

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
THIRD DIVISION**

**TRIPLE EIGHT INTEGRATED  
SERVICES, INC.,**  
*Petitioner,*

*-versus-*

**G.R. No. 129584  
December 3, 1998**

**NATIONAL LABOR RELATIONS  
COMMISSION, HON. LABOR ARBITER  
POTENCIANO S. CANIZARES, JR. and  
ERLINDA R. OSDANA,**  
*Respondents.*

X-----X

**DECISION**

**ROMERO, J.:**

In this Petition for Certiorari now before us, petitioner Triple Eight Integrated Services Inc. seeks to annul the Decision<sup>[1]</sup> of public respondent National Labor Relations Commission (First Division, Quezon City) dated March 11, 1997 affirming the August 20, 1996 Decision<sup>[2]</sup> of Labor Arbiter Potenciano Canizares. Petitioner was ordered to pay private respondent Erlinda Osdana her salaries for the unexpired portion of her employment contract, unpaid salaries, salary differential, moral and exemplary damages, as well as

attorney's fees. On April 28, 1997, the NLRC denied petitioner's motion for reconsideration.<sup>[3]</sup>

The antecedent facts follow.

Sometime in August 1992, private respondent Osdana was recruited by petitioner for employment with the latter's principal, Gulf Catering Company (GCC), a firm based in the Kingdom of Saudi Arabia. Under the original employment contract, Osdana was engaged to work as "Food Server" for a period of thirty-six (36) months with a salary of five hundred fifty Saudi Rials (SR550).

Osdana claims she was required by petitioner to pay a total of eleven thousand nine hundred fifty pesos (P11,950.00) in placement fees and other charges, for which no receipt was issued. She was likewise asked to undergo a medical examination conducted by the Philippine Medical Tests System, a duly accredited clinic for overseas workers, which found her to be "Fit of Employment."

Subsequently, petitioner asked Osdana to sign another "Contractor-Employee Agreement"<sup>[4]</sup> which provided that she would be employed as a waitress for twelve (12) months with a salary of two hundred eighty US dollars (\$280). It was this employment agreement which was approved by the Philippine Overseas Employment Administration (POEA).

On September 16, 1992, Osdana left for Riyadh, Saudi Arabia, and commenced working for GCC. She was assigned to the College of Public Administration of the Oleysha University and, contrary to the terms and conditions of the employment contract, was made to wash dishes, cooking pots, and utensils, perform janitorial work and other tasks which were unrelated to her job designation as waitress. Making matters worse was the fact that she was made to work a grueling twelve-hour shift, from six o'clock in the morning to six o'clock in the evening, without overtime pay.

Because of the long hours and the strenuous nature of her work, Osdana suffered from numbness and pain in her arms. The pain was such that she had to be confined at the Ladies Villa, a housing facility

of GCC, from June 18 to August 22, 1993, during which period, she was not paid her salaries.

After said confinement, Osdana was allowed to resume work, this time as Food Server and Cook at the Hota Bani Tameem Hospital, where she worked seven days a week from August 22 to October 5, 1993. Again, she was not compensated.

Then, from October 6 to October 23, 1993, Osdana was again confined at the Ladies Villa for no apparent reason. During this period, she was still not paid her salary.

On October 24, 1993, she was re-assigned to the Oleysha University to wash dishes and do other menial tasks. As with her previous assignment at the said University, Osdana worked long hours and under harsh conditions. Because of this, she was diagnosed as having Bilateral Carpal Tunnel Syndrome, a condition precipitated by activities requiring “repeated flexion, pronation, and supination of the wrist and characterized by excruciating pain and numbness in the arms.”<sup>[5]</sup>

As the pain became unbearable, Osdana had to be hospitalized. She underwent two surgical operations, one in January 1994, another on April 23, 1994. Between these operations, she was not given any work assignments even if she was willing and able to do light work in accordance with her doctor’s advice. Again, Osdana was not paid any compensation for the period between February to April 22, 1994.

After her second operation, Osdana was discharged from the hospital on April 25, 1994. The medical report stated that “she had very good improvement of the symptoms and she was discharged on the second day of the operation.”<sup>[6]</sup>

Four days later, however, she was dismissed from work, allegedly on the ground of illness. She was not given any separation pay nor was she paid her salaries for the periods when she was not allowed to work.

Upon her return to the Philippines, Osdana sought the help of petitioner, but to no avail. She was thus constrained to file a

complaint before the POEA against petitioner, praying for unpaid and underpaid salaries, salaries for the unexpired portion of the employment contract, moral and exemplary damages and attorney's fees, as well as the revocation, cancellation, suspension and/or imposition of administrative sanctions against petitioner.

Pursuant to Republic Act No. 8042, otherwise known as the Migrant Workers and Overseas Filipinos Act of 1995, the case was transferred to the arbitration branch of the NLRC and assigned to Labor Arbiter Canizares.

In a decision dated August 20, 1996, the labor arbiter ruled in favor of Osdana. The dispositive portion of the decision follows:

“Wherefore, the respondent is hereby ordered to pay the complainant US\$2,499.00 as salaries for the unexpired portion of the contract, and US\$1,076.00 as unpaid salary and salary differential, or its equivalent in Philippine Peso.

The respondent is likewise ordered to pay the complainant P50,000 moral damages, and P20,000 exemplary damages.

The respondent is further ordered to pay the complainant 10% of the monetary award as attorney's fee.

Other claims are hereby dismissed for lack of sufficient evidence.

SO ORDERED.”

Aggrieved by the labor arbiter's decision, petitioner appealed to the NLRC, which affirmed the decision in question on March 11, 1997. Petitioner's motion for reconsideration was likewise denied by the NLRC in its order dated April 28, 1997.

Hence, this petition for certiorari.

Petitioner alleges grave abuse of discretion on the part of the public respondents for the following reasons: (a) ruling in favor of Osdana even if there was no factual or legal basis for the award and, (b)

holding petitioner solely liable for her claims despite the fact that its liability is joint and several with its principal, GCC.

At the outset, petitioner argues that “public respondent Labor Arbiter gravely abused his discretion when he rendered the questioned decision dated August 20, 1996 without stating the facts and the law where he derived his conclusions.”<sup>[7]</sup> In support of this argument, petitioner cites the first paragraph of Article VIII, Section 14 of the Constitution: “No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based.”

On this point, it is enough to note that the decisions of both the labor arbiter and the NLRC were based mainly on the facts and allegations in Osdana’s position paper and supporting documents. We find these sufficient to constitute substantial evidence to support the questioned decisions. Generally, findings of facts of quasi-judicial agencies like the NLRC are accorded great respect and, at times, even finality if supported by substantial evidence. “Substantial evidence” is such amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.<sup>[8]</sup>

Moreover, well-settled is the rule that if doubts exist between the evidence presented by the employer and the employee, the scales of justice must be tilted in favor of the latter. Thus, in controversies between a worker and her employer, doubts reasonably arising from the evidence or in the interpretation of agreements should be resolved in favor of the former.

Petitioner, for its part, was given the same opportunity to file its own position paper but instead, it opted to file a two-page Answer With Special And Affirmative Defenses, denying generally the allegations of the complaint.<sup>[9]</sup>

As observed by the labor arbiter, “The record shows the complainant filed complaint (sic), position paper, and supporting documents, and prosecuted her case diligently; while the respondent merely tried to settle the case amicably, failing even to file its position paper.”<sup>10</sup> The present case being one for illegal dismissal, it was incumbent upon petitioner employer to show by substantial evidence that the

termination was validly made. In termination cases, the burden of proof rests on the employer to show that the dismissal is for a just cause.<sup>[11]</sup> Having failed to file its position paper and to support its denials and affirmative defenses in its answer, petitioner cannot now fault the labor arbiter and the NLRC for relying on the facts as laid down by Osdana in her position paper and supported by other documents. The essence of due process is that a party be afforded reasonable opportunity to be heard and to submit any evidence he may have in support of his defense,<sup>[12]</sup> and this is exactly what petitioner was accorded, although it chose not to fully avail thereof.

This Court, therefore, upholds the finding of herein public respondents that the facts and the evidence on record adduced by Osdana and taken in relation to the answer of petitioner show that indeed there was breach of the employment contract and illegal dismissal committed by petitioner's principal.

Petitioner claims that public respondents committed grave abuse of discretion when they ruled that Osdana had been illegally dismissed by GCC. It maintains that the award for salaries for the unexpired portion of the contract was improper because Osdana was validly dismissed on the ground of illness.

The argument must fail.

In its Answer, Memorandum of Appeal,<sup>[13]</sup> Petition for Certiorari,<sup>[14]</sup> and Consolidated Reply,<sup>[15]</sup> petitioner consistently asserted that Osdana was validly repatriated for medical reasons, but it failed to substantiate its claim that such repatriation was justified and done in accordance with law.

Article 284 of the Labor Code is clear on the matter of termination by reason of disease or illness, viz:

“Art. 284. Disease as a ground for termination — An employer may terminate the services of an employee who has been found to be suffering from any disease and whose continued employment is prohibited by law or prejudicial to his health as well as the health of his co-employees:”

Specifically, Section 8, Rule I, Book VI of the Omnibus Rules Implementing the Labor Code provides:

“Sec. 8. Disease as a ground for dismissal — Where the employee suffers from a disease and his continued employment is prohibited by law or prejudicial to his health or to the health of his co-employees, the employer shall not terminate his employment unless there is a certification by competent public authority that the disease is of such nature or at such a stage that it cannot be cured within a period of six (6) months with proper medical treatment. If the disease or ailment can be cured within the period, the employer shall not terminate the employee but shall ask the employee to take a leave. The employer shall reinstate such employee to his former position immediately upon the restoration of his normal health.”  
(Emphasis supplied)

Viewed in the light of the foregoing provisions, the manner by which Osdana was terminated was clearly in violation of the Labor Code and its implementing rules and regulations.

In the first place, Osdana’s continued employment despite her illness was not prohibited by law nor was it prejudicial to her health, as well as that of her co-employees. In fact, the medical report issued after her second operation stated that “she had very good improvement of the symptoms.” Besides, “Carpal Tunnel Syndrome” is not a contagious disease.

Petitioner attributes good faith on the part of its principal, claiming that “It was the concern for the welfare and physical well being (sic) of private respondent that drove her employer to take the painful decision of terminating her from the service and having her repatriated to the Philippines at its expense. The employer did not want to risk the aggravation of the illness of private respondent which could have been the logical consequence were private respondent allowed to continue with her job.”<sup>[16]</sup>

The Court notes, however, that aside from these bare allegations, petitioner has not presented any medical certificate or similar

document from a competent public health authority in support of its claims.

On the medical certificate requirement, petitioner erroneously argues that “private respondent was employed in Saudi Arabia and not here in the Philippines. Hence, there was a physical impossibility to secure from a Philippine public health authority the alluded medical certificate that public respondent’s illness will not be cured within a period of six months.”<sup>[17]</sup>

Petitioner entirely misses the point, as counsel for private respondent states in the Comment.<sup>[18]</sup> The rule simply prescribes a “certification by a competent public health authority” and not a “Philippine public health authority.”

If, indeed, Osdana was physically unfit to continue her employment, her employer could have easily obtained a certification to that effect from a competent public health authority in Saudi Arabia, thereby heading off any complaint for illegal dismissal.

The requirement for a medical certificate under Article 284 of the Labor Code cannot be dispensed with; otherwise, it would sanction the unilateral and arbitrary determination by the employer of the gravity or extent of the employee’s illness and thus defeat the public policy on the protection of labor. As the Court observed in *Prieto vs. NLRC*,<sup>[19]</sup> “The Court is not unaware of the many abuses suffered by our overseas workers in the foreign land where they have ventured, usually with heavy hearts, in pursuit of a more fulfilling future. Breach of contract, maltreatment, rape, insufficient nourishment, sub-human lodgings, insults and other forms of debasement, are only a few of the inhumane acts to which they are subjected by their foreign employers, who probably feel they can do as they please in their country. While these workers may indeed have relatively little defense against exploitation while they are abroad, that disadvantage must not continue to burden them when they return to their own territory to voice their muted complaint. There is no reason why, in their own land, the protection of our own laws cannot be extended to them in full measure for the redress of their grievances.”

Petitioner likewise attempts to sidestep the medical certificate requirement by contending that since Osdana was working in Saudi Arabia, her employment was subject to the laws of the host country. Apparently, petitioner hopes to make it appear that the labor laws of Saudi Arabia do not require any certification by a competent public health authority in the dismissal of employees due to illness.

Again, petitioner's argument is without merit.

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.<sup>[20]</sup> 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, to wit:

“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.

x x x”

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.

As regards the monetary award of salaries for the unexpired portion of the employment contract, unpaid salaries and salary differential granted by public respondents to Osdana, petitioner assails the same for being contrary to law, evidence and existing jurisprudence, all of which therefore constitutes grave abuse of discretion.

Although this contention is without merit, the award for salaries for the unexpired portion of the contract must, however, be reduced. Paragraph 5, Section 10 of R.A. No. 8042, applies in this case, thus:

“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.”

In the case at bar, while it would appear that the employment contract approved by the POEA was only for a period of twelve months, Osdana's actual stint with the foreign principal lasted for one year and seven-and-a-half months. It may be inferred, therefore, that the employer renewed her employment contract for another year. Thus, the award for the unexpired portion of the contract should have been US\$1,260 (US\$280 x 4½ months) or its equivalent in Philippine pesos, not US\$2,499 as adjudged by the labor arbiter and affirmed by the NLRC.

As for the award for unpaid salaries and differential amounting to US\$1,076 representing seven months' unpaid salaries and one month underpaid salary, the same is proper because, as correctly pointed out by Osdana, the “no work, no pay” rule relied upon by petitioner does not apply in this case. In the first place, the fact that she had not worked from June 18 to August 22, 1993 and then from January 24 to April 29, 1994, was due to her illness which was clearly work-related. Second, from August 23 to October 5, 1993, Osdana actually worked as food server and cook for seven days a week at the Hota Bani Tameem Hospital, but was not paid any salary for the said period. Finally, from October 6 to October 23, 1993, she was confined to quarters and was not given any work for no reason at all.

Now, with respect to the award of moral and exemplary damages, the same is likewise proper but should be reduced. Worth reiterating is the rule that moral damages are recoverable where the dismissal of the employee was attended by bad faith or fraud or constituted an act oppressive to labor, or was done in a manner contrary to morals, good customs, or public policy.<sup>[21]</sup> Likewise, exemplary damages may be awarded if the dismissal was effected in a wanton, oppressive or malevolent manner.<sup>[22]</sup>

According to the facts of the case as stated by public respondent, Osdana was made to perform such menial chores, as dishwashing and janitorial work, among others, contrary to her job designation as waitress. She was also made to work long hours without overtime pay. Because of such arduous working conditions, she developed Carpal Tunnel Syndrome. Her illness was such that she had to undergo surgery twice. Since her employer determined for itself that she was no longer fit to continue working, they sent her home posthaste without as much as separation pay or compensation for the months when she was unable to work because of her illness. Since the employer is deemed to have acted in bad faith, the award for attorney's fees is likewise upheld.

Finally, petitioner alleges grave abuse of discretion on the part of public respondents for holding it solely liable for the claims of Osdana despite the fact its liability with the principal is joint and several.

Petitioner misunderstands the decision in question. It should be noted that contrary to petitioner's interpretation, the decision of the labor arbiter which was affirmed by the NLRC did not really absolve the foreign principal.

Petitioner was the only one held liable for Osdana's monetary claims because it was the only respondent named in the complaint and it does not appear that petitioner took steps to have its principal included as co-respondent. Thus, the POEA, and later the labor arbiter, did not acquire jurisdiction over the foreign principal.

This is not to say, however, that GCC may not be held liable at all. Petitioner can still claim reimbursement or contribution from it for the amounts awarded to the illegally-dismissed employee.

**WHEREFORE**, in view of the foregoing, the instant petition is **DISMISSED**. Accordingly, the decisions of the labor arbiter dated August 20, 1996, and of the NLRC dated March 11, 1997, are **AFFIRMED** with the **MODIFICATION** that the award to private respondent Osdana should be one thousand two hundred sixty US dollars (US\$1,260), or its equivalent in Philippine pesos, as salaries for the unexpired portion of the employment contract, and one thousand seventy six US dollars (US\$1,076), or its equivalent in Philippine pesos, representing unpaid salaries for seven (7) months and underpaid salary for one (1) month, plus interest.

Petitioner is likewise ordered to pay private respondent P30,000.00 in moral damages, P10,000.00 in exemplary damages and 10% attorney's fees.

This decision is without prejudice to any remedy or claim for reimbursement or contribution petitioner may institute against its foreign principal, Gulf Catering Company. No pronouncement as to costs.

**SO ORDERED.**

**Kapunan, Purisima and Pardo, JJ., concur.**

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- [1] Rollo, pp. 66-74.
  - [2] Ibid., pp. 39-43.
  - [3] Id., pp. 85-87.
  - [4] Id., p. 26.
  - [5] Id., p. 41.
  - [6] Id., p. 147.
  - [7] Id., p. 9.
  - [8] Nicario vs. NLRC, G.R. 125340, September 17, 1998.
  - [9] Rollo, pp. 35-37.
  - [10] Id., p. 42.
  - [11] Salonga vs. NLRC, 254 SCRA 111 (1996).
  - [12] Shoemart, Inc. vs. NLRC, 225 SCRA 311 (1993).

- [13] Rollo, pp. 50-64.  
[14] Ibid., pp. 3-25.  
[15] Id., pp. 159-164.  
[16] Id., p. 12.  
[17] Id., p. 13.  
[18] Id., pp. 125-134.  
[19] 226 SCRA 232 (1993).  
[20] Cadalin vs. POEA's Administrator, 238 SCRA 721 (1994).  
[21] Estiva vs. NLRC, 225 SCRA 169 (1993).  
[22] Ibid.

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