

SECOND DIVISION

[G.R. No. 198733, October 10, 2012]

JOHANSEN WORLD GROUP CORPORATION AND ANNA LIZA F. HERNANDEZ, PETITIONERS, VS. RENE MANUEL GONZALES III, RESPONDENT.

D E C I S I O N

CARPIO, J.:

The Case

Before the Court is a petition for review on certiorari^[1] assailing the 20 May 2011 Decision^[2] and the 23 September 2011 Resolution^[3] of the Court of Appeals in CA-G.R. SP No. 117758.

The Antecedent Facts

We gathered the following facts from the assailed decision of the Court of Appeals.

Johansen World Group Corporation (JWGC) is a domestic corporation engaged in the manufacture and supply of antique adaptations furniture for local and foreign markets. Johansen Hernandez (Hans) is JWGC's President and CEO while his wife Anna Liza Hernandez (Liza) is its Executive Vice-President for Finance.

On 1 August 1997, Hans hired his former high school classmate, Rene Manuel Gonzales III (Gonzales) as JWGC's General Manager. At that time, Gonzales was working in the United States of America. Hans provided Gonzales with a compensation package that included a monthly salary of P50,000, medical insurance coverage, the use of company vehicle, gas allowance of P1,000 a week, and a company cellphone subsidy of P1,500. Gonzales also received a 3% commission on all sales personally made by him and a 1% overhead commission on all sales attributable to the sales group. Gonzales worked on a flexi-time basis of 40 to 48 hours from Monday to Saturday. His performance was subject to review four to six months from the date he was hired. When Gonzales became a regular employee, he received a P20,000 salary increase.

Gonzales alleged that during his tenure as JWGC's General Manager, he was able to put the company's operational and legal issues and problems, particularly its liquidity and administrative problems, in order. Gonzales claimed that under his term as General Manager, JWGC, a bankrupt business enterprise when he joined the company, began to flourish. Gonzales further alleged that with the concurrence of the spouses Hernandez, he closed JWGC's showroom at Shangrila Mall where the company was spending a P200,000 monthly rental with minimal if not zero sales, thus improving JWGC's cash flow. Gonzales further alleged that JWGC increased its sales to P26 million in 2008 and P50 million in 2009, paid its debts, bought a new

CnC machine worth US\$30,000, participated in prestigious trade shows in Dubai, and locked in a US\$750,000 contract in Monaco as well as a US\$300,000 project. Gonzales claimed that JWGC had so much work that it even had to subcontract some of its work to MCGK and rent additional warehouse and open space.

Gonzales further alleged that he and his wife Margie became close to the spouses Hernandez. Liza would hitch a ride with him and confide with him. In 2008, Liza learned that he was engaged in a part-time job with Internet Service Corporation of Asia Philippines. The work required Gonzales to work via the internet in the evening but he assured Liza that it would not interfere with his work at JWGC. Gonzales alleged that on 25 July 2009, Margie, Liza and JWGC's former counsel, one Atty. Caedo, went out. Hans later joined the group. In the course of the conversation, Hans allegedly complained about Liza's limited time at home because of her work. Their companions took the cudgels for Liza and told Hans to allow her to work. Hans then vented his ire on Gonzales and told Margie that he was not satisfied with her husband's work. When Gonzales heard about the conversation, he refused to talk to Hans.

On 12 August 2009, Gonzales learned that Hans was on his way to the office. He left the office at around 3:00 p.m. and sent a text message to Liza that he could not face Hans yet. Liza responded that his work should not be affected by his feelings towards Hans. Gonzales responded with harsh words and called the spouses Hernandez "gago." Liza was offended and refused to talk to Gonzales after the incident.

On 24 August 2009, Liza texted Gonzales to meet her at the Valle Verde Country Club at 2:00 p.m. Gonzales claimed that he went to meet Liza to find out why she was not going to the plant and not communicating with him. During their meeting, Liza told him that he had to resign by the end of the month because she needed a manager who would be in the office early, something which he could not do. Liza told Gonzales to stop reporting for work but promised that she would give what was due him. Gonzales asked Liza why she suddenly became concerned with his working hours instead of the results of his work. He told Liza that he would not resign but that she had to fire him. Gonzales then realized that Liza was actually firing him. That night, Gonzales had an internet chat with Liza and turned over to her the pending matters in the office, including shipment status and the negotiations for additional warehouse and office space. The next day, he sent a text message to Liza to inform her that he would send her his proposed work severance package. When he was about to send his proposal, he found out that he could no longer access his company e-mail. When he called up Liza, he learned that his company e-mail had been deleted and Liza created another e-mail in the name of her sister, Anna Barbara Fernandez, who was not connected with the company. On 26 August 2009, using his other e-mail, he sent Liza his proposed severance package of P783,489.17 plus commission of US\$5,075.96. After that, Gonzales and Liza had an argument about the proposal. Nevertheless, he continued to communicate with Liza regarding work-related matters. Gonzales sent another text message to Liza to inform her that he would register the company car in his name. He was therefore surprised to learn that a carjacking charge had been filed against him before the National Bureau of Investigation, prompting him to immediately return the car to JWGC.

Liza had another version of the incidents. She alleged that she went out with Margie and Atty. Caedo on 8 August 2009. Liza claimed that Hans made the comment only

after Margie asked him about her husband's performance at work. As regards the 24 August 2009 meeting, Liza allegedly informed Gonzales of his new work schedule from 9:00 a.m. to 5:00 p.m. to enable him to accomplish all the tasks assigned to him and to ensure that the deadlines set by clients were met. Gonzalez reacted violently to the new schedule and told her that as General Manager, he had the prerogative to come to the office and leave as he wished. Gonzales told Liza that if the company would insist on the new work schedule, it would have to terminate his services. Liza asked Gonzales if he wanted to resign but Gonzales insisted on being terminated from work. He told her that he would e-mail to her his severance package proposal.

Liza sent Gonzales two letters, both dated 27 August 2009, regarding the new work schedule but Gonzales found them premature and unfounded. JWGC and Liza (petitioners) then sent Gonzales a show-cause notice dated 14 September 2009 ordering him to explain his alleged misconduct, particularly: (1) his text message to Liza on 12 August 2009 where he called the spouses Hernandez "*gago*;" (2) his non-compliance with the directive to report for work from 9:00 a.m. to 5:00 p.m.; (3) his failure to report for work starting 25 August 2009 which resulted in his failure to perform his duties as General Manager; and (4) his lackluster performance as General Manager. An administrative hearing was scheduled on 21 September 2009 but it was later moved to 23 September 2009. In a letter dated 25 September 2009, petitioners sent a Notice of Termination to Gonzales informing him of their decision to terminate his services for serious misconduct or willful disobedience of the company's lawful orders or policies, gross and habitual neglect of duty, and breach of trust and confidence. Earlier however, on 17 September 2009 and three days after receiving the show-cause notice, Gonzales filed a complaint for illegal dismissal against petitioners. The case was docketed as NLRC Case No. RAB-IV-09-01197-09-RI.

The Decisions of the Labor Arbiter and the NLRC

In a Decision dated 5 April 2010,^[4] the Labor Arbiter dismissed the complaint for illegal dismissal. The Labor Arbiter found that the option to resign that Liza gave to Gonzales on 24 August 2009 was an offer to give him a graceful exit with the company. The Labor Arbiter noted that petitioners gave Gonzales an opportunity to explain his alleged misconduct but he chose to file the illegal dismissal complaint prior to the investigation. However, the Labor Arbiter found that Gonzales was not paid, and should be entitled to, his proportionate 13th month pay for 2009. The dispositive portion of the Labor Arbiter's decision reads:

WHEREFORE, premises considered, judgment is hereby rendered DISMISSING the instant complaint for illegal dismissal. The respondent corporation is, however, ordered to pay complainant his proportionate 13th month pay for the year 2009 in the sum of Fifty One Thousand Three Hundred Thirty Three [P]esos and [T]hirty Three Centavos (Php51,333.33).

All other claims are hereby dismissed for lack of merit.

SO ORDERED.^[5]

Gonzales filed an appeal before the National Labor Relations Commission (NLRC) which was docketed as NLRC LAC No. 05-001195-10.

In a Decision promulgated on 29 June 2010,^[6] the NLRC reversed the Labor Arbiter's decision. The NLRC ruled that Gonzales was illegally dismissed from employment. The NLRC ruled that Liza made it clear during the 24 August 2009 meeting with Gonzales that she wanted him out of the company. The NLRC found that Hans sent Gonzales the change in work schedule on 27 August 2009, three days after the meeting with Liza, only as an afterthought. The NLRC ruled that the show-cause notice was done only because petitioners realized that they had to comply with due process in terminating Gonzales from work but it was done after his dismissal from employment was effected. However, in lieu of reinstatement, the NLRC ordered petitioners to pay Gonzales separation pay at the rate of one month salary for every year of service. The NLRC dismissed the claims for commission and damages prayed for by Gonzales. The dispositive portion of the NLRC decision reads:

WHEREFORE, premises considered, the instant appeal is GRANTED. The decision appealed from is REVERSED and SET ASIDE, and [a new] one is issued ordering Johansen World Group Corporation and Anna Liza Hernandez to pay, jointly and severally, Rene Manuel Gonzales III the following:

1. backwages computed from August 24, 2009 up to the promulgation of this Decision amounting to P770,000.00[;]
2. separation pay in the amount of P210,000.00;
3. 13th month pay for the year 2009 up to promulgation in the amount of P110,833.33.

All other monetary claims are hereby dismissed for lack of merit.

SO ORDERED.^[7]

Petitioners filed a motion for reconsideration. In its 14 December 2010 Resolution,^[8] the NLRC denied the motion for reconsideration for lack of merit.

Petitioners filed a petition for certiorari before the Court of Appeals. The case was docketed as CA-G.R. SP No. 117758.

The Decision of the Court of Appeals

In its 20 May 2011 Decision, the Court of Appeals denied the petition and affirmed the decision of the NLRC.

The Court of Appeals concurred with the factual findings of the NLRC that during the meeting of 24 August 2009, Liza had already set her mind to terminate Gonzales from employment and that the show-cause order was only an afterthought on the

part of petitioners to cure their wrong action. The Court of Appeals ruled that the exchange of messages between Liza and Gonzales showed that the latter was actually trying to smoothly turn over work-related matters to the former. The Court of Appeals ruled that Gonzales would not turn over his responsibilities to Liza and e-mail her his proposed severance package if he believed that he was still connected with the company.

The Court of Appeals ruled that petitioners were not able to substantiate their claim of lackluster performance exhibited by Gonzales. The Court of Appeals noted that in the Review that Hans gave Gonzales, Hans indirectly admitted that the company was on the road to success and he praised Gonzales for creating a more professional atmosphere at work as well as for his adeptness in negotiations.

The Court of Appeals thus concluded that the NLRC did not commit grave abuse of discretion in reversing the Labor Arbiter's decision.

Petitioners filed a motion for reconsideration as well as a motion for inhibition on the ground that petitioners had reservations on the impartiality and objectivity of the *ponente*. In its 23 September 2011 Resolution, the Court of Appeals denied both motions for lack of merit.

Hence, the petition before this Court.

The Issues

Petitioners raise two issues in the case before us:

- (1) Whether Gonzales was illegally dismissed from employment; and
- (2) Whether Gonzales is entitled to the award of backwages, separation pay, and 13th month pay.

The Ruling of this Court

The petition has no merit.

Illegal Dismissal

Petitioners allege that Gonzales was validly terminated from employment for a just cause and for loss of trust and confidence. Petitioners allege that while Gonzales claimed that he was constructively dismissed, the NLRC and the Court of Appeals deviated from this allegation by finding that Gonzales was illegally dismissed from employment. Petitioners further allege that the Court of Appeals had no factual and legal basis in arriving at its conclusion.

We do not agree with petitioners.

As a general rule, this Court, not being a trier of facts, will not routinely undertake the re-examination of the evidence presented by the contending parties, in consonance with the rule that the findings of fact of the Court of Appeals are