

THIRD DIVISION

[G.R. No. 211497, March 18, 2015]

**HOCHENG PHILIPPINES CORPORATION, PETITIONER, VS.
ANTONIO M. FARRALES, RESPONDENT.**

DECISION

REYES, J.:

Before this Court on Petition for Review on *Certiorari*^[1] is the Decision^[2] dated October 17, 2013 of the Court of Appeals (CA) in CA-G.R. SP No. 125103, which reversed the Decision^[3] dated February 29, 2012 and Resolution^[4] dated May 7, 2012 of the National Labor Relations Commission (NLRC) in NLRC LAC No. 08-002249-11, and reinstated with modifications the Decision^[5] dated April 29, 2011 of the Labor Arbiter (LA) in NLRC Case No. RAB-IV-03-00618-10-C, which found that respondent Antonio M. Farrales (Farrales) was illegally dismissed by Hocheng Philippines Corporation (HPC). The *falla* of the appellate decision reads:

WHEREFORE, premises considered, the Decision of the Labor Arbiter dated April 29, 2011 in NLRC Case No. RAB-IV-03-00618-10-C is **reinstated with modifications**. Private respondent Hocheng Philippines Corporation is liable to pay [Farrales] the following:

- (1) Full backwages from date of dismissal on February 15, 2010 until date of decision equivalent to P276,466.67;
- (2) Separation pay of one (1) month salary per year of service for a period of twelve years equivalent to P228,800.00;
- (3) Appraisal year-end bonus in the sum of P11,000.00; and,
- (4) Attorney's fees equivalent to 10% of the total award.

SO ORDERED.^[6]

The Facts

Farrales was first employed by HPC on May 12, 1998 as Production Operator, followed by promotions as (1) Leadman in 2004, (2) Acting Assistant Unit Chief in 2007, and (3) Assistant Unit Chief of Production in 2008, a supervisory position with a monthly salary of ₱17,600.00. He was a consistent recipient of citations for outstanding performance, as well as appraisal and year-end bonuses.^[7]

On December 2, 2009, a report reached HPC management that a motorcycle helmet of an employee, Reyamar Solas (Reyamar), was stolen at the parking lot within its premises on November 27, 2009. On December 3, 2009, Security Officer Francisco Paragas III confirmed a video sequence recorded on closed-circuit television (CCTV) around 3:00 p.m. on November 27, 2009 showing Farrales taking the missing helmet from a parked motorcycle, to wit:

- a. At around 3:07:44, [Farrales] was seen walking towards the motorcycle parking lot;
- b. At around 3:08:47, [Farrales] walked back towards the pedestrian gate of the company, passing by the motorcycle parking lot;
- c. At around 3:08:51, [Farrales] walked back towards the motorcycle parking lot and returned to the pedestrian gate;
- d. At around 3:09:10, [Farrales] called on the person of Andy Lopega and instructed him to get the helmet he was pointing at; [and]
- e. At around 3:09:30, Andy gave the helmet to [Farrales].^[8]

Later that day, HPC sent Farrales a notice to explain his involvement in the alleged theft. The investigation was supported by the employees' union, ULO-Hocheng.^[9] Below is Farrales' explanation, as summarized by the CA:

On November 27, 2009, [Farrales] borrowed a helmet from his co-worker Eric Libutan ("Eric") since they reside in the same *barangay*. They agreed that Eric could get it at the house of [Farrales] or the latter could return it the next time that they will see each other. Eric told him that his motorcycle was black in color. As there were many motorcycles with helmets, he asked another employee, Andy Lopega ("Andy") who was in the parking area where he could find Eric's helmet. Andy handed over to him the supposed helmet which he believed to be owned by Eric, then he went home.

On November 28, 2009, at around 6 o'clock in the morning, he saw Eric at their *barangay* and told him to get the helmet. But Eric was in a rush to go to work, he did not bother to get it.

In the morning of December 3, 2009, upon seeing Eric in the workplace, [Farrales] asked him why he did not get the helmet from his house. Eric told him that, "*Hindi po sa akin yung nakuha nyong helmet.*" [Farrales] was shocked and he immediately phoned the HPC's guard to report the situation that he mistook the helmet which he thought belonged to Eric. After several employees were asked as to the ownership of the helmet, he finally found the owner thereof, which is Jun Reyes's ("Jun") nephew, Rey-mar, who was with him on November 27, 2009. [Farrales] promptly apologized to Jun and undertook to return the helmet the following day and explained that it was an honest mistake. These all happened in the morning of December 3, 2009; [Farrales] did not know yet that HPC will send a letter demanding him to explain.^[10]

A hearing was held on December 10, 2009 at 1:00 p.m. Present were Farrales, Eric Libutan (Eric), Andy Lopega (Andy), Jun Reyes, Antonio Alinda, a witness, and Rolando Garciso, representing ULO-Hocheng. From Andy it was learned that at the time of the alleged incident, he was already seated on his motorcycle and about to leave the company compound when Farrales approached and asked him to hand to him a yellow helmet hanging from a motorcycle parked next to him. When Andy hesitated, Farrales explained that he owned it, and so Andy complied. But Eric had

specifically told Farrales that his helmet was colored red and black and his motorcycle was a black Honda XRM-125 with plate number 8746-DI, parked near the perimeter fence away from the walkway to the pedestrian gate. The CCTV showed Farrales instructing Andy to fetch a yellow helmet from a blue Rossi 110 motorcycle with plate number 3653-DN parked in the middle of the parking lot, opposite the location given by Eric. Farrales in his defense claimed he could no longer remember the details of what transpired that time, nor could he explain why he missed Eric's specific directions.^[11]

On February 15, 2010, the HPC issued a Notice of Termination^[12] to Farrales dismissing him for violation of Article 69, Class A, Item No. 29 of the HPC Code of Discipline, which provides that "stealing from the company, its employees and officials, or from its contractors, visitors or clients," is akin to **serious misconduct and fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative**, which are just causes for termination of employment under Article 282 of the Labor Code.

On March 25, 2010, Farrales filed a complaint for illegal dismissal, non-payment of appraisal and mid-year bonuses, service incentive leave pay and 13th month pay. He also prayed for reinstatement, or in lieu thereof, separation pay with full backwages, plus moral and exemplary damages and attorney's fees. During the mandatory conference, HPC paid Farrales ₱10,914.51, representing his 13th month pay for the period of January to February 2010 and vacation leave/sick leave conversion. Farrales agreed to waive his claim for incentive bonus.^[13]

On April 29, 2011, the LA ruled in favor of Farrales,^[14] the *fallo* of which is as follows:

WHEREFORE, PREMISES CONSIDERED, all the respondents Hocheng Phils. Corporation, Inc. Sam Chen[g] and Judy Geregale are found guilty of illegal dismissal and ordered jointly and severally to pay complainant the following:

1. Full backwages from date of dismissal on February 15, 2010 until date of decision equivalent to P276,466.67.
2. Separation pay of one (1) month salary per year of service for a period of twelve years equivalent to P228,800.00.
3. Appraisal year-end bonus in the sum of P11,000.00.
4. Moral damages in the sum of P200,000.00.
5. Exemplary damages in the sum of P100,000.00.
6. 10% of all sums owing as attorney's fees or the amount of P81,626.67.

SO ORDERED.^[15]

On appeal by HPC,^[16] the NLRC reversed the LA,^[17] and denied Farrales' motion for reconsideration, finding substantial evidence of just cause to terminate Farrales.^[18]

On petition for *certiorari* to the CA,^[19] Farrales sought to refute the NLRC's factual finding that he committed theft, as well as to question NLRC's jurisdiction over HPC's appeal for non-payment of appeal fees. But the CA found that HPC was able to perfect its appeal by posting a bond equivalent to the monetary award of ? 897,893.37 and paying the appeal fees by postal money order in the amount of ? 520.00.^[20]

Concerning the substantive issues, the appellate court agreed with the LA that Farrales' act of taking Reymar's helmet did not amount to theft, holding that HPC failed to prove that Farrales' conduct was induced by a perverse and wrongful intent to gain, in light of the admission of Eric that he did let Farrales borrow one of his two helmets, only that Farrales mistook Reymar's helmet as the one belonging to him.

Petition for Review to the Supreme Court

In this petition, HPC raises the following grounds for this Court's review:

A. THE HONORABLE [CA] PLAINLY ERRED AND ACTED CONTRARY TO EXISTING LAW AND JURISPRUDENCE IN REVERSING THE DECISION OF THE [NLRC] AND DECLARING ILLEGAL THE DISMISSAL FOR [HPC's] ALLEGED FAILURE TO PROVE THE EXISTENCE OF JUST CAUSE.

1. THERE IS SUBSTANTIAL EVIDENCE TO SHOW THAT [FARRALES] COMMITTED THEFT IN [HPC's] PREMISES.

2. THEFT IS A JUST CAUSE FOR TERMINATION.

3. BY COMMITTING THEFT, [FARRALES], BEING A SUPERVISORIAL EMPLOYEE, FORFEITED THE TRUST REPOSED IN HIM BY [HPC], THUS RENDERING HIM DISMISSIBLE FOR LOSS OF CONFIDENCE.

B. IN DECLARING ILLEGAL THE DISMISSAL OF [FARRALES], THE HONORABLE [CA] VIOLATED DOCTRINES LAID DOWN BY THE SUPREME COURT.

1. COURTS CANNOT SUBSTITUTE THEIR JUDGMENT FOR THAT OF THE MANAGEMENT.

2. COURTS MUST ACCORD DUE RESPECT TO THE FINDINGS OF ADMINISTRATIVE AGENCIES.^[21]

Chiefly, HPC insists that since the complaint below involves an administrative case, only substantial evidence, not proof of guilt beyond reasonable doubt, is required to prove the guilt of Farrales;^[22] that what the CA has done is substitute its judgment for that of the NLRC, which is vested with statutory duty to make factual