



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated April 17, 2023, which reads as follows:

“G.R. No. 263454 (Lucille N. Ilagan, *Petitioner* vs. Ericsson Telecommunications, Inc., Ma. Lourdes Margaret S. Paiso, and Fabrizio Cara, *Respondents*). – Before the Court is a Petition for Review on *Certiorari*¹ filed by petitioner Lucille N. Ilagan (Ilagan) assailing the Decision² dated July 5, 2021, and Resolution³ dated August 25, 2022, of the Court of Appeals (CA) in CA-G.R. SP No. 159930.

In the assailed Decision,⁴ the CA affirmed the Decision⁵ dated November 21, 2018, and Resolution⁶ dated December 28, 2018, of the National Labor Relations Commission (NLRC) in NLRC LAC No. 09-003265-18 (NLRC Case No. NCR-08-11918-17) which found Ilagan validly dismissed from employment on the ground of redundancy.⁷ The assailed Resolution denied Ilagan’s motion for reconsideration.⁸

In her petition, Ilagan argues before the Court that the CA erred

¹ *Rollo*, pp. 11–52.

² *Id.* at 54–65. Penned by Associate Justice Florencio M. Mamauag, Jr. and concurred in by Associate Justices Zenaida T. Galapate-Laguilles and Alfredo D. Ampuan.

³ *Id.* at 67–68. Penned by Associate Justice Florencio M. Mamauag, Jr. and concurred in by Associate Justices Zenaida T. Galapate-Laguilles and Alfredo D. Ampuan.

⁴ *Id.* at 54–65.

⁵ *Id.* at 271–286. Penned by Commissioner Dominador B. Medroso, Jr. and concurred in by Presiding Commissioner Julia Cecily Coching-Sosito and Commissioner Erlinda T. Agus.

⁶ *Id.* at 304–306. Penned by Commissioner Dominador B. Medroso, Jr. and concurred in by Presiding Commissioner Julia Cecily Coching-Sosito and Commissioner Erlinda T. Agus.

⁷ *Id.* at 285. See also Article 298 [283] *Closure of Establishment and Reduction of Personnel* which provides that “[t]he 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 operation 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 Ministry of Labor and Employment at least one (1) 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 his 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 closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole year.”

⁸ *Rollo*, p. 68.

when it held that she was validly dismissed on the ground of redundancy based on the probative value the latter gave to the unauthenticated, incompetent, and unsubstantiated documents presented by Ericsson Telecommunications, Inc. (Ericsson Philippines), as such denying her prayer for reinstatement to her former position. She also argues that the CA erred when it established that Human and Resources Head Ma. Lourdes Margaret S. Paiso (Paiso) and Information Technology and Cloud Head Fabrizio Cara (Cara) did not act in bad faith in terminating her employment and holding them not solidarily liable for her monetary claims. Finally, she argues that the CA erred in sustaining the award of the separation pay only in the amount of ₱1,346,372.40.⁹

The Court is not convinced and hence denies the instant petition for lack of merit.

A company's valid implementation of redundancy efforts is a factual matter that calls for the compliance of the following: (1) written notices served on both the employee and the Department of Labor and Employment (DOLE) at least one month prior to the intended date of termination; (2) the payment of separation pay equivalent to at least one month pay or at least one month pay for every year of service, whichever is higher; (3) good faith in abolishing the redundant position; and (4) fair and reasonable criteria in ascertaining what positions are to be declared redundant.¹⁰

Here, the findings of facts of the Labor Arbiter (LA), NLRC, and CA, established that Ericsson Philippines validly instituted and implemented redundancy efforts to alleviate its financial distress.¹¹ As such, the claim of business losses of Ericsson Philippines constitutes sufficient justification to dismiss Ilagan.

Therefore, and in compliance with the previously mentioned requirements, Ericsson Philippines served written notices to Ilagan and the DOLE at least one month prior to the intended date of her termination on July 1, 2017. It also offered Ilagan a separation pay in the amount of ₱1,346,372.40, which is equivalent to one-month salary for every year of service. It did not act in bad faith when it abolished Ilagan's position as this act was necessitated to prevent more losses to the company. Finally, it never singled out Ilagan as in fact her colleagues in the Competence Domain for Consulting and System Integration (CD-CSI) unit were relieved from employment even before her termination.¹²

It is jurisprudentially settled that factual findings of administrative

⁹ Id. at 27–29, Petition for Review on *Certiorari*.

¹⁰ *Que v. Asia Brewery, Inc.*, G.R. No. 202388, April 10, 2019, citing *Lowe, Inc. v. CA*, 612 Phil. 1044, 1056–1057 (2009).

¹¹ Id. at 63.

¹² Id. at 62–63.

or quasi-judicial bodies are generally accorded not only respect but even finality by the Court, especially if the findings are supported by substantial evidence. The Court recognizes that these administrative or quasi-judicial bodies have acquired the expertise in matters within their respective jurisdictions and will necessarily adhere to their factual findings.¹³ Here, the findings of fact and conclusions of law of the LA and NLRC are consistent with that of the CA. Hence, there is no reason for the Court to disturb these findings.

Having established that Ilagan was validly dismissed on the ground of redundancy, there is no more basis for her reinstatement to her former position, as well as the award of backwages, other benefits, damages, and attorney's fees. Consequently, she is only then entitled to the award of separation pay equivalent to one month salary for every year of service.

As found by the CA, Ilagan was awarded separation pay in the amount of ₱1,346,372.40, which she refused to accept.¹⁴ Again, this is a factual matter that the Court will not look into considering that the LA, NLRC, and CA uniformly agreed that the amount offered is in accordance with what the law requires.

To provide clarity, the Court addresses the contentions of Ilagan as to the: (1) probative value of the unauthenticated, incompetent, and unsubstantiated documents presented by Ericsson Philippines to support its claim of business losses; and (2) liability of Paiso and Cara.

As to the probative value of the presented documents, the Court agrees with the CA when it held that:

Further, [Ilagan's] assertion that the announcements, letter, directives[,] and notices of restructuring, reorganization[,] and downsizing should be disregarded because these were never authenticated is equally untenable. That said correspondences are mere photocopies do not discount their probative value. It must be remembered that technical rules of evidence are not strictly followed in labor cases. Rules of procedure should not be applied in a very rigid and technical sense where their strict application would result in the frustration rather than promotion of substantial justice. It should not be permitted to stand in the way of equitably and completely resolving the rights and obligations of the parties.¹⁵

The Court recognizes that strict adherence to technical rules of procedure is not required in labor cases. The Court has "consistently supported the rule that labor officials should use all reasonable means to ascertain the facts in each case speedily and objectively, without regard to

¹³ *Villola v. United Philippine Lines, Inc.*, G.R. No. 230047, October 9, 2019. Citations omitted.

¹⁴ *Rollo*, pp. 62–63.

¹⁵ *Id.* at 64.

technicalities of law or procedure, in the interest of due process.”¹⁶

Finally, as to the contention of Ilagan that Paiso and Cara are solidarily liable with Ericsson Philippines, the Court has emphasized that in case of dismissals, directors and officers of corporations may only be held solidarily liable with the corporation if they acted in bad faith or with malice.¹⁷ Bad faith is akin to fraud. It imports some moral obliquity and conscious doing of what is wrong that extends to a breach of a known duty through some motive, interest, or ill will. Corollary, it does not imply bad judgment or negligence.¹⁸

Here, Ilagan’s dismissal was not shown to have been done in bad faith or with malice. Paiso and Cara merely performed their official functions as officers who had the authority to inform Ilagan of her dismissal. Their act was just a consequence of the redundancy efforts being implemented by Ericsson Philippines.

To reiterate, the Court agrees with the factual findings of the labor tribunals that Ilagan was validly dismissed on the ground of redundancy. Hence, she is entitled to the separation pay as imposed by them. However, the Court modifies their ruling in that legal interest is imposed on the total monetary award at the rate of six percent (6%) *per annum* from the date of finality of this Resolution until full satisfaction based on prevailing jurisprudence.¹⁹

WHEREFORE, the petition is **DENIED**. The Decision dated July 5, 2021 and Resolution dated August 25, 2022 of the Court of Appeals in CA-G.R. SP No. 159930 are **AFFIRMED** with modification in that the Labor Arbiter’s total monetary award of ₱1,346,372.40 in favor of petitioner Lucille N. Ilagan shall earn legal interest at the rate of six percent (6%) *per annum* from the date of finality of this Resolution until full satisfaction.

SO ORDERED.”

By authority of the Court:

Misael Domingó C. Battung III
MISAELO DOMINGO C. BATTUNG III
Division Clerk of Court
Abil

¹⁶ *Reyes v. Rural Bank of San Rafael (Bulacan), Inc.*, G.R. No. 230597, March 23, 2022, citing *Loon v. Power Master, Inc.*, 723 Phil. 515, 528 (2013).

¹⁷ *Team Pacific Corp. v. Parente*, G.R. No. 206789, July 15, 2020.

¹⁸ *Id.*, citing *Mandaue Dinghow Dimsum House, Co., Inc. v. NLRC*, 571 Phil. 108, 121 (2008).

¹⁹ *Lara’s Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*, G.R. No. 225433, September 20, 2022.

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