannot be terminated on a whim.

Moreover, petitioners did not voluntarily sever their employment when they signed the Compromise Agreement, which, again, cannot be used to justify a dismissal.

Furthermore, petitioners were not accorded due process. A valid dismissal must comply with substantive and procedural due process: there must be a valid cause and a valid procedure. The employer must comply with the two (2)-notice requirement, while the employee must be given an opportunity to be heard.[56] Here, petitioners were only verbally dismissed, without any notice given or having been informed of any just cause for their dismissal.

This Court cannot rest easy on respondents' insistence that petitioners voluntarily terminated their employment. Contrary to their assertion, petitioners were left with no choice but to accept the Compromise Agreement and to go back to the Philippines.

After accumulating a huge amount of debt to work abroad, petitioners were burdened to continue working for respondents that they were constrained to sign the piece-rate-based contract upon arriving in Taiwan. As a result, they were paid less than if they were paid on a monthly basis and, worse, they were deprived of their overtime premium. Petitioners inevitably defaulted on their loan obligations. To make matters worse, they were terminated from employment on a whim and were left homeless.

One can only imagine how all these compounded a heavy burden upon petitioners. Overseas Filipino workers venture out into unfamiliar lands in the hope of providing a better future for their families. They endure years of

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[55] *Industrial Personnel & Management Services, Inc. v. De Vera*, 782 Phil. 230, 252 (2016) [Per J. Mendoza, Second Division].

[56] *Skippers United Pacific, Inc. v. Doza*, 681 Phil. 427 (2012) [Per J. Carpio, Second Division].

being away from their loved ones while bearing a life of toil abroad. Our laws afford protection to our workers, whether employed locally or abroad. It is this Court's bounden duty to uphold these laws and dispense justice for petitioners. With their right to substantive and procedural due process denied, it is clear that petitioners were illegally dismissed from service.

As a consequence of the illegal dismissal, petitioners are also entitled to moral damages, exemplary damages, and attorney's fees. In *Torreda v. Investment and Capital Corporation of the Philippines*:[57]

> Moral damages are recoverable when the dismissal of an employee is attended by bad faith or fraud or constitutes an act oppressive to labor, or is done in a manner contrary to good morals, good customs or public policy. Exemplary damages, on the other hand, are recoverable when the dismissal was done in a wanton, oppressive, or malevolent manner.[58]

Petitioners have sufficiently shown how bad faith attended respondents' actions. They were made to sign a new employment contract on a piece-rate basis, which violates the Migrant Workers and Overseas Filipinos Act. Under that contract, petitioners were underpaid and deprived of their overtime premium.

Moreover, petitioners' employment contracts were unilaterally terminated. After their meeting before the Bureau of Labor, respondents told petitioners that they were no longer employed. As the Court of Appeals noted, respondents did not refute petitioners' narration that they were immediately escorted back to the factory, ordered to pack their possessions, and were left at a train station.[59] Petitioners were forced to stay in shelters for months without any means of livelihood. Worse, they were deprived of due process when they were terminated without any notice or opportunity to be heard.

Being deprived of their hard-earned salaries and, eventually, of their employment, caused petitioners mental anguish, wounded feelings, and serious anxiety. The award of moral damages is but appropriate.

Consequently, the award of exemplary damages is necessary to deter future employers from committing the same acts.

Additionally, petitioners are also entitled to the award of attorney's fees under Article 2208 of the Civil Code:

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[57] G.R. No. 229881, September 5, 2018, <http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64603> [Per J. Gesmundo, Third Division].

[58] Id.

[59] *Rollo*, p. 60.

> ARTICLE. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:
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> (1) When exemplary damages are awarded;
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> . . . .
>
> (5) Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;
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> . . . .
>
> (7) In actions for the recovery of wages of household helpers, laborers and skilled workers[.]

The award of attorney's fees is proper because: (1) exemplary damages is also awarded; (2) respondents acted in gross bad faith in refusing to pay petitioners their hard-earned salaries in form of overtime premiums; and (3) this case is also a complaint for recovery of wages.

In addition, we further sustain the Court of Appeals' ruling in having ordered the reimbursement of petitioners' placement fees. As they were terminated without just, valid, or authorized cause, petitioners are entitled to the full reimbursement of their placement fees with interest at 12% per annum in accordance with Section 7 of Republic Act No. 10022.[60]

III

In *Serrano*, this Court ruled that the clause "or for three (3) months for every year of the unexpired term, whichever is less" under Section 10[61] of the

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[60] Republic Act No. 10022 (2010), sec. 7 provides:

> SECTION 7. . . .
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> . . . .
>
> In case of termination of overseas employment without just, valid or authorized cause as defined by law or contract, or any unauthorized deductions from the migrant worker's salary, the worker shall be entitled to the full reimbursement of his placement fee and the deductions made with interest at twelve percent (12%) per annum[.]

[61] Republic Act No. 8042 (1995), sec. 10 provides:

> SECTION 10. *Monetary Claims.* — Notwithstanding any provision of law to the contrary, the Labor Arbiters of the National Labor Relations Commission (NLRC) shall have the original and exclusive jurisdiction to hear and decide, within ninety (90) calendar days after the filing of the complaint, the claims arising out of an employer-employee relationship or by virtue of any law or contract involving Filipino workers for overseas deployment including claims for actual, moral, exemplary and other forms of damages.
>
> The liability of the principal/employer and the recruitment/placement agency for any and all claims under this section shall be joint and several. This provision shall be incorporated in the contract for overseas employment and shall be a condition precedent for its approval. The performance bond to be filed by the recruitment/placement agency, as provided by law, shall be answerable for all monetary claims or damages that may be awarded to the workers. If the recruitment/placement agency is a juridical being, the corporate officers and directors and partners as the case may be, shall themselves be jointly and solidarily liable with the corporation or partnership for the aforesaid claims and damages.

Migrant Workers and Overseas Filipinos Act is unconstitutional for violating the equal protection and substantive due process clauses.

Later, however, this clause was kept when the law was amended by Republic Act No. 10022 in 2010. Section 7 of the new law mirrors the same clause:

> SECTION 7. Section 10 of Republic Act No. 8042, as amended, is hereby amended to read as follows:
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> "SEC. 10. *Money Claims.* — Notwithstanding any provision of law to the contrary, the Labor Arbiters of the National Labor Relations Commission (NLRC) shall have the original and exclusive jurisdiction to hear and decide, within ninety (90) calendar days after the filing of the complaint, the claims arising out of an employer-employee relationship or by virtue of any law or contract involving Filipino workers for overseas deployment including claims for actual, moral, exemplary and other forms of damages. Consistent with this mandate, the NLRC shall endeavor to update and keep abreast with the developments in the global services industry.
>
> The liability of the principal/employer and the recruitment/placement agency for any and all claims under this section shall be joint and several. This provision shall be incorporated in the contract for overseas employment and shall be a condition precedent for its approval. The performance bond to be filed by the recruitment/placement agency, as provided by law, shall be answerable for all money claims or damages that may be awarded to the workers. If the recruitment/placement agency is a juridical being, the corporate officers and directors and partners as the case may be, shall themselves be jointly and solidarily liable with the corporation or partnership for the aforesaid claims and damages.
>
> Such liabilities shall continue during the entire period or duration of the employment contract and shall not be affected by any substitution, amendment or modification made locally or in a foreign country of the said contract.
>
> Any compromise/amicable settlement or voluntary agreement on money claims inclusive of damages under this section shall be paid within thirty (30) days from the approval of the settlement by the appropriate authority.
>
> In case of termination of overseas employment without just, valid or authorized cause as defined by law or contract, or any unauthorized

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Such liabilities shall continue during the entire period or duration of the employment contract and shall not be affected by any substitution, amendment or modification made locally or in a foreign country of the said contract.

Any compromise/amicable settlement or voluntary agreement on monetary claims inclusive of damages under this section shall be paid within four (4) months from the approval of the settlement by the appropriate authority.

In case of termination of overseas employment without just, valid or authorized cause as defined by law or contract, the worker shall be entitled to the full reimbursement of his placement fee with interest at twelve percent (12%) per annum, plus his salaries for the unexpired portion of his employment contract or for three (3) months for every year of the unexpired term, whichever is less.

> deductions from the migrant worker's salary, the worker shall be entitled to the full reimbursement of his placement fee and the deductions made with interest at twelve percent (12%) per annum, plus his salaries for the unexpired portion of his employment contract ***or for three (3) months for every year of the unexpired term, whichever is less.***
>
> In case of a final and executory judgment against a foreign employer/principal, it shall be automatically disqualified, without further proceedings, from participating in the Philippine Overseas Employment Program and from recruiting and hiring Filipino workers until and unless it fully satisfies the judgment award.
>
> Noncompliance with the mandatory periods for resolutions of cases provided under this section shall subject the responsible officials to any or all of the following penalties:
>
> (a) The salary of any such official who fails to render his decision or resolution within the prescribed period shall be, or caused to be, withheld until the said official complies therewith;
>
> (b) Suspension for not more than ninety (90) days; or
>
> (c) Dismissal from the service with disqualification to hold any appointive public office for five (5) years.
>
> Provided, however, That the penalties herein provided shall be without prejudice to any liability which any such official may have incurred under other existing laws or rules and regulations as a consequence of violating the provisions of this paragraph. (Emphasis supplied)

In *Sameer Overseas Placement Agency, Inc. v. Cabiles*,[62] this Court was confronted with the question of the constitutionality of the reinstated clause in Republic Act No. 10022. Reiterating our finding in *Serrano*, we ruled that "limiting wages that should be recovered by an illegally dismissed overseas worker to three months is both a violation of due process and the equal protection clauses of the Constitution."[63] In striking down the clause, we ruled:

> Putting a cap on the money claims of certain overseas workers does not increase the standard of protection afforded to them. On the other hand, foreign employers are more incentivized by the reinstated clause to enter into contracts of at least a year because it gives them more flexibility to violate our overseas workers' rights. Their liability for arbitrarily terminating overseas workers is decreased at the expense of the workers whose rights they violated. Meanwhile, these overseas workers who are impressed with an expectation of a stable job overseas for the longer contract period disregard other opportunities only to be terminated earlier. They are left with claims that are less than what others in the same situation would receive. The reinstated clause, therefore, creates a situation where

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62 740 Phil. 403 (2014) [Per J. Leonen, En Banc].

63 Id. at 434.

> the law meant to protect them makes violation of rights easier and simply benign to the violator.[64]

This case should be no different from *Serrano* and *Sameer*.

A statute declared unconstitutional "confers no rights; it imposes no duties; it affords no protection; it creates no office; it is inoperative as if it has not been passed at all."[65] Incorporating a similarly worded provision in a subsequent legislation does not cure its unconstitutionality. Without any discernable change in the circumstances warranting a reversal, this Court will not hesitate to strike down the same provision.

As such, we reiterate our ruling in *Sameer* that the reinstated clause in Section 7 of Republic Act No. 10022 has no force and effect of law. It is unconstitutional.[66]

Hence, petitioners are entitled to the award of salaries based on the actual unexpired portion of their employment contracts. The award of petitioners' salaries, in relation to the three (3)-month cap, must be modified accordingly.

WHEREFORE, the Petition is **GRANTED**. The September 29, 2011 Decision of the Court of Appeals in CA-G.R. SP No. 116953 is **AFFIRMED** with **MODIFICATION**. Respondents Gold and Green Manpower Management and Development Services, Inc., Sage International Development Company, Ltd., and Alberto C. Alvina are **ORDERED** to pay petitioners Julita M. Aldovino, Joan B. Lagrimas, Winnie B. Lingat, Chita A. Sales, Sherly L. Guinto, Revilla S. De Jesus, and Laila V. Orpilla the following:

(a) the amount equivalent to their salary for the unexpired portion of their employment contract;

(b) the amount equivalent to their placement fee with an interest of twelve percent (12%) per annum;

(c) moral damages in the amount of Fifty Thousand Pesos (₱50,000.00) each;

(d) exemplary damages in the amount of Twenty-Five Thousand Pesos (₱25,000.00) each;

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64 Id. at 439.

65 *Yap v. Thenamaris Ship's Management*, 664 Phil. 614, 627 (2011) [Per J. Nachura, Second Division].

66 *Sameer Overseas Placement Agency, Inc. v. Cabiles*, 740 Phil. 403 (2014) [Per J. Leonen, En Banc].

(e) attorney's fees equivalent to ten percent (10%) of their respective monetary awards; and

(f) legal interest of six percent (6%) per annum of the total monetary awards, except for the reimbursement of placement fee, which has an interest of 12% per annum, computed from the finality of this Decision until its full satisfaction.[67]

SO ORDERED.

MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:

On official leave
DIOSDADO M. PERALTA
Associate Justice
Chairperson

ANDRES B. REYES, JR.
Associate Justice

On official leave
RAMON PAUL L. HERNANDO
Associate Justice

HENRI JEAN PAUL B. INTING
Associate Justice

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[67] *Nacar v. Gallery Frames*, 716 Phil. 267 (2013) [Per J. Peralta, En Banc].

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.

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

LUCAS P. BERSAMIN
Chief Justice

CERTIFIED TRUE COPY
WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
JUL 23 2019