

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
EN BANC**

**PINES CITY EDUCATIONAL CENTER  
and EUGENIO BALTAO,**  
*Petitioners,*

*-versus-*

**G.R. No. 96779  
November 10, 1993**

**THE NATIONAL LABOR RELATIONS  
COMMISSION (THIRD DIVISION) and  
DANGWA BENTREZ, ROLAND  
PICART, APOLLO RIBAYA, SR.,  
RUPERTA RIBAYA, VIRGINIA BOADO,  
CECILIA EMOCLING, JANE BENTREZ,  
LEILA DOMINGUEZ, ROSE ANN  
BERMUDEZ and LUCIA CHAN,**  
*Respondents.*

X-----X

**DECISION**

**NOCON, J.:**

This is a Petition for *Certiorari* seeking reversal of the Resolution of public respondent National Labor Relations Commission dated November 29, 1990, in NLRC Case No. 01-04-0056-89, which affirmed in toto the decision of the Labor Arbiter dated February 28, 1990.

The antecedent facts are, as follows:

Private respondents Dangwa Bentrez, Roland Picart, Apollo Ribaya, Sr., Ruperta Ribaya, Virginia Boado, Cecilia Emocling, Jane Bentrez, Leila Dominguez, Rose Ann Bermudez and Lucia Chan were all employed as teachers on probationary basis by petitioner Pines City Educational Center, represented in this proceeding by its President, Eugenio Baltao. With the exception of Jane Bentrez who was hired as a grade school teacher, the remaining private respondents were hired as college instructors. All the private respondents, except Roland Picart and Lucia Chan, signed contracts of employment with petitioner for a fixed duration. On March 31, 1989, due to the expiration of private respondents' contracts and their poor performance as teachers, they were notified of petitioners' decision not to renew their contracts anymore.

On April 10, 1989, private respondents filed a complaint for illegal dismissal before the Labor Arbiter, alleging that their dismissals were without cause and in violation of due process. Except for private respondent Leila Dominguez who worked with petitioners for one semester, all the other private respondents were employed for one to two years. They were never informed in writing by petitioners regarding the standards or criteria of evaluation so as to enable them to meet the requirements for appointment as regular employees. They were merely notified in writing by petitioners, through its Chancellor, Dra. Nimia R. Concepcion, of the termination of their respective services as of March 31, 1989, on account of their below-par performance as teachers.

For their part, petitioners contended that private respondents' separation from employment, apart from their poor performance, was due to the expiration of the periods stipulated in their respective contracts. In the case of private respondent Dangwa Bentrez, the duration of his employment contract was for one year, or beginning

June, 1988 to March, 1989 whereas in the case of the other private respondents, the duration of their employment contracts was for one semester, or beginning November, 1988 to March 1989. These stipulations were the laws that governed their relationships, and there was nothing in said contracts which was contrary to law, morals, good customs and public policy. They argued further that they cannot be compelled to enter into new contracts with private respondents. They concluded that the separation of private respondents from the service was justified.

On February 28, 1990, the Labor Arbiter rendered judgment in favor of private respondents, the dispositive portion of which reads:

“WHEREFORE, in the light of the foregoing considerations, judgment is hereby rendered ORDERING the respondents to reinstate the complainants immediately to their former positions and to pay their full backwages and other benefits and privileges without qualification and deduction from the time they were dismissed up to their actual reinstatement.

Thus, respondents should pay complainants the following:

### **BACKWAGES**

NOTE: Computation covers only the period complainants were terminated up to January 31, 1990 or 10 months and does not include backwages from January 31, 1990 up to their actual reinstatement.

1) ROLAND PICART

- a) Latest salary per month - P2,136.00
- b) Multiplied by the period covered  
(March 31, 1989 to January 31, 1990) x  
10 months
- c) Equals backwages due - P 21,360.00

2) LUCIA CHAN

- a) Latest salary per month - P 1,600.00

- b) Multiplied by period covered x 10 months
- c) Equals backwages due - P16,000.00

3) LEILA DOMINGUEZ

- a) Latest salary per month - P1,648.24
- b) Multiplied by period covered x 10 months
- c) Equals backwages due - P16,482.40

4) RUPERTA RIBAYA

- a) Latest salary per month - P1,856.00
- b) Multiplied by period covered x 10 months
- c) Equals backwages due - P18,560.00

5) CECILIA EMOCLING

- a) Latest salary per month - P1,648.00
- b) Multiplied by period covered x 10 months
- c) Equals backwages due - P16,480.00

6) ROSE ANN BERMUDEZ

- a) Latest salary per month - P2,600.00
- b) Multiplied by period covered x 10 months
- c) Equals backwages due - P26,000.00

7) DANGWA BENTREZ

- a) Latest salary per month - P1,700.00
- b) Multiplied by period covered x 10 months
- c) Equals backwages due - P17,000.00

8) JANE BENTREZ

- a) Latest salary per month - P1,315.44
- b) Multiplied by period covered x 10 months
- c) Equals backwages due - P13,154.40

9) APOLLO RIBAYA

- a) Latest salary per month - P1,875.00
- b) Multiplied by period covered x 10 months
- c) Equals backwages due - P18,750.00

10) VIRGINIA BOADO

- a) Latest salary per month - P1,648.24
- b) Multiplied by period covered x 10 months
- c) Equals backwages due - P16,482.40

**SUMMARY**

1) Roland Picart	P21,360.00
2) Lucia Chan	16,000.00
3) Leila Dominguez	16,482.40
4) Ruperta Ribaya	18,560.00
5) Cecilia Emocling	16,480.00
6) Rose Ann Bermudez	26,000.00
7) Dangwa Bentrez	17,000.00
8) Jane Bentrez	13,154.40
9) Apollo Ribaya	18,750.00
10) Virginia Boado	<u>16,482.40</u>
GRAND TOTAL (Backwages)	P180,269.20
	=====

Complainants' claims for indemnity pay, premium pay for holidays and rest days, illegal deduction, 13<sup>th</sup> month pay and underpayment are hereby DENIED for lack of merit.

SO ORDERED."<sup>[1]</sup>

In support of this decision, the Labor Arbiter rationalized that the teacher's contracts<sup>[2]</sup> are vague and do not include the specific description of duties and assignments of private respondents. They do not categorically state that there will be no renewal because their appointments automatically terminate at the end of the semester. Petitioners did not present any written evidence to substantiate their

allegation that the Academic Committee has evaluated private respondents' performance during their one semester employment. On the contrary, they were hastily dismissed.

On appeal to the National Labor Relations Commission, the decision was affirmed in toto in its resolution dated November 29, 1990, with the additional reasoning that "the stipulation in the contract providing for a definite period in the employment of complainants is obviously null and void, as such stipulation directly assails the safeguards laid down in Article 280 (of the Labor Code),<sup>[3]</sup> which explicitly abhors the consideration of written or oral agreements pertaining to definite period in regular employment."<sup>[4]</sup> Hence, the present petition for certiorari with prayer for the issuance of a temporary restraining order.

As prayed for, this Court issued a temporary restraining order on March 11, 1991, enjoining respondents from enforcing the questioned resolution.<sup>[5]</sup>

Petitioners raise this sole issue: "THAT THERE IS PRIMA FACIE EVIDENCE OF GRAVE ABUSE OF DISCRETION ON THE PART OF THE LABOR ARBITER BY WANTONLY, CAPRICIOUSLY AND MALICIOUSLY DISREGARDING PROVISIONS OF LAW AND JURISPRUDENCE LAID DOWN IN DECISIONS OF THE HONORABLE SUPREME COURT."<sup>[6]</sup>

Petitioners reiterate their previous arguments, relying heavily in the case of Brent School, Inc., et al. vs. Zamora, et al.<sup>[7]</sup>

It is quite easy to resolve the present controversy the Brent case, which is a product of extensive research, already provides the answer. We were categorical therein that:

"Accordingly, and since the entire purpose behind the development of legislation culminating in the present Article 280 of the Labor Code clearly appears to have been, as already observed, to prevent circumvention of the employee's right to be secure in his tenure, the clause in said article indiscriminately and completely ruling out all written or oral agreements conflicting with the concept of regular employment

as defined therein should be construed to refer to the substantive evil that the Code itself has singled out: agreements entered into precisely to circumvent security of tenure. It should have no application to instances where a fixed period of employment was agreed upon knowingly and voluntarily by the parties, without any force, duress or improper pressure being brought to bear upon the employee and absent any other circumstances vitiating his consent, or where it satisfactorily appears that the employer and employee dealt with each other on more or less equal terms with no moral dominance whatever being exercised by the former over the latter. Unless thus limited in its purview, the law would be made to apply to purposes other than those explicitly stated by its framers; it thus becomes pointless and arbitrary, unjust in its effects and apt to lead to absurd and unintended consequences.” (Emphasis supplied.)

This ruling was reiterated in *Pakistan International Airlines Corporation vs. Ople, etc., et al.*<sup>[8]</sup> and *La Salette of Santiago, Inc. vs. NLRC, et al.*<sup>[9]</sup>

In the present case, however, We have to make a distinction.

Insofar as the private respondents who knowingly and voluntarily agreed upon fixed periods of employment are concerned, their services were lawfully terminated by reason of the expiration of the periods of their respective contracts. These are Dangwa Bentrez, Apollo Ribaya, Sr., Ruperta Ribaya, Virginia Boado, Cecilia Emocling, Jose Bentrez, Leila Dominguez and Rose Ann Bermudez. Thus, public respondent committed grave abuse of discretion in affirming the decision of the Labor Arbiter ordering their reinstatement and payment of full backwages and other benefits and privileges.

With respect to private respondents Roland Picart and Lucia Chan, both of whom did not sign any contract fixing the periods of their employment nor to have knowingly and voluntarily agreed upon fixed periods of employment, petitioners had the burden of proving that the termination of their services was legal. As probationary employees, they are likewise protected by the security of tenure provision of the Constitution. Consequently, they cannot be removed

from their positions unless for cause.<sup>[10]</sup> On the other hand, petitioners contended that based on the evaluation of the Academic Committee their performance as teachers was poor. The Labor Arbiter, however, was not convinced. Thus, he found as follows:

“Respondents likewise aver that the Academic Committee has evaluated their performance during their one semester employment (see Annexes “M” to “X” of complainants’ position paper.). However, they did not present any written proofs or evidence to support their allegation.<sup>[11]</sup>

“X x x.

“There is absolutely nothing in the record which will show that the complainants were afforded even an iota of chance to refute respondents’ allegations that the complainants did not meet the reasonable standards and criteria set by the school.”<sup>[12]</sup>

We concur with these factual findings, there being no showing that they were resolved arbitrarily.<sup>[13]</sup> Thus, the order for their reinstatement and payment of full backwages and other benefits and privileges from the time they were dismissed up to their actual reinstatement is proper, conformably with Article 279 of the Labor Code, as amended by Section 34 of Republic Act No. 6715,<sup>[14]</sup> which took effect on March 21, 1989.<sup>[15]</sup> It should be noted that private respondents Roland Picart and Lucia Chan were dismissed illegally on March 31, 1989, or after the effectivity of said amendatory law. However, in ascertaining the total amount of backwages payable to them, we go back to the rule prior to the Mercury Drug rule<sup>[16]</sup> that the total amount derived from employment elsewhere by the employee from the date of dismissal up to the date of reinstatement, if any, should be deducted therefrom.<sup>[17]</sup> We restate the underlying reason that employees should not be permitted to enrich themselves at the expense of their employer.<sup>[18]</sup> In addition, the law abhors double compensation.<sup>[19]</sup> To this extend, our ruling in Alex Ferrer, et al. vs. NLRC, et al., G.R. No. 100898, promulgated on July 5, 1993, is hereby modified.

Public respondent cannot claim not knowing the ruling in the Brent case because in its questioned resolution, it stated that one of the

cases invoked by petitioners in their appeal is said case.<sup>[20]</sup> This notwithstanding, it disregarded Our ruling therein without any reason at all and expressed the erroneous view that:

“The agreement of the parties fixing a definite date for the termination of the employment relations is contrary to the specific provision of Article 280. Being contrary to law, the agreement cannot be legitimized.”<sup>[21]</sup>

Stare decisis et non quieta movere. Once a case has been decided one way, then another case, involving exactly the same point at issue, should be decided in the same manner. Public respondent had no choice on the matter. It could not have ruled in any other way. This Tribunal having spoken in the Brent case, its duty was to obey.<sup>[22]</sup> Let it be warned that to defy its decisions is to court contempt.<sup>[23]</sup>

**WHEREFORE**, the resolution of public respondent National Labor Relations Commission dated November 29, 1990 is hereby **MODIFIED**. Private respondents Roland Picart and Lucia Chan are ordered reinstated without loss of seniority rights and other privileges and their backwages paid in full inclusive of allowances, and to their other benefits or their monetary equivalent pursuant to Article 279 of the Labor Code, as amended by Section 34 of Republic Act No. 6715, subject to deduction of income earned elsewhere during the period of dismissal, if any, to be computed from the time they were dismissed up to the time of their actual reinstatement. The rest of the Labor Arbiter’s decision dated February 28, 1990, as affirmed by the NLRC is set aside. The temporary restraining order issued on March 11, 1991 is made permanent.

**SO ORDERED.**

**Narvasa, C.J., Cruz, Feliciano, Bidin, Regalado, Davide, Jr. Romero, Nocon, Bellosillo, Melo, Quiason and Vitug, JJ., concur.**

**Griño-Aquino, J., Retired on October 22, 1993.**

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## Separate Opinions

**PADILLA, J.:**

I concur in the Court's decision penned by Mr. Justice Nocon except that I cannot see my way clear to allowing deductions from the full backwages prescribed by law, given the language and evident intention of Rep. Act No. 6715.

1. Art. 279 of the Labor Code as amended by Rep. Act No. 6715 states: "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." (Emphasis Supplied)

The amendment to Art. 279 of the Labor Code introduced by Rep. Act No. 6715 inserted the qualification "full" to the word "backwages". The intent of the law seems to be clear. The plain words of the statute provide that an employee who is unjustly dismissed is entitled to FULL backwages from the time of his dismissal to actual reinstatement. The law provides no qualification nor does it state that income earned by the employee during the period between his unjust dismissal and reinstatement should be deducted from such backwages. When the law does not provide, the Court should not improvise.

It is further my view that the principle of unjust enrichment (if no deduction is allowed from backwages) does not apply in this case, for the following reasons:

1. The applicable provision of law should be construed in favor of labor.

2. The Labor Code is a special law which should prevail over the Civil Code provisions on unjust enrichment.
3. The language employed by the statute and, therefore, its intent are clear. Where the unjust dismissal occurs after Rep. Act No. 6715 took effect, backwages must be awarded from the time the employee is unlawfully dismissed until the time he is actually reinstated. There is no provision authorizing deduction of income earned by the employee during that period. The statutory formula was evidently crafted by the legislature not only for convenience and expediency in executing the monetary judgments in favor of the employees but also to prevent the employer from resorting to delaying tactics when the judgment is executed by pleading income earned by the employee before reinstatement as proper deductions from backwages. It is true that the dismissed employee may also resort to the same delaying tactics but when we consider the by and large inherent inequality of resources between employer and employee, the legislative formula would seem to be equitable. Besides — and this we cannot over-stress-given the language of the law, the Court appears to have no alternative but to award such full backwages without deduction or qualification. Any other interpretation opens the Court to the charge of indulging in judicial legislation.

I therefore vote to award private respondents Roland Picart and Lucia Chan full backwages from the time of their unjust dismissal to their actual reinstatement, without deduction or qualification in accordance with the mandate of the law (Rep. Act No. 6715).

**Puno, J., concurs.**

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[1] Rollo, pp. 79-80.

[2] Annexes “1,” “3,” to “10” of private respondents’ position paper.

[3] Rollo, p. 98.

[4] ART. 280. Regular and Casual Employment. — The provisions of written agreement to the contrary notwithstanding and regardless of the oral

agreement of the parties, an employment shall be deemed to be regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer, except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or where the work or services to be performed is seasonal in nature and the employment is for the duration of the season.

An employment shall be deemed to be casual if it is not covered by the preceding paragraph: Provided, That, any employee who has rendered at least one year of service, whether such service is continuous or broken, shall be considered a regular employee with respect to the activity in which he is employed and his employment shall continue while such actually exists.

- [5] Rollo, pp. 107-108.
- [6] Rollo, p. 2.
- [7] G.R. No. L-48494, 181 SCRA 702 (1990).
- [8] G.R. No. 61594, 190 SCRA 90 (1990).
- [9] G.R. No. 82918, 195 SCRA 80 (1991).
- [10] *Colegio San Agustin vs. NLRC, et al.*, G.R. No. 87333, 201 SCRA 398 (1991).
- [11] Rollo, p. 74.
- [12] Rollo, p. 78.
- [13] *De Vera, et al. vs. NLRC, et al.*, G.R. No. 93212, 191 SCRA 632 (1990).
- [14] Section 34 of Republic Act No. 6715 provides: Article 279 of the Labor Code is hereby amended to read as follows: “ART. 279. 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.” (emphasis supplied).
- [15] *Sealand Service, Inc. vs. NLRC*, G.R. No. 90500, 190 SCRA 347 (1990); *Maranaw Hotels and Resorts Corporation vs. Court of Appeals, et al.*, G.R. No. 103215, November 6, 1992; *Arms Taxi and/or Dorothea Tanongon vs. NLRC, et al.*, G.R. No. 104523, March 8, 1993.
- [16] In the case of *Mercury Drug Co., Inc., et al. vs. Court of Industrial Relations, et al.*, G.R. No. L-23357, 56 SCRA 694 (1974), this Court first found occasion to rule that an employee whose illegal termination had lasted some years was entitled to backwages for a fixed period without further qualifications, i.e., without need of taking into account whatever he might have earned during such period and deducting it from the amount to be recovered, in order to relieve the employee from proving his income during the period he was out of the service and the employer from submitting counter-proofs, which may delay the execution of the decision. The base period of three years was later considered just and reasonable and instituted in the case of

- Feati University Faculty Club (PAFLU) vs. Feati University, et al., G.R. No. L-31503, 58 SCRA 395 (1974).
- [17] Itogon-Suyoc Mines, Inc. vs. Sañgilo-Itogon Workers' Union, et al., G.R. No. L-24189, 24 SCRA 873 (1968).
- [18] Philippine Air Lines, Inc. vs. Philippine Air Lines Employees Association, 108 Phil. 1129.
- [19] Itogon-Suyoc Mines, Inc. vs. Sañgilo-Itogon Workers' Union, et al., supra.
- [20] Rollo, p. 96.
- [21] Rollo, p. 99.
- [22] Ang Ping, et al. vs. RTC of Manila, et al., G.R. No. 75860, 154 SCRA 77 (1987).
- [23] The Philippine Veterans Affairs Office vs. Segundo, G.R. No. 51570, 164 SCRA 365 (1988).