SUPREME COURT
FIRST DIVISION

CHIANG KAl SHEK SCHOOL,
***Petitioner*,**

-versus-

G.R. No. 58028
April 18, 1989

COURT OF APPEALS and FAUSTINA FRANCO OH,
***Respondents*.**
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D E C I S I O N

CRUZ, *J.*:

An unpleasant surprise awaited Fausta F. Oh when she reported for work at the Chiang Kai Shek School in Sorsogon on the first week of July, 1968. She was told she had no assignment for the next semester. Oh was shocked. She had been teaching in the school since 1932 for a continuous period of almost 33 years. And now, out of the blue, and for no apparent or given reason, this abrupt dismissal.

Oh sued. She demanded separation pay, social security benefits, salary differentials, maternity benefits and moral and exemplary damages.[1] The original defendant was the Chiang Kai Shek School but when it filed a motion to dismiss on the ground that it could not be sued, the complaint was amended.[2] Certain officials of the school were also impleaded to make them solidarily liable with the school.

The Court of First Instance of Sorsogon dismissed the complaint.[3] On appeal, its decision was set aside by the respondent court, which held the school suable and liable while absolving the other defendants.[4] The motion for reconsideration having been denied,[5] the school then came to this Court in this petition for review on *certiorari*.

The issues raised in the petition are:

1. Whether or not a school that has not been incorporated may be sued by reason alone of its long continued existence and recognition by the government.

2. Whether or not a complaint filed against persons associated under a common name will justify a judgment against the association itself and not its individual members.

3. Whether or not the collection of tuition fees and book rentals will make a school profit-making and not charitable.

4. Whether or not the Termination Pay Law then in force was available to the private respondent who was employed on a year-to-year basis.

5. Whether or not the awards made by the respondent court were warranted.

We hold against the petitioner on the first question. It is true that Rule 3, Section 1, of the Rules of Court clearly provides that "only natural or juridical persons may be parties in a civil action." It is also not denied that the school has not been incorporated. However, this

omission should not prejudice the private respondent in the assertion of her claims against the school.

As a school, the petitioner was governed by Act No. 2706 as amended by C.A. No. 180, which provided as follows:

> Unless exempted for special reasons by the Secretary of Public Instruction, any private school or college recognized by the government shall be incorporated under the provisions of Act No. 1459 known as the Corporation Law, within 90 days after the date of recognition, and shall file with the Secretary of Public Instruction a copy of its incorporation papers and by-laws.
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> Having been recognized by the government, it was under obligation to incorporate under the Corporation Law within 90 days from such recognition. It appears that it had not done so at the time the complaint was filed notwithstanding that it had been in existence even earlier than 1932. The petitioner cannot now invoke its own non-compliance with the law to immunize it from the private respondent's complaint.
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> There should also be no question that having contracted with the private respondent every year for thirty two years and thus represented itself as possessed of juridical personality to do so, the petitioner is now estopped from denying such personality to defeat her claim against it. According to Article 1431 of the Civil Code, "through estoppel an admission representation is rendered conclusive upon the person making it and cannot be denied or disproved as against the person relying on it."
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> As the school itself may be sued in its own name, there is no need to apply Rule 3, Section 15, under which the persons joined in an association without any juridical personality may be sued with such association. Besides, it has been shown that the individual members of the board of trustees are not liable, having been appointed only after the private respondent's dismissal.[6]

It is clear now that a charitable institution is covered by the labor laws[7] although the question was still unsettled when this case arose in 1968. At any rate, there was no law even then exempting such institutions from the operation of the labor laws (although they were exempted by the Constitution from ad valorem taxes). Hence, even assuming that the petitioner was a charitable institution as it claims, the private respondent was nonetheless still entitled to the protection of the Termination Pay Law, which was then in force.

While it may be that the petitioner was engaged in charitable works, it would not necessarily follow that those in its employ were as generously motivated. Obviously, most of them would not have the means for such charity. The private respondent herself was only a humble school teacher receiving a meager salary of P180.00 per month.

At that, it has not been established that the petitioner is a charitable institution, considering especially that it charges tuition fees and collects book rentals from its students.[8] While this alone may not indicate that it is profit-making, it does weaken its claim that it is a non-profit entity.

The petitioner says the private respondent had not been illegally dismissed because her teaching contract was on a yearly basis and the school was not required to rehire her in 1968. The argument is that her services were terminable at the end of each year at the discretion of the school. Significantly explanation was given by the petitioner, and no advance notice either, of her relief. After teaching year in and year out for all of thirty-two years, the private respondent was simply told she could not teach any more.

The Court holds, after considering the particular circumstance of Oh's employment, that she had become a permanent employee of the school and entitled to security of tenure at the time of her dismissal. Since no cause was shown and established at an appropriate hearing, and the notice then required by law had not been given, such dismissal was invalid.

The private respondent's position is no different from that of the rank-and-file employees involved in Gregorio Araneta University Foundation vs. NLRC,[9] of whom the Court had the following to say:

> Undoubtedly, the private respondents' positions as deans and department heads of the petitioner university are necessary in its usual business. Moreover, all the private respondents have been serving the university from 18 to 28 years. All of them rose from the ranks starting as instructors until they became deans and department heads of the university. A person who has served the University for 28 years and who occupies a high administrative position in addition to teaching duties could not possibly be a temporary employee or a casual.

The applicable law is the Termination Pay Law, which provided:

> SECTION 1. In cases of employment, without a definite period, in a commercial, industrial, or agricultural establishment or enterprise, the employer or the employee may terminate at any time the employment with just cause; or without just cause in the case of an employee by serving written notice on the employer at least one month in advance, or in the case of an employer, by serving such notice to the employee at least one month in advance or one-half month for every year of service of the employee, whichever, is longer, a fraction of at least six months being considered as one whole year.
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> The employer, upon whom no such notice was served in case of termination of employment without just cause may hold the employee liable for damages.
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> The employee, upon whom no such notice was served in case of termination of employment without just cause shall be entitled to compensation from the date of termination of his employment in an amount equivalent to his salaries or wages corresponding to the required period of notice.

The respondent court erred, however, in awarding her one month pay instead of only one-half month salary for every year of service. The law is quite clear on this matter. Accordingly, the separation pay

should be computed at P90.00 times 32 months, for a total of P2,880.00.

Parenthetically, R.A. No. 4670, otherwise known as the Magna Carta for Public School Teachers, confers security of tenure on the teacher upon appointment as long as he possesses the required qualification.[10] And under the present policy of the Department of Education, Culture and Sports, a teacher becomes permanent and automatically acquires security of tenure upon completion of three years in the service.[11]

While admittedly not applicable to the case at bar, these rules nevertheless reflect the attitude of the government on the protection of the worker's security of tenure, which is now guaranteed by no less than the Constitution itself.[12]

We find that the private respondent was arbitrarily treated by the petitioner, which has shown no cause for her removal nor had it given her the notice required by the Termination Pay Law. As the respondent court said, the contention that she did not report one week before the start of classes is a flimsy justification for replacing her.[13] She had been in its employ for all of thirty-two years. Her record was apparently unblemished. There is no showing of any previous strained relations between her and the petitioner. Or had every reason to assume, as she had done in previous years, that she would continue teaching as usual.

It is easy to imagine the astonishment and hurt she felt when she was flatly and without warning told she was dismissed. There was not even the amenity of a formal notice of her replacement, with perhaps a graceful expression of thanks for her past services. She was simply informed she was no longer in the teaching staff. To put it bluntly, she was fired.

For the wrongful act of the petitioner, the private respondent is entitled to moral damages.[14] As a proximate result of her illegal dismissal, she suffered mental anguish, serious anxiety, wounded feelings and even besmirched reputation as an experienced teacher for more than three decades. We also find that the respondent court did not err in awarding her exemplary damages because the

petitioner acted in a wanton and oppressive manner when it dismissed her.[15]

The Court takes this opportunity to pay a sincere tribute to the grade school teachers, who are always at the forefront in the battle against illiteracy and ignorance. If only because it is they who open the minds of their pupils to an unexplored world awash with the magic of letters and numbers, which is an extraordinary feat indeed, these humble mentors deserve all our respect and appreciation.

WHEREFORE, the Petition is **DENIED**. The appealed Decision is **AFFIRMED** except for the award of separation pay, which is reduced to P2,880.00. All the other awards are approved. Costs against the petitioner.

This Decision is immediately executory.

SO ORDERED.

Narvasa, Gancayco, Griño-Aquino and Medialdea, *JJ.*, concur.

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[1] Rollo, p. 6.
[2] Ibid.
[3] Id., pp. 8-9. Presided by Judge Ubaldo Y. Arcangel.
[4] Id., pp. 27-36, Zosa, J., ponente, with Escolin and Paras, E., JJ., concurring.
[5] Id., p. 37.
[6] Id., pp. 29-30.
[7] Article 243, Labor Code.
[8] Rollo, p. 33.
[9] 155 SCRA 301.
[10] Section 4. Probationary Period. — When recruitment takes place after adequate training and professional preparation in any school recognized by the Government, no probationary period preceeding regular appointment shall be imposed if the teacher possesses the appropriate civil service eligibility.
Section 5. Tenure of Office. — Stability on employment and security of tenure shall be assured the teachers as provided under existing laws . . .
[11] Biboso vs. Victorias Milling Company, Inc., 76 SCRA 250.
[12] Section 3, Article XIII, 1987 Constitution.
[13] Rollo, p. 34.

[14] Article 2217, Civil Code; Prudenciado vs. Alliance Transport System, Inc., 148 SCRA 440; Filinvest Credit Corporation vs. Mendez, 152 SCRA 593; General Bank and Trust Company vs. Court Appeals, 135 SCRA 569.

[15] Article 2232, Civil Code; Danao vs. Court of Appeals, 154, SCRA 447; Kapoe vs. Masa, 134 SCRA 231; Magbanua vs. Intermediate Appellate Court, 137 SCRA 328.