

## THIRD DIVISION

[ G.R. No. 206789, July 15, 2020 ]

**TEAM PACIFIC CORPORATION, FEDERICO M. FERNANDEZ, AND  
AURORA Q. GARCIA, PETITIONERS, VS. LAYLA M. PARENTE,  
RESPONDENT.**

### D E C I S I O N

#### **LEONEN, J.:**

All the requisites for a valid retrenchment must be present in order for a dismissal to be lawful. The employer must not only show that it incurred substantial and serious business losses, but must also prove that the retrenchment was done in good faith and the retrenched employees were selected through fair and reasonable criteria.<sup>[1]</sup>

This Court resolves a Petition for Review on Certiorari<sup>[2]</sup> assailing the Decision<sup>[3]</sup> and Resolution<sup>[4]</sup> of the Court of Appeals, which reversed the National Labor Relations Commission's and Labor Arbiter's rulings and found that Layla M. Parente (Parente) was illegally dismissed by Team Pacific Corporation (Team Pacific).

In February 1999, Team Pacific hired Parente as a production operator in its Hermetic Department.<sup>[5]</sup> Later, Parente was promoted to being a quality assurance calibration technician.<sup>[6]</sup>

On April 23, 2009, Parente filed for and commenced her 60-day maternity leave, which would end on June 21, 2009. She gave birth on April 27, 2009.<sup>[7]</sup>

On May 8, 2009, while on her maternity leave, Parente was asked to see Team Pacific's human resource and administrative manager, Aurora Q. Garcia (Garcia). Parente protested, saying that she was still on maternity leave and experiencing post-natal weakness, dizziness, and shakiness. However, when she was told that there were reports circulating within the plant that she would be terminated from employment, Parente acceded.<sup>[8]</sup>

During their meeting on May 21, 2009, Garcia handed Parente a letter and informed her of her dismissal, effective on June 22, 2009, the day after the end of her maternity leave. She was told that she would receive her separation pay on the same date. Parente was about to ask why she was being dismissed, but Garcia interrupted her and asked her to just affix her name and signature on the space provided in the letter.<sup>[9]</sup>

The Termination Letter dated May 21, 2009 states:

In view of the global economic crisis that started last year, management implemented survival measures such as energy saving program, forced leaves, and a compressed workweek arrangement. Starting December 2008, there has been a 30% reduction in business volume resulting to

substantial losses which cannot be allowed to continue as it threatens the organization's survival.

To minimize continuing losses and to ensure survival of the company, management has no alternative but to implement a retrenchment program. As such, Management, in accordance with the 30-day notice required by law, is constrained to advise that your services will be terminated effective close of business hours of June 22, 2009.

You shall be paid separation pay equivalent of not just ½ month's pay as required by law, but one month's pay for every year of service, plus payment of earned but unpaid vacation and sick leave credits and prorated 13<sup>th</sup> Month Pay.

You will receive your separation pay and other earned benefits as above-mentioned on June 22, 2009 upon execution of the necessary quit claims.

We would like to thank you for your services and we wish you the best in your future endeavors.<sup>[10]</sup>

Parente then went to the Department of Labor and Employment, where she was advised to first accept her separation pay before filing a complaint.<sup>[11]</sup> Thus, on June 8, 2009, after she had been required to process her clearance and sign several documents, Parente received her separation pay.<sup>[12]</sup>

On July 9, 2009, Parente lodged her Complaint for illegal dismissal.<sup>[13]</sup>

A copy of the Complaint and summons were served on Team Pacific, Garcia, and the company president,<sup>[14]</sup> Federico M. Fernandez (Fernandez). These were returned to the Labor Arbitration Office with the notation "Refused to Receive."<sup>[15]</sup>

Thus, a Notice of Hearing was sent to Team Pacific, Fernandez, and Garcia, informing them of the conference on September 8, 2009. None of them attended the hearing. The Labor Arbiter noted further that they did not even verify the charges against them and tried to hold the Labor Arbitration Office accountable for their failure to attend.<sup>[16]</sup> Thus, the Labor Arbiter rendered a decision only based on Parente's evidence.<sup>[17]</sup>

In a January 29, 2010 Decision,<sup>[18]</sup> the Labor Arbiter dismissed Parente's Complaint. It found her dismissal valid,<sup>[19]</sup> noting that the Termination Letter clearly stated that the retrenchment was to prevent losses amid the global economic crisis,<sup>[20]</sup> which had led to establishment closures and layoffs.<sup>[21]</sup>

The Labor Arbiter ruled that Team Pacific complied with the Labor Code's requirements for retrenchment, as there was no showing of bad faith or malice, and Parente was duly notified one month prior to the date of her dismissal.<sup>[22]</sup> Parente was also held to be bound by the clearance certificate she signed and the separation pay she received, which was more than the amount required under the Labor Code.<sup>[23]</sup>

In its May 28, 2010 Resolution,<sup>[24]</sup> the National Labor Relations Commission affirmed the Labor Arbiter's Decision. It found that Parente's documents contradicted her claim of illegal dismissal.<sup>[25]</sup> It ruled that Parente's acts of receiving the notice of termination, processing her clearance, accepting her separation pay, and receiving her employment certificate were conclusive on her. It ruled that Parente had been estopped from suing Team Pacific, which believed that she voluntarily accepted her dismissal.<sup>[26]</sup>

On July 30, 2010, the National Labor Relations Commission also denied Parente's Motion for Reconsideration. Thus, Parente filed a Petition for Certiorari before the Court of Appeals.<sup>[27]</sup>

In its October 30, 2012 Decision,<sup>[28]</sup> the Court of Appeals reversed the ruling of the National Labor Relations Commission. It held that Parente was illegally dismissed.<sup>[29]</sup>

The Court of Appeals noted that Team Pacific did not submit to the Labor Arbiter's jurisdiction when it refused to receive summons and file its position paper and other documents. Thus, no evidence was found to support Team Pacific's claim of business losses to justify the dismissal.<sup>[30]</sup>

Moreover, the Court of Appeals held that Parente was not estopped from questioning her dismissal just because she accepted her separation pay.<sup>[31]</sup> It ruled that waivers and quitclaims are frowned upon, especially as to employees who may have been pressured by employers seeking to evade legal responsibilities.<sup>[32]</sup> It also noted how Parente was in no position to resist the money offered as she had just given birth, as well as the Department of Labor and Employment's advice that she accept her separation pay before filing a complaint.<sup>[33]</sup> It found that by proceeding with the illegal dismissal case, Parente showed that she did not sleep on her rights.<sup>[34]</sup> The Court of Appeals disposed:

WHEREFORE, premises considered, the Resolution dated May 28, 2010 issued by the National Labor Relations Commission as well as the Decision dated January 29, 2010 rendered by the Labor Arbiter are hereby REVERSED and SET ASIDE. In lieu thereof, a judgment adjudging private respondents liable for illegally dismissing Layla M. Parente as follows:

1. Ordering private respondents to REINSTATE Parente to her former position without loss of seniority rights and other privileges; and
2. Holding private respondents JOINTLY and SEVERALLY liable to PAY Parente full backwages, inclusive of allowances, and other benefits or their monetary equivalent to be computed and determined by the Labor Arbiter from the time her compensation was withheld from her up to the time of her actual reinstatement.

Let a copy of this Decision be furnished the Labor Arbiter who is directed to conduct with dispatch the computation and determination of the backwages, allowances and other benefits which are due to Parente.

SO ORDERED.<sup>[35]</sup>

Team Pacific, Fernandez, and Garcia moved for reconsideration, but the Court of Appeals denied this in its March 27, 2013 Resolution.<sup>[36]</sup> Thus, they filed this Petition<sup>[37]</sup> against Parente.

Maintaining that the dismissal was valid, petitioners assert that the labor tribunals' findings were substantiated.<sup>[38]</sup> They claim that respondent herself made admissions and submitted documents that estopped her from suing the company.<sup>[39]</sup> She allegedly admitted that the company had religiously observed the required process.<sup>[40]</sup> They add that she even obtained her clearances, received her separation pay, and executed a waiver and quitclaim without being forced to do so.<sup>[41]</sup> They also note that respondent is not a feeble-minded, gullible person who could be put at a disadvantage.<sup>[42]</sup> They insist that respondent voluntarily accepted her dismissal.<sup>[43]</sup>

Petitioners further argue that respondent's dismissal was justified.<sup>[44]</sup> They maintain that the requirements of procedural and substantive due process were observed.<sup>[45]</sup>

Petitioners further assert that the company had been suffering from severe financial losses that it had to retrench employees to stay afloat.<sup>[46]</sup> The company's Audited Financial Statements from 2006 to 2009 allegedly show net losses and aggregate deficits amounting to millions of pesos.<sup>[47]</sup> They claim that its financial condition had been so distressed that it had to file a Petition for Corporate Rehabilitation.<sup>[48]</sup> Petitioners maintain that the retrenchment was done in good faith and as a last option, after trying various cost-cutting measures, including revised work schedules, forced leaves, and compressed workweek schemes, among others.<sup>[49]</sup>

Petitioners also claim that they served the written notices on the Department of Labor and Employment and all the affected employees one month prior to the retrenchment's effectivity, and paid their separation pay.<sup>[50]</sup>

Petitioners maintain that the retrenchment was within the company's management prerogative, and the wisdom and soundness of its authority may not be questioned.<sup>[51]</sup>

Moreover, petitioners contend that petitioners Garcia and Fernandez should not have been made solidarity liable with petitioner Team Pacific as they showed no bad faith. Likewise, they insist that the company has a separate personality from its directors, officers, and stockholders.<sup>[52]</sup>

In her Comment,<sup>[53]</sup> respondent maintains that she was illegally dismissed. She claims that petitioners failed to show substantial evidence to support the validity of the company's retrenchment program, including its compliance with the 30-day prior notice rule with the Department of Labor and Employment.<sup>[54]</sup>

Respondent points out that since petitioners did not submit to the Labor Arbiter's jurisdiction, and did not file any pleadings or evidence to support their claims, they waived their right to prove their case.<sup>[55]</sup> She contends that petitioners only presented documents before the Court of Appeals, violating due process.<sup>[56]</sup> She also argues that only questions of law may be raised in a petition for review on certiorari.<sup>[57]</sup>

Respondent further asserts that it is inequitable to bar her by estoppel. She points out that employees are usually in no position to resist money, especially in her case where she found herself out of work just after giving birth. She asserts that her filing of complaint proves that she did not waive her rights to question her dismissal.  
[58]

Respondent also maintains that her dismissal was in bad faith. She notes how this was oppressively earned out while she was still on maternity leave, made effective on the date she was supposed to return to work.<sup>[59]</sup> Thus, she asserts that petitioners Fernandez and Garcia should be solidarity liable as her dismissal would not have been carried out without their participation.<sup>[60]</sup>

In their Reply,<sup>[61]</sup> petitioners argue that the submission of documents on appeal should be allowed to afford this Court the fullest opportunity to determine the truth behind the legal and factual issues raised.<sup>[62]</sup> They also point out that this Court reviews factual findings when they are conflicting or when the Court of Appeals manifestly overlooked relevant facts, which if properly considered, would lead to a different conclusion.<sup>[63]</sup>

In any case, petitioners maintain that the labor tribunals' findings that the company complied with the requirements for retrenchment.<sup>[64]</sup>

Petitioners add that they have submitted the following documents to this Court: (a) Audited Financial Statements for the years 2006 to 2009, showing millions in losses; (b) its April 29, 2008 Letter advising the Department of Labor and Employment of the compressed work week arrangement it would be implementing; (c) its Notice of Retrenchment dated May 8, 2009; (d) its duly accomplished Establishment Employment Report; and (e) its list of affected workers by displacements.<sup>[65]</sup>

Petitioners also point out that the Regional Trial Court of Pasig City had granted the company's Petition for Corporate Rehabilitation, stating that the financial distress was not of its own doing and no clear evidence of mismanagement or any attempt to escape its inherited liabilities was shown.<sup>[66]</sup>

Finally, petitioners again insist that petitioners Garcia and Fernando should not be made solidarity liable with petitioner Team Pacific.<sup>[67]</sup>

The issues in this case are as follows:

First, whether or not petitioners Team Pacific Corporation, Federico M. Fernandez, and Aurora Q. Garcia may submit new documents and evidence in a Petition for Certiorari in the Court of Appeals;

Second, whether or not petitioners complied with the standards and requirements for a valid retrenchment;

Third, whether or not respondent is estopped by her acceptance of separation pay and execution of a waiver and quitclaim; and

Finally, whether or not petitioners Garcia and Fernando should be solidarity liable with petitioner Team Pacific.

This Court denies the Petition.