

FIRST DIVISION

[G.R. No. 164804, January 30, 2009]

VIRGINIA A. SUGUE AND THE HEIRS OF RENATO S. VALDERRAMA, PETITIONERS, VS. TRIUMPH INTERNATIONAL (PHILS.), INC., RESPONDENT.

[G.R. No. 164784]

TRIUMPH INTERNATIONAL (PHILS.), INC., PETITIONER, VS. VIRGINIA A. SUGUE AND THE HEIRS OF RENATO S. VALDERRAMA, RESPONDENTS.

D E C I S I O N

LEONARDO-DE CASTRO, J.:

Before us are consolidated petitions for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure filed by both contending parties assailing the Decision^[1] dated April 23, 2004 and the Resolution^[2] dated July 21, 2004 rendered by the Court of Appeals (CA) in *CA-G.R. SP No. 68591*.

In **G.R. No. 164804**, petitioners Virginia Sugue (Sugue) and the Heirs of Renato Valderrama (Valderrama) question the CA decision which partly granted their appeal but deleted the attorney's fees and reduced the moral and exemplary damages awarded to them.

On the other hand, in **G.R. No. 164784**, petitioner Triumph International (Phils.), Inc. (Triumph hereafter) assails the CA decision for setting aside an earlier decision^[3] of the National Labor Relations Commission (NLRC) dated June 13, 2001 which ruled in its favor.

The antecedents of the case show that Triumph hired Sugue in May 1990 as its Assistant Manager for Marketing and was subsequently promoted to Marketing Services Manager with a monthly salary of P82,500.00. On the other hand, Valderrama was hired in April 1993 as Direct Sales Manager with a monthly salary of P121,000.00. Their main function/responsibility was to ensure that the company's sales targets and objectives were met.

Beginning sometime in October 1999, Triumph's top management began to notice a sharp decline in the sales of the company. Moreover, in the following months, the actual sales figures continued to be significantly below the sales targets set by Valderrama himself. This persistent below target sales performance was the subject of correspondence between Valderrama and his superiors from November 1999 to July 2000.^[4]

On June 1, 2000, Sugue and Valderrama filed a complaint with the NLRC against

Triumph for payment of money claims arising from allegedly unpaid vacation and sick leave credits, birthday leave and 14th month pay for the period 1999-2000. Said complaint was docketed as *NLRC-NCR-Case No. 00-06-03008-2000*.^[5]

On June 19, 2000, Sugue and Valderrama personally attended the preliminary conference of the said case. The following day, a memorandum was issued by Triumph's Managing Director/General Manager, Alfredo Escueta, reminding all department heads of existing company policy that requires department heads to notify him (Escueta) before leaving the office during work hours.^[6] That same day, Triumph's Personnel Manager, Ralph Funtilla, issued separate memoranda to Sugue and Valderrama requiring them to inform the office of the General Manager of their whereabouts on June 19, 2000 from 9:06 a.m. to 11:15 a.m. They replied that they attended the aforementioned preliminary conference.^[7]

On June 23, 2000, Valderrama and Sugue were directed to submit a written explanation as to why they used company time and the company vehicle and driver in attending the preliminary conference at the NLRC and why they left the office without advising the Managing Director. They explained that they believed they may use company time and the company vehicle since the hearing they attended was pursuant to a complaint that they filed as employees of the company.

On June 28, 2000, Triumph charged the one-half day utilized by Sugue and Valderrama in attending the NLRC hearing on June 19, 2000 to their vacation leave credits.

In the pleadings, Valderrama likewise complained that his request for an executive check-up on June 19, 2000 was disapproved by Triumph. Thereafter, Valderrama did not report for work on July 3 to 5, 2000 due allegedly to persistent cough and vertigo, but his request for sick leave on those dates was disapproved by Triumph because he failed to submit a medical certificate as required by the company's rules and policies.

Subsequently, on July 10, 2000, Triumph issued a show cause memo to Valderrama requiring him to explain, among others, his department's dismal performance since October 1999, within 48 hours from receipt.^[8] On July 11, 2000, Valderrama replied to the show cause memo.^[9]

On July 17, 2000, Valderrama wrote the company a letter stating that he considered himself constructively dismissed due to the unreasonable pressures and harassments he suffered the past months which prevented him from effectively exercising his tasks as Direct Sales Manager.^[10]

Subsequently, on July 28, 2000, Triumph issued a memorandum requiring Valderrama to explain, under pain of dismissal, his continued absences without official leave. Valderrama failed to respond, thus, on August 11, 2000, Triumph decided to terminate Valderrama's employment for abandonment of work.^[11]

Meanwhile, on July 25, 2000, Sugue also wrote the company stating that she considers herself constructively dismissed.^[12] From the pleadings, Sugue's charge of constructive dismissal was based on the fact that her request for vacation leave

from July 14 to 15, 2000 was subject to the condition that she first submit a report on the company's 2001 Marketing Plan. Also, the approval of her request for executive check-up was deferred. Then, on July 18, 2000, she received a memorandum instructing her to report to Mr. Efren Temblique, who was appointed OIC for Marketing as a result of a reorganization prompted by Valderrama's continued absences. Suge claimed that such act by Triumph was an outright demotion considering that Mr. Temblique was her former assistant.

On August 11, 2000, Triumph required Suge to explain why she should not be terminated for continued absences without official leave.^[13] Suge failed to comply, thus, on September 1, 2000, her employment was terminated for abandonment of work.^[14]

Prior to the actual termination of their employment by Triumph, Suge and Valderrama filed on July 31, 2000 a complaint for constructive dismissal against Triumph, docketed as *NLRC NCR Case No. 00-07-03965-2000*.^[15]

The following day, on August 1, 2000, Valderrama commenced his employment as Sales Director of Fila Phils., Inc., a competitor of Triumph.

On March 15, 2001, Labor Arbiter Salimathar Nambi rendered a decision, declaring that Suge and Valderrama were constructively dismissed. The dispositive portion of the Labor Arbiter's decision follows:

WHEREFORE, premises considered, judgment is hereby rendered ordering respondent Triumph International (Phils.), Inc. to:

- 1) Pay, since reinstatement is not feasible, complainants Virginia A. Suge and Renato Valderrama their separation pay computed at one month salary for every year of service from their initial engagement on May 1990 and April 1993, respectively.
- 2) Pay both complainants full backwages from the time that they were constructively dismissed, i.e. from 17 July 2000 in the case of Valderrama and from 25 July 2000 in the case of Suge until finality of judgment.
- 3) Pay P2,000,000.00 as moral damages to each of the complainants
- 4) Pay P1,000,000.00 as exemplary damages to each of the complainants.
- 5) Reimburse the complainants the 20% of the amounts claimed as attorney's fees.

SO ORDERED.^[16]

Aggrieved, Triumph filed an appeal with the NLRC,^[17] and in a decision dated June 13, 2001, the First Division of the NLRC granted the appeal and reversed the ruling of Labor Arbiter Nambi.

Not satisfied with the NLRC decision, Sugue and Valderrama elevated the matter to the CA by way of a petition for certiorari. While the matter was pending with the CA, Valderrama passed away (on July 3, 2003) and notice of his death was filed by his counsel.^[18]

On April 23, 2004, the CA rendered its assailed decision, the dispositive portion of which reads:

WHEREFORE, the petition is partly granted. The Decision dated June 13, 2001 of public respondent NLRC is hereby set aside, and the Decision dated March 15, 2001 of the labor arbiter is reinstated, subject to the deletion of the award of attorney's fees and the reduction of the award of moral damages to P500,000.00 and exemplary damages to 250,000.00, for each of the petitioners.

SO ORDERED.^[19]

Triumph's subsequent motion for reconsideration as well as the motion for partial reconsideration filed by Sugue and the heirs of Valderrama were both denied by the appellate court in its resolution dated July 21, 2004.

Hence, the parties filed the present petitions which were consolidated by this Court in a Resolution dated September 27, 2004.^[20]

In G.R. No. 164804, petitioners therein Sugue and the heirs of Valderrama allege that the Court of Appeals gravely erred in deleting the labor arbiter's award of attorney's fees.^[21]

In G.R. No. 164784, petitioner therein Triumph cites the following reasons why the Court should rule in its favor:

I

The Court of Appeals gravely erred and contravened prevailing jurisprudence in abandoning the NLRC's findings of fact and making its own findings. The rule is basic that the factual findings of the NLRC are accorded respect, if not finality, considering that the same were based on evidence on record. Reassessment of evidence is beyond the province of a writ of certiorari.

II

The Court of Appeals gravely erred and contravened the law and jurisprudence in ruling that Valderama and Sugue were constructively dismissed, and are entitled to separation pay, backwages and damages. The facts of the case, as correctly found by the NLRC based on evidence on record, clearly belie their contention that they were constructively dismissed.^[22]

From the allegations of the respective parties in their pleadings, it is clear that the controversies involved in the two consolidated cases center on the question of

whether Valderrama and Sugue were constructively dismissed by Triumph.

At the outset, it should be stated that the main issue in this case involves a question of fact. It is an established rule that the jurisdiction of the Supreme Court in cases brought before it from the CA *via* Rule 45 of the 1997 Rules of Civil Procedure is generally limited to reviewing errors of law.^[23] This Court is not a trier of facts. In the exercise of its power of review, the findings of fact of the CA are conclusive and binding and consequently, it is not our function to analyze or weigh evidence all over again.^[24]

The above rule, however, is not without exceptions. In *Sta. Maria v. Court of Appeals*,^[25] we enumerated the instances when the factual findings of the CA are not deemed conclusive, to wit: (1) when the conclusion is a finding grounded entirely on speculations, surmises or conjecture; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of facts are conflicting; (6) when the CA, in making its findings, went beyond the issues of the case and the same are contrary to the admission of both the appellant and the appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; and (10) when the findings of fact are premised on the supposed evidence and contradicted by the evidence on record.

In the instant case, it appears that there is a divergence between the findings of facts of the NLRC and that of the CA. Hence, we are constrained to review the factual findings made by the NLRC and the appellate court.

After a thorough review of the evidence on record, we find sufficient reasons to uphold Triumph's position.

Constructive dismissal is defined as an involuntary resignation resorted to when continued employment becomes impossible, unreasonable or unlikely; when there is a demotion in rank or a diminution in pay; or when a clear discrimination, insensibility or disdain by an employer becomes unbearable to an employee.^[26]

On a preliminary point, we note that Sugue and Valderrama discuss extensively in their pleadings alleged denial of leave applications and unpaid cash conversion of unused leaves and other monetary benefits which moved them to file a complaint for monetary claims on June 1, 2000.^[27] We find no need to pass upon these matters here precisely because they are the subject matters of a separate case and properly threshed out therein. In any event, it is Sugue and Valderrama's theory that Triumph's acts of harassment, upon which they base their charge of constructive dismissal, were in retaliation for their filing of the aforementioned complaint for unpaid benefits.^[28] The acts which purportedly show discrimination and bad faith on the part of Triumph are summarized below:

In the case of Valderrama: