

THIRD DIVISION

[G.R. No. 226358, October 09, 2019]

CLARET SCHOOL OF QUEZON CITY, PETITIONER, VS. MADELYN I. SINDAY, RESPONDENT.

DECISION

LEONEN, J.:

Brent School, Inc. v. Zamora^[1] recognized that the Civil Code and the Labor Code allow the execution of fixed-term employment contracts. However, in cases where periods are imposed to prevent an employee from acquiring security of tenure, such contracts must be disregarded for being contrary to public policy and morals. *Brent's* application is limited to cases where the employer and the employee are more or less on an equal footing when they enter into the contract.^[2]

This Court resolves a Petition for Review on Certiorari^[3] assailing the Decision^[4] and Resolution^[5] of the Court of Appeals, which ruled that respondent Madelyn I. Sinday (Sinday) was a regular employee and was illegally dismissed.

Claret School of Quezon City (Claret) is an educational institution located on Mahinhin Street, UP Village, Quezon City.^[6] Sinday is the wife of Wencil Sinday, one (1) of Claret's longtime drivers. Their children are scholars of Claret.^[7]

On February 18, 2014, Sinday filed her Complaint for illegal dismissal against the school.^[8]

Sinday narrated that in April 2010, Claret engaged her as a releasing clerk in its book sale, tasking her with the inventory and release of books to Claret's students.^[9]

Afterwards, in July 2010, Sinday worked as a filing clerk at Claret's Human Resources Department, where she updated employees' files, delivered memoranda to different departments, and assisted in school programs.^[10] In April 2011, she was posted back as a releasing clerk. She held this position until July 14, 2011.^[11]

Before her job as releasing clerk expired, Sinday applied for work at one (1) of Claret's departments, Claret Technical-Vocational Training Center (Claretech), which taught vocational and technical skills to underprivileged students. On July 15, 2011, she started her new work as secretary, preparing materials, assisting in the delivery of correspondence to other departments, and encoding and filing documents, among other tasks.^[12]

Sinday claimed that Fr. Renato B. Manubag (Fr. Manubag), the institution director of

Claretech, signed a January 10, 2013 letter, approving the request of Head of Operations Timmy Bernaldez and Program Coordinator Rosario Butaran^[13] to classify her as a regular employee.^[14] She was classified under the non-teaching or non-academic school employees.^[15]

On February 20, 2013, Claret paid Sinday P19,458.00 representing the salary differential from June 1, 2012 to February 1, 2013.^[16]

However, in May 2013, Claret asked Sinday to sign a Probationary Employment Contract covering the period of January 16, 2013 to July 15, 2013. When the contract expired, Sinday asked Leticia Perez, the Human Resources head of Claret, regarding her employment status, but she was told that her tenure would expire on July 31, 2013 because of the change in school administration. Sinday also spoke to her supervisor, Rosario Butaran, and the latter told her that her dismissal was due to cost-cutting, particularly the need to reduce the employees from three (3) to two (2).^[17]

Desperate for work, Sinday continued to work for Claret and was employed on August 1, 2013 as a substitute teacher aide at Claret's Child Study Center.^[18] When the permanent teacher aide returned on October 25, 2013, Sinday stopped working for Claret.^[19]

Sinday repeatedly pleaded to be reinstated at least as a checker at the school's water station, but Claret denied her request.^[20]

Thus, Sinday filed her Complaint, claiming that she had been a regular employee as she performed various jobs that were usually necessary and desirable in the usual business of Claret.^[21]

On the other hand, Claret denied Sinday's claims averring that she was merely a part-time fixed-term contractual employee whom the school accommodated because her husband was its longtime driver.^[22] It also argued that Sinday was well aware of her fixed-term employment as confirmed by her application letters and biodata, which showed her employment's duration.^[23]

Moreover, Claret claimed that Sinday's position at Claretech was not a plantilla position because the department was only at its experimental stage, merely relying on donations and the school's marketing research fund. When Claretech began incurring deficits, the clerical functions were allegedly absorbed by the administrator's functions, dissolving Sinday's position.^[24]

Claret also pointed out that Sinday did not regularly work for eight (8) hours a day, five (5) days a week, her services being required only as needed. It further maintained that while Fr. Manubag indeed decided to classify her as regular employee, the decision was nonetheless revoked later due to Claretech's financial difficulties.^[25]

Claret also claimed that Sinday reportedly stole the school's relief goods intended for typhoon victims. The school supposedly let the incident slide, citing the security

agency's failure to immediately investigate the incident and the impending expiration of Sinday's employment.^[26]

In a September 11, 2014 Decision,^[27] the Labor Arbiter found that Sinday was illegally dismissed:

WHEREFORE, premises considered, judgment is hereby rendered finding complainant Madelyn I. Sinday to have been illegally dismissed.

Accordingly, respondent Claret School of Quezon City is directed to reinstate complainant to her former position or a substantially equivalent designation and to pay complainant backwages which is provisionally computed in the sum of One Hundred Sixteen Thousand Two Hundred Sixty-Eight Pesos and 8/100 (P116,268.08) as well as attorney's fees equivalent to 10% of the total judgment award.

The reinstatement aspect is immediately executory and respondent school is directed to submit a report of compliance within ten (10) calendar days from receipt of the decision.

SO ORDERED.^[28] (Emphasis in the original)

The Labor Arbiter ruled that the repeated hiring of Sinday for around three (3) years conferred her with regular employment status.^[29] Citing *Brent*, the Labor Arbiter explained that for a fixed-term employment to be valid, it must have been: (1) "knowingly and voluntarily agreed upon by the parties without any force, duress, or improper pressure being brought to bear upon the employee and absent any other circumstances vitiating his consent";^[30] or (2) "[i]t satisfactorily appears that the employer and the employee dealt with each other on more or less equal terms with no moral dominance exercised by the former or the latter."^[31]

The Labor Arbiter found that the conditions for a valid fixed-term employment were absent because Sinday did "not appear to have knowingly and voluntarily agreed to the arrangement."^[32] She found that Sinday badly needed a job, leaving her no choice but to apply from one (1) position to the other. This showed that Sinday and Claret were not on an equal footing in dealing with the terms of her employment.^[33]

Moreover, the Labor Arbiter held that Claret failed to prove that Sinday consented to the fixed-term employment. She found that Claret only presented a Memorandum of Agreement for Sinday's work as a substitute teacher aide, and by then, Sinday was already a regular employee, having been employed for more than two (2) years. Hence, the agreement could no longer alter Sinday's status as a regular employee.^[34]

Lastly, the Labor Arbiter found that Sinday's alleged infraction—the taking of relief goods—was a mere afterthought, considering that Claret had failed to act on it before.^[35]

Upon appeal, the National Labor Relations Commission, in its January 14, 2015 Decision,^[36] reversed the Labor Arbiter's Decision and found that Sinday was not illegally dismissed:

WHEREFORE, premises considered, the appeal is hereby **GRANTED**. The appealed Decision dated September 11, 2014 is **REVERSED**. The complaint is **DISMISSED** for lack of merit.

SO ORDERED.^[37] (Emphasis in the original)

The National Labor Relations Commission ruled that it was clear to Sinday that her employment with Claret was merely part-time contractual, not regular, as shown in her biodata.^[38]

Additionally, the National Labor Relations Commission found that the lack of a document showing Sinday's contractual employment did not in itself grant Sinday regular employee status, since there are other contrary evidence such as Sinday's application letters and biodata.^[39]

For the National Labor Relations Commission, the fixed-term employment did not appear to be intended to circumvent security of tenure. Sinday was not pressured to accept the various positions, which were clearly needed only for certain periods. There was also no showing that Sinday was coerced or forced into applying for these positions; hence, if she disagreed with this arrangement, she should not have repeatedly applied with Claret.^[40]

Furthermore, the National Labor Relations Commission found that Claret did not exercise moral dominance over Sinday since both of them benefitted from the fixed-term employment.^[41] It likewise found that Sinday did not dispute that she was not required to regularly report to work, which was favorable to her because she could attend to the needs of her children, who were scholars at Claret.^[42]

Sinday moved for reconsideration, but in its May 4, 2015 Resolution,^[43] the National Labor Relations Commission denied her Motion. Aggrieved, Sinday filed a Petition for Certiorari before the Court of Appeals.^[44]

In a March 30, 2016 Decision,^[45] the Court of Appeals reversed the Decision of the National Labor Relations Commission and found that Sinday was illegally dismissed:

WHEREFORE, premises considered, the petition is **GRANTED**. The National Labor Relations Commission's Decision dated 14 January 2015 and its Resolution dated 04 May 2015 are **REVERSED AND SET ASIDE**. The Labor Arbiter's decision dated 11 September 2014 is hereby **AFFIRMED WITH MODIFICATION**. This Court finds petitioner as (*sic*) illegally dismissed and hereby orders respondent school to pay petitioner

the following:

- 1) Backwages;
- 2) Separation pay in lieu of reinstatement in the amount of one month pay for every year of service;
- 3) Emergency Cost of Living Allowance (ECOLA);
- 4) 13th month pay;
- 5) Legal interest of 12% *per annum* on the total monetary awards computed from date of illegal dismissal until finality of judgment and 6% *per annum* from finality of judgment until their full satisfaction; and
- 6) Costs of the suit.

SO ORDERED.^[46] (Emphasis in the original)

The Court of Appeals, citing *Brent*, explained that for a fixed-term employment to be valid, there must be a "day certain agreed upon by the parties for the commencement and termination of [the] employment."^[47] Here, since there was no "day certain" agreed upon, the Court of Appeals said that Sinday's employment cannot be deemed to be for a fixed period.^[48]

Moreover, the Court of Appeals found that neither of the two (2) criteria laid down in *Brent* was present in this case. It held that Claret failed to prove that it dealt with Sinday in more or less equal terms, with no moral dominance on its part.^[49]

For the Court of Appeals, the absence of the written contract defeated Claret's claim because it raised doubts as to whether Sinday was properly informed of the terms of her employment, such as its duration and scope, as well as her employment status.^[50] Further, it found no evidence that Sinday signed an employment contract explicitly stating that she was hired as a fixed-term employee and that she was duly informed of the nature of her employment.^[51] Hence, Sinday was presumed to be a regular employee under Article 295 of the Labor Code absent any showing that she knowingly and voluntarily agreed to her employment status.^[52]

Claret moved for reconsideration, but its Motion was denied by the Court of Appeals in its July 26, 2016 Resolution.^[53]

On September 2, 2016, Claret filed before his Court a Petition for Review on Certiorari.^[54]

On November 9, 2016, this Court required respondent to comment on the Petition.^[55] On December 19, 2016, respondent filed her Comment.^[56] Subsequently, this Court required the petitioner to reply,^[57] which petitioner did on March 20, 2017.^[58]

In its Petition, petitioner mainly argues that respondent is not a regular employee but only a fixed-term employee, as shown by her repeated application for another position every time her temporary employment expired.^[59]