



**Republic of the Philippines
Supreme Court
Manila**

SECOND DIVISION

**SUTHERLAND GLOBAL SERVICES
(Philippines), INC. and JANETTE G.
LAGAZO,**

Petitioners,

-versus-

LARRY S. LABRADOR,
Respondent.

G.R. No. 193107

Present:

CARPIO, *J.*, Chairperson,
BRION,
DEL CASTILLO,
PEREZ, and
REYES, * *JJ.*

Promulgated:

MAR 24 2014



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DECISION

BRION, J.:

This is an appeal (*via* Rule 45 of the Rules of Court) from the decision¹ dated December 18, 2009 and the resolution² dated July 26, 2010 of the Court of Appeals (*CA*) in CA-G.R. SP No. 110662. The appealed decision affirmed the decision dated May 21, 2009 of the National Labor Relations Commission (*NLRC*), finding Larry S. Labrador illegally dismissed from the service.

The Antecedent Facts

Petitioner Sutherland Global Services (Philippines), Inc. (*Sutherland*) is engaged in the business of process outsourcing and technology consulting services for international clients.³ In August 2006, Sutherland hired Labrador as one of its call center agents with the main responsibility of answering various queries and complaints through phoned-in calls.⁴

* Designated as Acting Member in lieu of Associate Justice Estela M. Perlas-Bernabe, per Special Order No. 1650 dated March 13, 2014.

¹ *Rollo*, pp. 36-49; penned by Associate Justice Mario Lopez, and concurred in by Associate Justices Rebecca de Guia-Salvador and Apolinario Bruselas, Jr.

² *Id.* at 63-67.

³ *Id.* at 190.

⁴ *Id.* at 211.



In his two years of working at Sutherland, Labrador committed several infractions.⁵ But it was only on June 17, 2008 that Labrador was finally charged with violation for transgressing the “Non-Compliance Sale Attribute” policy clause stated in the Employee Handbook. Allegedly, on May 13, 2008, one of Sutherland’s customers complained that Labrador initially asked for her credit card account, but only for purposes of verification. As it turned out, a second account was created and a new order was placed under the same customer’s name. Thus, two sets of packages were shipped to the customer who had to pay twice for the same product.

Under Sutherland’s Employee Handbook, Labrador’s action is classified as an act of dishonesty or fraud.⁶ On May 24, 2008, Sutherland sent Labrador a Notice to Explain⁷ in writing why he should not be held administratively liable.

On May 28, 2008, an administrative hearing was conducted that took into consideration Labrador’s past infractions, namely:

[A]s early as 24 September 2007, a Red Flag document was issued against [sic] Labrador for not disclosing customer information appropriately and signing up the call-in client for a second account without even verifying if he already had a previous account. The offense was punishable by a Last Written Warning[;]

Again[,] on 8 February 2008, Labrador committed xxx a fatal error in handling a particular customer complaint or query. He was then placed under immediate counseling under the Monitoring Improvement Program in order to improve his performance[;]

On 13 May 2008, another Red Flag document was issued because Respondent created two accounts for a customer without informing the latter that she [would] be billed twice. xxx Respondent asked the Credit Card Number of the customer for the second account and xxx falsely stated that it [was] only for verification purposes. Later on, the client complained[.]⁸

After investigation, a recommendation was issued finding Labrador guilty of violating the Employee Handbook due to gross or habitual neglect of duty.⁹ The recommendation further stated:

With (sic) the request of Mr. Larry Labrador (Customer Service Representative – UOLIB Sales) for resignation instead of termination, due to humanitarian purposes and his stay and contribution to the account, SGS Management allows his request of resigning from the company, ergo: he shall resign from the company effective immediately.¹⁰

x x x x

⁵ Id. at 37.

⁶ Id. at 190-191.

⁷ Id. at 119.

⁸ Id. at 37.

⁹ Id. at 123-126.

¹⁰ Id. at 126.

On June 17, 2008, Labrador submitted his resignation letter.¹¹

On October 27, 2008, Labrador filed a complaint for constructive/illegal dismissal before the NLRC.¹²

On February 27, 2009, Labor Arbiter (LA) Reynaldo Abdon dismissed the complaint for lack of merit.¹³ He found just cause to terminate Labrador's employment, and that his resignation letter had been voluntarily executed.

Labrador filed his Memorandum on Appeal¹⁴ with the NLRC. In Sutherland's Answer,¹⁵ it noted that there were formal defects in Labrador's Memorandum on Appeal warranting its immediate dismissal, namely: (1) he failed to state the date of receipt of the appealed decision; and (2) he also failed to attach a certificate of non-forum shopping in accordance with the NLRC Rules of Procedure.¹⁶

Notwithstanding these defects, the NLRC reversed the LA's ruling on May 21, 2009.¹⁷ The NLRC applied a liberal interpretation of the rules and admitted Labrador's Memorandum on Appeal. It further ruled that Labrador's resignation was involuntary. Thus, it ordered Labrador's reinstatement with payment of backwages and allowances. Sutherland filed a motion for reconsideration which the NLRC likewise denied in a resolution¹⁸ dated July 14, 2009.

Sutherland filed a petition for *certiorari* with the CA, alleging grave abuse of discretion on the part of the NLRC. On December 18, 2009, the CA dismissed the petition, ruling that technical rules are not binding in labor cases. Thus, it concluded that the NLRC did not commit any grave abuse of discretion when it applied a liberal application of the rules since the issue involved was the legality of Labrador's dismissal.

On the substantive aspect, the CA also affirmed the NLRC's finding that Labrador had been illegally dismissed. The CA also ruled that Sutherland's decision to terminate Labrador's services was the proximate cause of his resignation; the resignation letter was submitted solely for the purpose of avoiding any derogatory record that would adversely affect his future employment. In effect, he cannot be deemed to have voluntarily resigned because he was forced to relinquish his position in order to avoid the inevitable termination of employment.

¹¹ Id. at 127.

¹² Id. at 38.

¹³ Id. at 152-163.

¹⁴ Id. at 164-169.

¹⁵ Id. at 170-187.

¹⁶ Id. at 39.

¹⁷ Id. at 189-196.

¹⁸ Id. at 219-220.

The CA denied Sutherland's motion for reconsideration, prompting the present petition for a final review.

The Issues

Sutherland raises the following assignment of errors:

I.

THE CA ERRED IN TAKING COGNIZANCE OF THE APPEAL DESPITE LABRADOR'S FAILURE TO COMPLY WITH THE NLRC'S RULES OF PROCEDURE.

II.

WHETHER THE CA ERRED IN RULING THAT LABRADOR WAS ILLEGALLY TERMINATED AND DID NOT VOLUNTARILY RESIGN.

III.

WHETHER LABRADOR'S OFFENSE CONSTITUTES GROSS NEGLIGENCE AS TO WARRANT HIS DISMISSAL FROM THE SERVICE.

Sutherland primarily argues that the NLRC committed grave abuse of discretion in taking cognizance of the appeal despite its apparent defects; that the appeal had not been perfected, thus rendering the LA's decision final and executory. Further, Sutherland stresses that there was no illegal dismissal since Labrador voluntarily resigned. More importantly, even if Labrador had been dismissed from the service, just cause to dismiss existed since Labrador's offenses amounted to gross negligence.

The Court's Ruling

We find the petition meritorious.

At the time this case was appealed to the NLRC, the then governing rule was the 2005 Revised Rules of Procedure of the NLRC (2005 NLRC Rules) whose Section 4, Rule VI provided:

Section 4. Requisites For Perfection Of Appeal. – a) The appeal shall be: 1) filed within the reglementary period provided in Section 1 of this Rule; 2) verified by the appellant himself in accordance with Section 4, Rule 7 of the Rules of Court, as amended; 3) in the form of a memorandum of appeal which shall state the grounds relied upon and the arguments in support thereof, the relief prayed for, and with a statement of the date the appellant received the appealed decision, resolution or order; 4) in three (3) legibly typewritten or printed copies; and 5) accompanied by i) proof of payment of the required appeal fee; ii) posting of a cash or surety

bond as provided in Section 6 of this Rule; iii) *a certificate of non-forum shopping*; and iv) proof of service upon the other parties.¹⁹

Sutherland insists that the failure to state the material dates is fatal to Salvador's appeal to the NLRC and to his present position in this case.

We do not find Sutherland's argument meritorious as technical rules are not necessarily fatal in labor cases; they can be liberally applied if – all things being equal – any doubt or ambiguity would be resolved in favor of labor.²⁰ These technicalities and limitations can only be given their fullest effect if the case is substantively unmeritorious; otherwise, and if the defect is similar to the present one and can be verified from the records (as in this case), we have the discretion not to consider them fatal.

The same reasoning applies to the failure to attach a certificate of non-forum shopping. We can likewise relax our treatment of the defect. Additionally, while the 2005 NLRC Rules specifically stated that a certificate of non-forum shopping should be attached, the 2011 NLRC Rules of Procedure²¹ no longer requires it. Jurisprudence, too, is replete with instances when the Court relaxed the rules involving the attachment of the certificate of non-forum shopping.²² Under these circumstances, we see no grave abuse of discretion on the part of the NLRC in admitting the petition.

We, however, do not agree with the findings of the NLRC, as affirmed by the CA, that Labrador was illegally dismissed.

In this jurisdiction, the findings of the NLRC are generally binding and should be treated with finality. The CA only looks at the facts to determine if a tribunal, board or officer exercising judicial or quasi-judicial functions acted without or in excess of its or his jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction in appreciating the facts.

¹⁹ Emphases, italics and underscores ours.

²⁰ *Government Service Insurance System v. National Labor Relations Commission*, G.R. No. 180045, November 17, 2010, 635 SCRA 251, 258.

²¹ Section 4, Rule VI of the 2011 NLRC Rules of Procedure provides:

SECTION 4. REQUISITES FOR PERFECTION OF APPEAL. - a) The appeal shall be:

- (1) filed within the reglementary period provided in Section 1 of this Rule;
- (2) verified by the appellant himself/herself in accordance with Section 4, Rule 7 of the Rules of Court, as amended;
- (3) in the form of a memorandum of appeal which shall state the grounds relied upon and the arguments in support thereof, the relief prayed for, and with a statement of the date the appellant received the appealed decision, award or order;
- (4) in three (3) legibly typewritten or printed copies; and
- (5) accompanied by:
 - i) proof of payment of the required appeal fee and legal research fee;
 - ii) posting of a cash or surety bond as provided in Section 6 of this Rule; and
 - iii) proof of service upon the other parties.

²² *Heirs of Domingo Hernandez, Sr. v. Mingo, Sr.*, G.R. No. 146548, December 18, 2009, 608 SCRA 394; and *Traveño v. Bobongon Banana Growers Multi-Purpose Cooperative*, G.R. No. 164205, September 3, 2009, 598 SCRA 27.

Rule 45 of the Rules of Court, on the other hand, confines this Court to a review of the case solely on pure questions of law. In *Montoya v. Transmed Manila Corporation*,²³ we said that in ruling for legal correctness, we have to view the CA decision in the same context that the petition for *certiorari* it ruled upon was presented; we have to examine the CA decision from the prism of whether it correctly determined the presence or absence of grave abuse of discretion in the NLRC decision before it, not on the basis of whether the NLRC decision on the merits of the case was correct. In other words, we have to be keenly aware that the CA undertook a Rule 65 review, not a review on appeal, of the challenged NLRC decision. **In question form, the question to ask is: Did the CA correctly determine whether the NLRC committed grave abuse of discretion in ruling on the case?**

We answer in the negative. The CA gravely misappreciated the import of the evidence on record and can even be said to have disregarded it. The NLRC glossed over Labrador's repeated violations that led the latter to request that he be allowed to resign to preserve his reputation for future employment, rather than be dismissed from the service.

In the evidence leading to Labrador's dismissal – evidence that Labrador had acknowledged to have received, thus binding him to its terms – no dispute exists that Labrador committed several infractions. In fact, the final infraction that brought on his termination was actually a repetition of the first offense.

The first offense (committed on September 24, 2007) already gave rise to a "Last Written Warning" with the statement that it was a serious offense, constituting neglect of duty for deviating from the program/department's standard operating procedures.²⁴ Under this clear warning, a second similar offense would necessarily lead to his dismissal; otherwise the purpose of a "Last Written Warning" would have been negated. The NLRC, unfortunately, completely disregarded this piece of important evidence. This disregard – a gross failure to recognize undisputed evidence on record – constitutes grave abuse of discretion.

We have consistently ruled that the power to dismiss an employee is a recognized prerogative inherent in the employer's right to freely manage and regulate his business. The law, however, in protecting the rights of the laborers, authorizes neither oppression nor self-destruction of the employer. The worker's right to security of tenure is not an absolute right, for the law provides that he may be dismissed for cause.²⁵ Furthermore, Article 282 of the Labor Code provides that an employee may be terminated from the service on either of the following just causes:

²³ G.R. No. 183329, August 27, 2009, 597 SCRA 334.

²⁴ *Rollo*, p. 116.

²⁵ *Molina v. Pacific Plans, Inc.*, 519 Phil. 475, 497 (2006).

Art. 282. Termination by employer. - An employer may terminate an employment for any of the following causes:

1. Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
2. **Gross and habitual neglect by the employee of his duties;**
3. Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
4. Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representatives; and
5. *Other causes analogous to the foregoing.*²⁶

The failure to faithfully comply with the company rules and regulations is considered to be a just cause in terminating one's employment, depending on the nature, severity and circumstances of non-compliance. "An employer 'has the right to regulate, according to its discretion and best judgment, all aspects of employment, including work assignment, working methods, processes to be followed, working regulations, transfer of employees, work supervision, lay-off of workers and the discipline, dismissal and recall of workers.'"²⁷

Thus, it was within Sutherland's prerogative to terminate Labrador's employment when he committed a serious infraction and, despite a previous warning, repeated it. To reiterate, he opened another client account without the latter's consent, with far-reaching and costly effects on the company. For one, the repeated past infractions would have resulted in negative feedbacks on Sutherland's performance and reputation. It would likewise entail additional administrative expense since Sutherland would have to address the complaints – an effort that would entail investigation costs and the return of the doubly-delivered merchandise. As a rule, "an employer cannot be compelled to continue with the employment of workers when continued employment will prove inimical to the employer's interests."²⁸

To Sutherland's credit, it duly complied with the procedural requirement in dismissing an employee; it clearly observed both substantive and procedural due process. Its action was based on a just and authorized cause, and the dismissal was effected after due notice and hearing.²⁹ After Labrador's subsequent infraction, Sutherland sent him a Notice to Explain and an administrative hearing was thereafter conducted. During the hearing,

²⁶ Italics and emphasis ours.

²⁷ *Reyes-Rayel v. Philippine Luen Thai Holdings, Corporation*, G.R. No. 174893, July 11, 2012, 676 SCRA 183, 199-200; citation omitted.

²⁸ *Ancheta v. Destiny Financial Plans, Inc.*, G.R. No. 179702, February 16, 2010, 612 SCRA 648, 663; citation omitted.

²⁹ *KAKAMPI v. Kingspoint Express and Logistic*, G.R. No. 194813, April 25, 2012, 671 SCRA 483, 494.

Labrador himself admitted his faults. These incidents were properly recorded and were properly discussed in Sutherland's recommendation. But before Sutherland could finally pronounce its verdict, Labrador submitted his resignation letter, impelled no doubt, as Sutherland alleged, by the need to protect his reputation and his future employment chances. To be sure, Sutherland's explanation was not remote, far-fetched or unbelievable given the undisputable evidence on record of infractions.

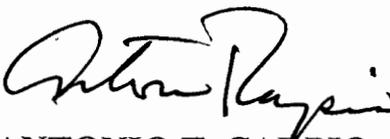
Finally, we find the issue of whether the resignation letter was voluntarily executed moot. Even if Labrador had not submitted his resignation letter, Sutherland could still not be held liable for constructive dismissal given the existing just cause to terminate Labrador's employment.

WHEREFORE, the appeal is **GRANTED**. Accordingly, the decision dated December 18, 2009 and the resolution dated July 26, 2010 of the Court of Appeals in CA-G.R. SP No. 110662 are hereby **REVERSED AND SET ASIDE**. The complaint for illegal dismissal is hereby declared dismissed. No costs.

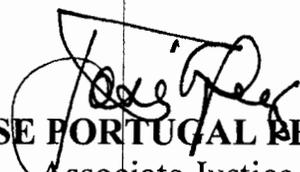
SO ORDERED.


ARTURO D. BRION
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson

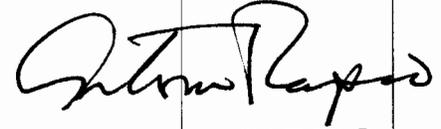

MARIANO C. DEL CASTILLO
Associate Justice


JOSE PORTUGAL BEREZ
Associate Justice


BIENVENIDO L. REYES
Associate Justice

ATTESTATION

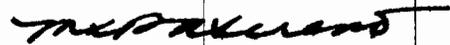
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice