Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

ABS-CBN BROADCASTING CORPORATION, Petitioner,	**G.R. No. 193136** Present:
- versus -	BERSAMIN, *C.J.*, *Chairperson*, DEL CASTILLO, CAGUIOA,* GESMUNDO, and CARANDANG, *JJ.*
HONORATO C. HILARIO, substituted by GLORIA Z. HILARIO, and DINDO B. BANTING, Respondents.	Promulgated: JUL 10 2019

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DECISION

CARANDANG, *J.*:

Before Us is a petition for review on *certiorari*[1] under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision[2] of the Court of Appeals (CA) dated March 4, 2010 and the Resolution[3] dated July 29, 2010 in CA-G.R. SP No. 107739 which held ABS-CBN Broadcasting Corporation [ABS-CBN for brevity] (petitioner) jointly and severally liable with Creative Creatures, Inc. (CCI) for illegally dismissing respondents Honorato C. Hilario (Honorato), substituted by Gloria Z. Hilario, and Dindo B. Banting (Banting). The CA, however, partially granted the petition filed by petitioner. The amount received by respondents by way of quitclaims was ordered deducted from their monetary award to be computed from the time of their termination on October 5, 2003 up to their actual reinstatement.

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* Designated Additional Member per Raffle dated March 11, 2019 *vice* Associate Justice Francis H. Jardeleza.

1 *Rollo*, pp. 8-40.

2 Penned by Associate Justice Ramon M. Bato, Jr., with Associate Justices Apolinario D. Bruselas, Jr. and Florito S. Macalino, concurring; id. at 449-470.

3 Id. at 487-488.

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The Facts of the Case

Petitioner is a domestic corporation primarily engaged in the business of international and local broadcasting of television and radio content. ABS-CBN's Scenic Department initially handled the design, construction and provision of the props and sets for its different shows and programs. Subsequently, petitioner engaged independent contractors to create, provide and construct its different sets and props requirements. One of the independent contractors engaged by petitioner was Mr. Edmund Ty (Ty).

In 1995, CCI was formed and incorporated by Ty together with some officers of petitioner, namely, Mr. Eugenio Lopez III, Charo Santos-Concio, Felipe S. Yalong and Federico M. Garcia. It was organized to engage in the business of conceptualizing, designing and constructing sets and props for use in television programs, theater presentations, concerts, conventions and/or commercial advertising.[4] Ty became the Vice-President and Managing Director of CCI. On or about the time of CCI's incorporation, the Scenic Department of petitioner was abolished and CCI was engaged by petitioner to provide props and set design for its shows and programs.

On March 6, 1995, respondent Honorato was hired by CCI as Designer. He rose from the ranks until he became Set Controller, receiving a monthly salary of ₱9,973.24 as of October 5, 2003. Respondent Banting, on the other hand, was engaged by CCI as Metal Craftsman in April 1999. He likewise rose from the ranks and became Assistant Set Controller, with a monthly salary of ₱8,820.73 as of October 5, 2003.

In June 2003, Ty decided to retire as Managing Director of CCI. His decision was prompted by his intention to organize and create his own company. While Ty and the directors of his company were still in the process of setting up the company, Ty entered into a Consultancy Agreement[5] dated June 30, 2003 with petitioner as regards the set design and production setting for the television programs of the latter.

Without Ty to manage and lead CCI, and considering that CCI was not generating revenue but was merely "breaking even", the Board of Directors of CCI decided to close the company down by shortening its corporate term up to October 31, 2003. The Minutes of the Special Joint Meeting of the Board of Directors and Stockholders[6] of CCI dated July 15, 2003 reads:

> IV. RETIREMENT OF THE MANAGING DIRECTOR
>
> The Chairman informed the Directors and stockholders that the managing Director of the Corporation, Mr. Edmund Ty, retired from his position effective 30 June 2003.

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4 Id. at 54-64, "Articles of Incorporation" of CCI.
5 Id. at 74-77, Annex "H".
6 Id. at 72-73, Annex "G".

> On behalf of the Corporation, the Chairman accepted Mr. Ty's retirement and expressed his gratitude for Mr. Ty's service to the Corporation.
>
> V. CESSATION OF BUSINESS OPERATIONS AND DISSOLUTION OF CORPORATION BY SHORTENING ITS CORPORATE TERM
>
> The Directors and stockholders were provided with the latest financial statements of the Corporation which reflect that it is merely breaking-even in its operations. This fact, in addition to the retirement of Mr. Ty whose expertise and service is considered vital to the Corporation's operation, prompted the Directors and stockholders to consider concluding the operations of the Corporation. After thorough discussions, it was unanimously approved that the Corporation cease its operations and that all employees thereof will receive their statutory and legal benefits as a result of the cessation of operations of the Corporation.[7]

In August 2003, Ty organized and created Dream Weaver Visual Exponents, Inc. (DWVEI). Like CCI, DWVEI is primarily engaged in the business of conceptualizing, designing and constructing sets and props for use in television programs and similar projects. With the incorporation of DWVEI, petitioner engaged the services of DWVEI.

On September 4, 2003[8] and September 5, 2003,[9] respondents Banting and Hilario were served their respective notices of the closure of CCI effective October 5, 2003. Except for the personal circumstances, their termination letters uniformly reads:

> This has reference to your employment with Creative Creatures, Inc. (the "Company") as [Set Controller/Assistant Set Controller].
>
> We would like to inform you that Management has decided to cease operations of CCI effective October 5, 2003.
>
> For this reason, effective October 5, 2003, your employment with the Company shall cease. As a consequence of your separation from the Company, you shall receive separation pay for services rendered to the Company.
>
> x x x x
> Sgd.
> EDMUND TY
> Managing Director

With the said termination, respondent Honorato received the total amount of ₱118,205.87[10] while respondent Banting received the total amount

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7 Id. at 72-73, Annex "G".
8 Id. at 107, Annex "N".
9 Id. at 108, Annex "O".
10 Id. at 116-117.

of ₱66,383.54.[11] Both respondents executed individual release and quitclaims in favor of CCI.

Consequently, the list of terminated employees was submitted to the Department of Labor and Employment (DOLE) and notices of cessation of operations were filed with the Bureau of Internal Revenue and Home Development Mutual Fund.

On September 24, 2003, respondents filed a complaint for illegal dismissal, illegal deduction, non-payment of meal allowances, with prayer for damages against CCI and petitioner before the National Labor Relations Commission (NLRC) Arbitration Branch. The case was docketed as NLRC-NCR Case No. 00-09-11214-03. In their position paper, respondents claimed that the closure of CCI was not due to any of the authorized causes provided by law but was done in bad faith for the purpose of circumventing the provisions of the Labor Code, as CCI was still conducting operations under the guise of DWVEI.

Petitioner and CCI, represented by the same counsel, submitted their position paper claiming that they are separate and distinct corporations. Petitioner and CCI maintained that an employer may close its business even if it is not suffering from losses or financial reverses, as long as it pays its employees their termination pay. Accordingly, the employees of CCI received separation pay equivalent to 1 ½ month pay for every year of service, commutation of unused leaves and pro-rated 13th and 14th month pay. Respondents even executed quitclaims and waivers in favor of petitioner.

Ruling of the Labor Arbiter

After weighing the positions taken by the opposing parties, including the evidence adduced in support of their respective cases, the Labor Arbiter (LA) issued a Decision[12] dated March 1, 2006 finding respondents to have been illegally dismissed, and ordering CCI and petitioner to reinstate them to their former or equivalent positions and to jointly and severally pay their full backwages and other allowances. The dispositive portion of the decision reads:

> **WHEREFORE**, premises considered, it is hereby declared that the complainants' termination was illegal and the respondents are jointly and severally ordered to reinstate them to their former or equivalent position with full backwages from October 2003 up to the date of reinstatement, as follows:
>
> **HONORATO C. HILARIO** **P259,303.24**
> (Nov. 2003 to Dec. 2005 = 26 mos. x P9,973.24 = P259,303.24)
>
> **DINDO B. BANTING** **P229,338.98**
> (Nov. 2003 to Dec. 2005 = 26 mos. x P8,820.73 = P229,338.98)

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11 Id. at 118-119.

12 Rendered by Labor Arbiter Ramon Valentin C. Reyes; id. at 251-262.

> The respondents are likewise ordered to pay jointly and severally to complainant Hilario his meal allowance from the time it was withheld or deprived in October 2000 up to present. Whatever money claims herein awarded should be deducted by whatever the complainants previously received incident to their illegal dismissal.
>
> All other claims are dismissed for lack of merit.
>
> SO ORDERED.[13]

The LA held that the purported closure of business operation of CCI was undertaken for the purpose of circumventing the provisions of the Labor Code, particularly Article 279[14] thereof which guarantees the security of tenure of workers. Hence, the LA ordered the reinstatement of respondents with full backwages from October 2003 up to March 1, 2006.

In finding petitioner jointly and severally liable with CCI for illegal dismissal, the LA noted that CCI appears to have been created, organized and operated under the direction, control and management of petitioner. CCI was principally formed to perform the functions and activities formerly undertaken by petitioner's ABS-CBN Scenic Department whose functions and activities of handling design, construction and provision of props and sets are necessary in petitioner's business. CCI was also affiliated with and/or a subsidiary of petitioner and majority of its stockholders are also the major stockholders of petitioner. As found by the LA, petitioner had a clear hand in the purported closure of the latter and the subsequent creation of DWVEI. It further held that the closure of operation and consequent dismissal of the respondents was designed, orchestrated and implemented with the participation and involvement of petitioner.

Respondent Honorato moved for their immediate reinstatement pending appeal but was denied in an Order dated August 9, 2006 of the LA.

Ruling of the NLRC

In a Decision[15] dated June 30, 2008, the NLRC affirmed the decision of the LA in finding petitioner and CCI jointly and severally liable to pay respondents their backwages and other allowances. The NLRC agreed with the LA that the creation and abolition of CCI was done with the direct participation of, and with sole dependence on petitioner, hence, petitioner and CCI should be treated as a singular entity since petitioner controlled the affairs of CCI. The NLRC added that the corporate shield of CCI was used to justify the dismissal of respondents. When CCI ceased to exist, there was supposedly

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13 Id. at 261-262.

14 Art. 279. Security of tenure. – In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges and to his full backwages, inclusive of allowances, and to his other benefits or their monetary equivalent computed from the time his compensation was withheld from him up to the time of his actual reinstatement. (As amended by Section 34, Republic Act No. 6715, March 21, 1989).

15 *Rollo*, pp. 307-318.

no more reason to hire respondents but in reality, the functions of respondents continued to be performed in ABS-CBN. Hence, there was no reason to terminate the services of respondents. The dispositive portion of the NLRC Decision states, to wit:

> **WHEREFORE**, judgment is hereby rendered:
>
> 1. DISMISSING the appeal of respondents and affirming the Decision of Labor Arbiter Ramon Valentin C. Reyes dated march 1, 2006;
> 2. GRANTING the appeal of complainant Hilario; and
> 3. DIRECTING ABS-CBN to immediately REINSTATE complainants to their former or equivalent positions, and to REPORT COMPLIANCE with this order within ten (10) days from receipt hereof.
>
> **SO ORDERED**.[16]

Ruling of the CA

Petitioner elevated the case to the CA, arguing that the NLRC erred and gravely abused its discretion in treating petitioner and CCI as a single entity and in ruling therewith respondents' termination as illegal. Petitioner reiterates its assertion that it was erroneous for the NLRC to treat CCI and petitioner as a single entity when there is clear and convincing evidence on record that each has separate corporate personality. Petitioner likewise argued that respondents' dismissal was valid, as the requirement for termination of employees by reason of closure of business operations was complied with and the closure was an exercise of its management prerogative.

The CA rendered a Decision[17] dated March 4, 2010 which affirmed the finding of illegal dismissal of respondents but modified the decision of the NLRC and ordered the respondents' reinstatement, to wit:

> **WHEREFORE**, the instant petition is hereby **PARTIALLY GRANTED**. Accordingly, the Decision dated June 30, 2008 issued by the National Labor Relations Commission (NLRC) in NLRC NCR CA No. 049933-06 and its Resolution dated January 30, 2009 denying petitioners' motion for reconsideration, are hereby **MODIFIED**, in that, the amount received by the private respondents by way of quitclaims shall be deducted from their respective monetary award to be computed from the time of their termination on October 5, 2003 up to their actual reinstatement.
>
> **SO ORDERED**.[18]

Petitioner filed a Motion for Reconsideration[19] from the CA decision but was denied in a Resolution[20] dated July 29, 2010.

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16 Id. at 316-317.
17 Id. at 449-470.
18 Id. at 469-470.
19 Id. at 471-484.
20 Id. at 487-488.

Issues

Unrelenting, petitioner filed the present petition arguing that:

> THE QUESTIONED DECISION AND RESOLUTION OF THE COURT OF APPEALS SHOULD BE REVERSED AND SET ASIDE INASMUCH AS THE SAME WAS RENDERED CONTRARY TO LAW AND PREVAILING JURISPRUDENCE CONSIDERING THAT:
>
> I. THERE IS NO FACTUAL AND LEGAL BASIS TO DISREGARD THE SEPARATE CORPORATE PERSONALITIES OF ABS-CBN AND CCI
> II. RESPONDENTS' TERMINATION AS A RESULT OF CCI'S CLOSURE WAS VALID AND LEGAL AND WAS DONE IN GOOD FAITH AND IN ACCORDANCE WITH THE LAW
> III. [RESPONDENTS'] REINSTATEMENT TO ABS-CBN IS IMPOSSIBLE INASMUCH AS THERE IS NO POSITION AS DESIGNER AND METAL CRAFTSMAN THEREAT.[21]

Petitioner maintains that ABS-CBN and CCI are separate and distinct corporations and that there was no factual and legal basis to disregard their separate corporate personalities. Petitioner contends that contrary to the ruling of the CA, respondents' termination was valid and legal and was done in good faith in accordance with the law and not a scheme to get rid of some employees. According to petitioner, the fact that CCI is a subsidiary of petitioner and that a majority of petitioner's stockholders are also the stockholders of CCI is not a justification to treat the said corporation as a single entity. Even assuming that CCI exclusively provides services to petitioner and its other subsidiaries such will still not justify disregarding the separate corporate personalities of ABS-CBN and CCI.

In their Comment,[22] respondents counter that Edmund Ty's resignation was feigned – a ploy to circumvent labor laws to the prejudice of respondents. Respondents point out that CCI's operation was entirely dependent upon petitioner and that CCI was created by, and its services intended only for, the sole benefit of petitioner, so much so that without petitioner, there would be no CCI, and vice versa. In addition, respondents posit that contrary to petitioner's claim that CCI closed down on October 5, 2003, which was the basis for the termination of the services of respondents therein, CCI continued to operate and accept job orders and render services to petitioner and thereafter continued to operate under the guise of DWVEI, a front corporation for CCI/petitioner.

In their Reply,[23] petitioner counters that the fact that CCI was a subsidiary of ABS-CBN prior to its closure and that former CCI officers are the incorporators and officers of DWVEI cannot be used as a justification to pierce the separate corporate fiction of these companies, much more to

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21 Id. at 21.
22 Id. at 500-508.
23 Id. at 520-535.

consider petitioner and DWVEI as one and the same entity. This is especially true considering that the said former officers of CCI who became incorporators and officers of DWVEI are not officers and employees of ABS-CBN. The Articles of Incorporation of ABS-CBN and CCI show with clarity that they are indeed separate and distinct corporations and such is the best evidence to prove their separate corporate personality.

Essentially, the core issues presented in this petition are: (1) whether respondents' termination of employment due to cessation of business operations was valid; (2) whether petitioner is jointly and severally liable with CCI for the dismissal of respondents; and (3) whether reinstatement of respondents is proper under the circumstances.

We deny the petition.

Ruling of the Court

As a general rule, only questions of law raised via a petition for review on *certiorari* under Rule 45 of the Rules of Court are reviewable by this Court. "Factual findings of administrative or quasi-judicial bodies, including labor tribunals, are accorded much respect by this Court as they are specialized to rule on matters falling within their jurisdiction especially when these are supported by substantial evidence."[24] In any case, even if the case be decided on its merits, the Court still finds no cogent reason to depart from the findings of the labor tribunals and the appellate court that respondents were illegally dismissed.

In *Veterans Federation of the Philippines v. Eduardo L. Montenejo, et al.*,[25] the Court ruled thus:

> In our jurisdiction, the right of an employer to terminate employment is regulated by law. Both the Constitution and our laws guarantee security of tenure to labor and, thus, an employee can only be validly dismissed from work if the dismissal is predicated upon any of the just or authorized causes allowed under the Labor Code.[26] (Citations omitted)

Correspondingly, a dismissal that is not based on either of the said causes is regarded as illegal and entitles the dismissed employee to the payment of backwages and, in most cases, to reinstatement.

One of the authorized causes for dismissal recognized under the Labor Code is the *bona fide* cessation of business operations by the employer. Article 298 (formerly Art. 283) of the Labor Code explicitly sanctions terminations due to the employer's cessation or business or operations – as long as the cessation is *bona fide* or is not made "for the purpose of circumventing the

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24 *Reyes v. Global Beer Below Zero, Inc.*, G.R. No. 222816, October 4, 2017.
25 G.R. No. 184819, November 29, 2017.
26 Id.

employee's right to security of tenure." Article 298 is hereby quoted for reference, *viz*:

> Art. 298. Closure of establishment and reduction of personnel. – The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operations of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the workers and the Department of Labor and Employment at least one (1) one month before the intended date thereof. In case of termination due to the installation of labor-saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and **in cases of closure or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to at least one (1) month pay or at least one (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered as one (1) whole year.** (Emphasis ours)

Based on the foregoing provision, there are three requirements for a valid cessation of business operations: (a) service of a written notice to the employees and to the DOLE at least one month before the intended date thereof; (b) the cessation of business must be *bona fide* in character; and (c) payment of the employees of termination pay amounting to one month pay or at least one-half month pay for every year of service, whichever is higher.[27]

In the present case, the reason cited by CCI for discontinuing its operations was that it was not making money but was merely "breaking even" and that the closure of business of CCI was a business decision of which discretion lies with the CCI's Board of Directors. Claiming good faith in the cessation of CCI's operations, petitioner claims that CCI has faithfully complied with the procedural requirements of due process under the Labor Code in that it has served a written notice on the worker and the DOLE and has given the dismissed employees separation pay.

We are not convinced. While the CCI has complied with the requirements of service of notice of cessation of operations one month before the intended date of closure and the payment of termination pay, it was not sufficiently proven that its closure of business was done good faith. As correctly noted by both the LA and the NLRC, as well as the appellate court, CCI failed to satisfactorily show that its closure of business or cessation of operations was *bona fide* in character and not intended to defeat or circumvent the tenurial rights of employees.

A closure or cessation of business or operations as ground for the termination of an employee is considered invalid when there was no genuine

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27 *Manila Polo Club Employees' Union (MPCEU) FUR-TUCP v. Manila Polo Club, Inc.*, 715 Phil. 18, 27-28 (2013).

closure of business but mere simulations which make it appear that the employer intended to close its business or operations when in truth, there was no such intention. To unmask the true intent of an employer when effecting a closure of business, it is important to consider not only the measures adopted by the employer prior to the purported closure but also the actions taken by the latter after the act.

However, both the labor tribunals and the CA found that the purported closure of business operation of CCI was undertaken for the purpose of circumventing the provisions of the Labor Code which guarantees security of tenure of respondents and all other employees of CCI. We are not inclined to depart from the uniform findings which are substantially supported by the evidence on records. The Court is not a trier of facts and will not review factual findings of the lower tribunals as these are generally binding and conclusive.

Here, suspicions were raised when CCI decided to immediately cease its business operations when one its officers, Ty, retired and decided to form his own company to engage in the same business as CCI. It becomes even more evident that the closure of CCI was done in bad faith and with the intention of circumventing the laws when petitioner dropped CCI and instead hired and engaged the services of Ty as consultant, and subsequently Ty's new company DWVEI for the props and set design of its various programs, thereby resulting in the termination of respondents and the other employees of CCI. Apparently, CCI's purported closure was a ploy to get rid of some employees and there was actually a plan to continue with the business operations under the guise of a new corporation, DWVEI, which merely transferred and rehired most of the employees of CCI, to the prejudice of herein respondents who were terminated. Clearly, respondents' termination of employment was illegal as it was done in bad faith and in circumvention of the law.

Having ruled that respondents' termination as illegal, We now proceed to rule on whether petitioner was correctly held jointly and severally liable with CCI for payment of monetary award to respondents.

The doctrine of piercing the veil of corporate fiction is a legal precept that allows a corporation's separate personality to be disregarded under certain circumstances so that a corporation and its stockholders or members, or a corporation and another related corporation should be treated as a single entity. In *PNB v. Hydro Resources Contractors Corp.*,[28] the Court said that:

> The doctrine of piercing the corporate veil applies only in three (3) basic areas, namely: (1) defeat public convenience as when the corporate fiction is used as a vehicle for the evasion of an existing obligation; (2) fraud cases or when the corporate entity is used to justify a wrong, protect fraud, or defend a crime; or (3) alter ego cases, where a corporation is merely a farce since it is a mere alter ego or business conduit of a person,

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28 706 Phil. 297 (2013).

> or where the corporation is so organized and controlled and its affairs are so conducted as to make it merely an instrumentality, agency, conduit or adjunct of another corporation.[29]

The present case falls under the third instance where a corporation is merely a farce since it is a mere alter ego or business conduit of person or in this case a corporation. "The corporate mask may be removed or the corporate veil pierced when the corporation is just an alter ego of a person or of another corporation."[30] By looking at the circumstances surrounding the creation, incorporation, management and closure and cessation of business operations of CCI, it cannot be denied that CCI's existence was dependent upon Ty and petitioner. First, the internal Scenic Department which initially handled the props and set designs of petitioner was abolished and shut down and CCI was incorporated to cater to the props and set design requirements of petitioner, thereby transferring most of its personnel to CCI. Notably, CCI was a subsidiary of petitioner and was incorporated through the collaboration of Ty and the other major stockholders and officers of petitioner. CCI provided services mainly to petitioner and its other subsidiaries. When Edmund Ty organized his own company, petitioner hired him as consultant and eventually engaged the services of his company DWVEI. As a result of which CCI decided to close its business operations as it no longer carried out services for the design and construction of sets and props for use in the programs and shows of petitioner, thereby terminating respondents and other employees of CCI. Petitioner clearly exercised control and influence in the management and closure of CCI's operations, which justifies the ruling of the appellate court and labor tribunals of disregarding their separate corporate personalities and treating them as a single entity.

Another notable fact is that in the Certification[31] dated August 22, 2011 issued by petitioner as to the employment status of Ty, it was stated that the latter was holding the position of Vice-President and Managing Director of its Division, CCI, from February 1, 1996 up to October 5, 2003, the date of effectivity of CCI's closure. This shows that Ty was in fact considered a regular employee of petitioner and CCI was considered a division of petitioner which bolster the conclusion that petitioner should be held jointly and severally liable with CCI for the illegal dismissal of respondents.

Anent the issue of the propriety of reinstatement of respondents, We find it necessary to modify the decision of the CA.

In *ICT Marketing Services, Inc. v. Sales*,[32] the Court ruled that:

> Settled is the rule that an employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges, and to his full backwages, inclusive of allowances and to

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29 Id. at 309.

30 *Zambrano, et al. v. Philippine Carpet Manufacturing Corporation, et al.*, G.R. No. 224099, June 21, 2017.

31 *Rollo*, p. 543, Annex "B".

32 769 Phil. 498 (2015).

> his other benefits or their monetary equivalent computed from the time his compensation was withheld up to the time of actual reinstatement.[33]

"Where reinstatement is no longer viable as an option, separation pay equivalent to one (1) month for every year of service should be awarded as an alternative."[34]

Here, separation pay is granted because reinstatement is no longer advisable and a long time has lapsed, particularly sixteen (16) years, since the dismissal of respondents. In fact, it should be noted that respondent Hilario died on September 2, 2015 during the pendency of this appeal and was substituted by his heirs, namely his wife Gloria Hilario and his children.[35] Under the foregoing circumstances, the payment of separation pay is considered an acceptable alternative to reinstatement since the latter option is no longer desirable or viable.

WHEREFORE, premises considered, the petition is **DENIED**. The Decision of the Court of Appeals dated March 4, 2010 and the Resolution dated July 29, 2010 in CA-G.R. SP No. 107739 finding respondents Honorato C. Hilario and Dindo B. Banting illegally dismissed and holding petitioner ABS-CBN Broadcasting Corporation and Creative Creatures, Inc. jointly and severally liable to pay respondents' backwages are hereby **AFFIRMED with MODIFICATION**, in that in lieu of reinstatement, petitioner and CCI are hereby ordered to pay respondents Banting and the heirs of Hilario, separation pay equivalent to one (1) month salary for every year of service from the date of their respective employment up to the finality of this Decision.

Petitioner and CCI are hereby ordered to pay respondents Banting and the heirs of Hilario the following:

1. Full backwages from the date of their dismissal on October 5, 2003 up to the finality of this Decision less the amount they received by way of quitclaim;

2. Separation pay equivalent to one month pay for every year of service from their respective date of employment, March 1995 and April 1999, respectively, up to the finality of this Decision;

3. Interest of six percent (6%) *per annum* of the total monetary award computed from the date of dismissal up to the finality of this Decision; and thereafter, twelve percent (12%) *per annum* from finality of this Decision up to the full satisfaction.[36]

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33 Id. at 512.

34 *Reyes, et al. v. RP Guardians Security Agency, Inc.*, 708 Phil. 598, 605 (2013).

35 Notice and Manifestation dated January 19, 2016.

36 *See Innodata Knowledge Services, Inc. v. Socorro D'Marie T. Inting, et al.*, G.R. No. 211892, December 6, 2017.

SO ORDERED.

RUSMARI D. CARANDANG
Associate Justice

WE CONCUR:

LUCAS P. BERSAMIN
Chief Justice

MARIANO C. DEL CASTILLO
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

ALEXANDER G. GESMUNDO
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

LUCAS P. BERSAMIN
Chief Justice