

## SECOND DIVISION

[ G.R. No. 185938, September 06, 2017 ]

**ALICIA M.L. COSETENG AND DILIMAN PREPARATORY SCHOOL,  
PETITIONERS, VS. LETICIA P. PEREZ, RESPONDENT.**

### DECISION

**REYES, JR., J:**

In the present petition for review on *certiorari*, Diliman Preparatory School (the School) and its former President, Alicia M.L. Coseteng (Coseteng)<sup>[1]</sup> (petitioners, for brevity), challenge the Decision<sup>[2]</sup> dated July 29, 2008 and Resolution<sup>[3]</sup> dated December 17, 2008 of the Court of Appeals (CA) in CA-G.R. SP No. 72706, which held that Leticia P. Perez (Perez) was constructively dismissed from employment.

#### The Antecedent Facts

In 1972,<sup>[4]</sup> Perez was hired by the School as a teacher for elementary students. For several years, she was a regular teacher handling Grade III Level students with a class advisory of the same level.<sup>[5]</sup> In 1994, she was assigned to teach Grade V Level students with working hours from 7:30 a.m. to 12:30 noon.<sup>[6]</sup>

Sometime in August 1994, several students reported that Perez collected payment from them for subscription to *Saranggola* magazine, an educational publication endorsed by the School. However, they did not receive their copies of the magazine, while students from other sections had already received theirs. Based on the School's standard procedure, the teachers would collect the subscription payment from their students, after which the collection should be remitted to the School's head librarian.<sup>[7]</sup>

Thereafter, the School created a committee to conduct an investigation. Perez admitted she failed to remit the subscription payment supposedly due to her busy schedule, but agreed to return the payment of the students instead.<sup>[8]</sup> Months later, or in February 1995, the School found out that only five of the 20 students were able to receive a refund of their subscription payments. Upon the School's orders, Perez returned the remaining amount on a piecemeal basis to the rest of the students.<sup>[9]</sup>

Based on the findings of the School's investigating committee, a case for misappropriation amounting to *estafa* could allegedly be built against Perez. However, in view of her extensive service to the school, as well as to give her the benefit of the doubt, the investigating committee reduced its findings to negligence and recommended that Perez be suspended without pay for ten working days.<sup>[10]</sup> Accordingly, Perez was suspended from work from April 10 to 25, 1995.<sup>[11]</sup>

Meanwhile, Perez was embroiled in another incident at the School. A co-teacher suspected that cheating occurred on January 26, 1995, during the Math quarterly examinations of Grade V students proctored by Perez. The teacher noticed that a particular student, who got low grades in the preceding quarter, received a high grade in the quarterly examinations. Upon the teacher's inquiry, the student admitted she cheated by copying the answers of another student with the consent and instruction of Perez.<sup>[12]</sup>

When the teacher reported the matter to the School, a second committee was tasked to investigate and conduct hearings relative to the controversy.<sup>[13]</sup> Even so, Perez wrote letters<sup>[14]</sup> to Coseteng and to the assistant principal, admitting her involvement in the incident. After due deliberation, the investigating committee adjudged Perez's behavior as highly irregular for a teacher and found her liable for negligence in the performance of her duties. Based on the investigating committee's recommendation,<sup>[15]</sup> Perez was suspended from work effective May 26, 1995 to June 11, 1995 with one week commutation. She was then directed to report to work on June 13, 1995 for her assignment.<sup>[16]</sup> Perez correspondingly served out her suspension.

On June 14, 1995, without reporting back to work, Perez tendered her resignation to Coseteng *via* facsimile. Her handwritten letter<sup>[17]</sup> reads:

June 14, 1995

Prof. Alicia M.L. Coseteng  
Principal  
Diliman Preparatory School  
Commonwealth Avenue, Q.C.

Madam:

Warm Greetings!

This is to inform you that I am resigning from my present post as a permanent teacher in your prestigious institution starting today June 14, 1995.

I have to assist and accompany my veteran father who is going to the States to enjoy his benefits as a U[.]S[.]-World War Veteran.

Hoping for more success of Diliman Prep. School in the years to come.

Thank you very much.

Sincerely yours,

(Signed)  
Leticia P. Perez

Upon her resignation, Perez received all amounts due her under the Private Education Retirement Annuity, a program wherein teachers and employers contribute to a fund for the availment of the teachers on their retirement.<sup>[18]</sup>

Thereafter, nothing more was heard from Perez, until she filed a Complaint<sup>[19]</sup> for payment of separation benefits with the Labor Arbiter (LA) on June 15, 1998. In her Position Paper,<sup>[20]</sup> Perez argued that she was constructively dismissed from employment<sup>[21]</sup> and prayed that she be granted separation pay in light of her twenty-three (23) years of service to the School.<sup>[22]</sup> Perez also submitted an Affidavit<sup>[23]</sup> executed by one Teresita Limochin (Limochin), who attested that she received separation pay from the School following her voluntary resignation.

On January 7, 1999, Perez filed an Amended Complaint<sup>[24]</sup> to include claims for constructive dismissal and damages against the School. She stated in her Supplemental Position Paper<sup>[25]</sup> that she opted to resign from work because she was being demoted to a floating status. From her previous working hours of 7:30 a.m. to 12:30 p.m., she would be required to stay in school from 7:30 a.m. to 5:30 p.m. as a "floating teacher". Additionally, she would have to perform non-teaching tasks as may be assigned by the School.<sup>[26]</sup> She averred that she really had no intention of going to the United States and, in fact, had never left the Philippines, but only gave that excuse in her resignation letter so as not to antagonize the petitioners.<sup>[27]</sup>

For their part, the petitioners argued that Perez's cause of action has already prescribed under Article 291<sup>[28]</sup> of the Labor Code, considering that three years had lapsed from the time of her resignation.<sup>[29]</sup> They denied that Perez was constructively dismissed from employment as her resignation was a free and voluntary act on her part.<sup>[30]</sup> They likewise refuted that Perez was demoted because her reassignment was due to a legitimate concern - the school year would have begun by the time Perez has served out her suspension; she wouldn't be able to handle any class immediately at the beginning of a school year. But she would have to fill in for other teachers as may be necessary. Further, her salary and benefits would remain the same.<sup>[31]</sup> Moreover, the petitioners contend that they did not grant separation pay to Limochin but merely gave her financial assistance.<sup>[32]</sup>

The petitioners prayed for the dismissal of Perez's complaint and by way of counterclaim, prayed for the issuance of an order mandating Perez to pay them moral damages, exemplary damages, and attorney's fees.<sup>[33]</sup>

### **The Decision of the Labor Arbiter**

On April 24, 2000, the LA rendered a Decision<sup>[34]</sup> granting Perez's claim for separation pay due to its conclusion that the petitioners have, as a practice, given separation pay to its employees who resigned.<sup>[35]</sup> However, the LA decreed that Perez resigned voluntarily from work and was not constructively dismissed.<sup>[36]</sup> The dispositive portion of the decision reads:

WHEREFORE, judgment is hereby rendered ordering respondents to pay complainant separation pay and attorney's fees in the amount of [P]168,000[.00] and [P]16,800.00[, ] respectively.

The complaint for constructive dismissal, damages and respondents' counterclaims are hereby dismissed for lack of merit.

SO ORDERED.<sup>[37]</sup>

Feeling aggrieved, the petitioners made a partial appeal on the LA Decision with the National Labor Relations Commission (NLRC).

### **The Decision of the NLRC**

On May 10, 2002, the NLRC promulgated its Decision<sup>[38]</sup> modifying the LA ruling. While the NLRC affirmed the grant of separation pay to Perez, it deemed Perez as constructively dismissed from employment because she was placed on floating status.<sup>[39]</sup> The NLRC also ruled that it was erroneous to hold Coseteng liable for Perez's money claims as the former was neither a proper party to the case nor did she act with malice or bad faith.<sup>[40]</sup> The NLRC modified the LA judgment as follows:

WHEREFORE, the decision dated 24 April 2000 is MODIFIED. The complaint against Alicia Coseteng is dismissed and the award of attorney's fees is deleted.

All other findings are AFFIRMED.

SO ORDERED.<sup>[41]</sup>

The NLRC also denied the petitioners' motion for partial reconsideration in its Resolution<sup>[42]</sup> dated June 21, 2002, leading the petitioners to file a petition for *certiorari* before the CA.

### **The Decision of the CA**

In its Decision<sup>[43]</sup> dated July 29, 2008, the CA dismissed the petition. It held that Perez's cause of action had not prescribed since "an employee has four years within which to institute an action for illegal dismissal."<sup>[44]</sup> As with the NLRC, the CA ruled that Perez was constructively dismissed from employment, necessitating an award for separation pay. The CA considered Perez's reassignment as a demotion amounting to additional penalty for her infractions.<sup>[45]</sup> Further, the CA reinstated the LA's award of attorney's fees to Perez. The *fallo* of the CA decision states:

WHEREFORE, premises considered, the petition under consideration is DISMISSED. The decision of the public respondent Commission dated May 10, 2002 and its resolution dated June 21, 2002 are hereby REVERSED AND SET ASIDE. The temporary restraining order and/or writ of preliminary injunction prayed for by the petitioners, being a mere adjunct in this petition, is perforce DENIED. No pronouncement as to costs.

SO ORDERED.<sup>[46]</sup>

The petitioners' motion for reconsideration was likewise denied by the CA in its Resolution<sup>[47]</sup> dated December 17, 2008.

Hence, this petition for review on *certiorari* under Rule 45 of the 1997 Rules of Civil Procedure.

### **The Issues**

The petitioners maintain that, first, Perez's cause of action has already prescribed. Second, Perez failed to discharge her burden of proving that her resignation was involuntary. Third, Perez was neither demoted nor was she placed on floating status. Fourth, there is no basis for the CA's inference that the School has a practice or policy of granting separation pay to resigned employees, nor can Perez claim separation pay under the principle of social justice in view of her dishonest acts unbecoming of a teacher.<sup>[48]</sup> Finally, the petitioners prayed for the award of moral damages, exemplary damages, and attorney's fees inasmuch as Perez resorted to coercive judicial processes not for purposes of advancing a meritorious claim but merely to extort money from them.<sup>[49]</sup>

### **The Ruling of the Court**

At the outset, the Court reiterates that only questions of law, not questions of fact, may be raised in a petition for review on *certiorari* under Rule 45.<sup>[50]</sup> Also, factual findings of the labor tribunals when affirmed by the CA are generally accorded not only respect, but even finality, and are binding on this Court.<sup>[51]</sup> This rule notwithstanding, it admits of exceptions such as when, as in this case, there is misapprehension of facts, thus:

While it is true that factual findings made by quasi-judicial and administrative tribunals, if supported by substantial evidence, are accorded great respect and even finality by the courts, this general rule admits of exceptions. When there is a showing that a palpable and demonstrable mistake that needs rectification has been committed or when the factual findings were arrived at arbitrarily or in disregard of the evidence on record, these findings may be examined by the courts.<sup>[52]</sup>

The Court also clarifies that while the term "floating status" was used extensively in the pleadings, as well as in the decisions of the labor tribunals and the CA, the petitioners aptly argued that Perez was not placed under floating status in its legal sense. Under case law,<sup>[53]</sup> with reference to Article 286<sup>[54]</sup> of the Labor Code, floating status refers to a temporary lay-off or off-detail of an employee by reason of a bonafide suspension of the operation of a business or undertaking which shall not exceed six months. When the suspension exceeds six months, the employment is deemed terminated. What is more, an employee who is placed under floating status does not receive any salary or financial benefit provided by law.<sup>[55]</sup> In Perez's case, her lack of a regular teaching load and advisory class did not place her under floating status; there is no suspension of business operations and she would continue to work at the School. Her salary would remain the same, as well as her