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FIRST DIVISION

[G.R. No. 160123, June 17, 2015]

CENTRO PROJECT MANPOWER SERVICES CORPORATION, PETITIONER, VS. AGUINALDO NALUIS AND THE COURT OF APPEALS, RESPONDENTS.

D E C I S I O N

BERSAMIN, J.:

In the interpretation of their provisions, labor contracts require the resolution of doubts in favor of the laborer because of their being imbued with social justice considerations. This rule of interpretation is demanded by the *Labor Code*[1] and the *Civil Code*.[2]

Both the Labor Arbiter[3] and the National Labor Relations Commission (NLRC)[4] resolved the doubt in favor of the employer when it held that respondent Aguinaldo Naluis (Naluis) had been properly repatriated, and, consequently, not illegally dismissed. However, on April 23, 2009, the Court of Appeals (CA) set aside their resolutions, and ruled to the contrary.[5] Hence, this appeal by the employer.

Antecedents

Petitioner Centro Project Manpower Services Corporation (Centro Project), a local recruitment agency, engaged Naluis to work abroad as a plumber under Pacific Micronesia Corporation (Pacific Micronesia) in Garapan, Saipan, in the Commonwealth of the Northern Mariana Islands (Northern Marianas). The work was covered by the primary Employment Contract dated March 11, 1997,[6] whereby his employment would last for 12 months, and would commence upon his arrival in Northern Marianas. On June 3, 1997, the Department of Labor and Immigration of Northern Mariana Islands issued an Authorization for Entry (AE)[7] in his favor. On September 3, 1997, Centro Project and Naluis executed an addendum to the primary Employment Contract[8] to make the start of his employment effective from his departure at the point of origin instead of his arrival in Northern Marianas.

Naluis left for Northern Mariana on September 13, 1997,[9] the date of his actual deployment, and his employment continued until his repatriation to the Philippines on June 3, 1998 allegedly due to the expiration of the employment contract. Not having completed 12 months of work, he filed a complaint for illegal dismissal against Centro Project.

The Labor Arbiter found that Centro Project had been justified in repatriating Naluis, and accordingly dismissed the complaint, to wit:

> This Office finds the repatriation of complainant to the Philippines NOT A DISMISSAL BUT AS A RESULT OF THE LAWS AND REGULATIONS OF THE COMMONWEALTH OF NORTHERN MARIANA ISLANDS AS PROVIDED FOR IN THE AUTHORIZATION FOR ENTRY.
>
> x x x x
>
> Although complainant has not served the twelve (12) months period stated in the Contract of Employment, the Employer has no other alternative but to repatriate complainant otherwise, the employer could be liable for violation of the Commonwealth's Immigration Rules x x x.
>
> x x x x
>
> **WHEREFORE**, in view of the foregoing, the instant complaint is hereby **DISMISSED** lack of merit.[10]

Naluis appealed to the NLRC, which found that Centro Project had no choice but to terminate the employment contract because the AE issued by the Department of Labor and Immigration of Northern Mariana Islands had limited his stay in Northern Marianas, and that his employment had expired on May 13, 1998 as explicitly provided in the employment contract executed between him and Centro Project. The NLRC thus disposed:

> WHEREFORE, in view of the foregoing, this Commission resolves to affirm the Decision of the Labor Arbiter and dismiss the instant appeal for lack of merit.[11]
>
> Naluis assailed the decision of the NLRC in the CA.

On April 23, 2009, the CA promulgated its judgment setting aside the decision of the NLRC, holding that the AE did not have any effect on Naluis' employment status; that the AE did not limit his stay in Northern Marianas; and that, consequently, Centro Project had breached the contract by ordering his repatriation. The CA decreed as follows:

> **WHEREFORE**, the petition is **GRANTED**. The assailed decision is **REVERSED** and **SET ASIDE**, and a new one entered DIRECTING the private respondent to pay the petitioner the following:
>
> a) Four (4) months salary corresponding to the unpaid portion of his contract at $520.00 (Five Hundred Twenty U.S. Dollars) per month;
> b) Guaranteed overtime pay at an average of thirty (30) to forty (40) hours per month in excess of straight eight (8) hours regular work schedule corresponding to the unexpired portion of four (4) months in the contract;
> c) Placement fee of Thirteen Thousand Five Hundred (13,500.00) Pesos;
> d) Legal holiday equivalent to ten (10) days with pay;

e) Twelve (12) days vacation leave with pay; and
f) Attorney's fees of Ten Thousand Pesos (P10,000.00).

SO ORDERED.[12]

Issues

Hence, this appeal, whereby Centro Project submits that the AE categorically fixed the period of stay of Naluis; and that even the primary Employment Contract clearly set the date for its expiration.

Naluis counters that the handwritten date of May 3, 1998 was inserted in the primary Employment Contract only after he had signed it, as distinguished from all other stipulations that had been typewritten.

Did the expiration date contained in the AE issued by the Department of Labor and Immigration of Northern Mariana Islands validly cut short Naluis' stay and thus justified the pre-termination of his work?

Ruling of the Court

The appeal lacks merit.

There is no dispute that Naluis did not complete the 12-month period stipulated in the primary Employment Contract. However, the NLRC concluded that Centro Project had been justified in repatriating him because the AE had stipulated a limit of stay for him. The NLRC thereby relied on a loose interpretation of the AE and the primary Employment Contract.

In finding that the NLRC committed grave abuse of discretion amounting to lack or excess of jurisdiction in so concluding, the CA observed that:

> x x x the document upon which the employer predicated its action to terminate and repatriate the petitioner i.e., the Authorization of Entry issued by the immigration authorities of CNMI does not appear to limit the employee's stay in the said country. **The authorization upon its face simply shows that the person to whom it is issued should enter CNMI not later than May 13, 1998 as a general rule or, if he is an employee, not later than three months from its issuance.** We submit that an authorization of entry is different from a limitation of stay in the country visited, which is not indicated in any of the documents submitted by the respondent.[13]

We concur with the CA. The burden of proof to show that the employment contract had been validly terminated pertained to the employer.[14] To discharge its burden, the employer must rely on the strength of its own evidence. However, Centro Project's reliance on the AE limiting Naluis' stay was unwarranted, and, worse, it did not discharge its burden of proof as the employer to show that Naluis' repatriation had been justified.

The recitals of the AE for Naluis were as follows:[15]

> This letter allows authorized entry into the Commonwealth of the Northern Mariana Islands for Aguinaldo S. Naluis.
>
> AGUINALDO S NALUIS
> **Expires** Gender Birthdate Citizenship
> **5/13/98** M 4/11/57 PHL
> Employer: PACIFIC MICRONESIA CORPORATION
> Occupation: PLUMBER
> Class: 706K Issue Date 6/3/97
> Wage Rate: $3.25 Wage Type: HOURLY
>
> You are hereby notified of the following requirements:
>
> 1. Present this Authorization for Entry letter to an Immigration Officer immediately upon arrival at your designated port of entry into the Commonwealth of the Northern Mariana Islands.
>
> x x x x
>
> 3. **The Entry Permit, if issued for the purpose of employment, expires automatically upon termination of such employment and must be surrendered to your employer.**
>
> x x x x
>
> 5. **You must enter the CNMI within 90 days of issuance of this "Authorization for Entry" letter if you are entering for the purpose of employment.** (emphasis supplied)

The AE thereby clearly indicated that the date of May 13, 1998 appearing thereon referred only to the expiration of the document itself. Centro Project stretched its interpretation to bolster its contention that May 13, 1998 was the limit of stay for Naluis in Northern Marianas. The interpretation is unacceptable, for item number 3 of the AE even recognized any employment period if the AE was issued for the purpose of employment. This meant that contrary to the position of Centro Project there was no clear and categorical entry in the AE to the effect that the AE limited his stay in Northern Marianas.

It is fundamental that in the interpretation of contracts of employment, doubts are generally resolved in favor of the worker.[16] It is imperative to uphold this rule herein. Hence, any doubt or vagueness in the provisions of the contract of employment should have been interpreted and resolved in favor of Naluis.[17]

Although Centro Project alleges that it feared that Naluis would eventually be declared an illegal alien had he not been repatriated, the records do not support the allegation. For one, Centro Project did not demonstrate that its fear was justified at all. On the contrary, its fear was, at best, imaginary because it did not submit evidence showing

that the Northern Marianas authorities had ever moved to declare him an illegal alien. Moreover, had Centro Project been aware of any likelihood of him being soon declared an illegal alien, it could have easily advised him thereof, and explained the situation to him in due course. Yet, he was not at all informed of the likelihood.

Denying its participation in the fixing of the expiration date, Centro Project argues that it was the Philippine representative in Northern Marianas who had inserted by hand the date of expiration in the Employment Contract.

The argument has no basis.

Firstly, Centro Project's allegation on the expiration date being merely inserted by the Philippine representative in Northern Marianas was not substantiated with credible proof. It supported its allegation by alluding to the fact that the signature of the person who had verified the employment contract was similar to the handwritten insertion made on the blank space of the employment contract. That was not enough, however, in view of the basic rule that mere allegation is not evidence and is not equivalent to proof.[18] Hence, the allegation, an essentially self-serving statement, was devoid of any evidentiary weight.

And, secondly, even assuming that Centro Project did not have any participation in fixing the expiration date, it did not amend the employment contract despite being fully aware that the term of 12 months was clearly indicated as the period of Naluis' work. The primary Employment Contract was sent for approval to the principal employer abroad, as well as to the immigration authorities of the Philippines and Northern Marianas. In such circumstances, Centro Project could not but know that the period had been fixed by the immigration authorities of Northern Marianas prior to his actual deployment. Thus, Centro Project was in bad faith in not taking any action when the Philippine immigration authorities supposedly inserted the handwritten date of expiration of the contract. In fact, the addendum to the employment contract, approved by the POEA on September 3, 1997, which categorically stated that "the term of this contract shall be for a period of Twelve Months,"[19] was executed even before he left for Northern Marianas on September 13, 1997, and after the AE had already been issued by Northern Marianas on June 3, 1997. Centro Project could have easily apprised him of the change. Also, the necessary amendments to the primary contract or an addendum thereto could have been easily made prior to his deployment.

Undoubtedly, the term of the contract was 12 months. The AE could not be used as a valid cause for pre-terminating the employment of Naluis. His repatriation was clearly a breach of the contract of employment, for which the CA awarded to him the following money claims, to wit:

a) Four (4) months salary corresponding to the unpaid portion of his contract at $520.00 (Five Hundred Twenty U.S. Dollars) per month;
b) Guaranteed overtime pay at an average of thirty (30) to forty (40) hours per month in excess of straight eight (8) hours regular work schedule corresponding to the unexpired portion of four (4) months in the contract;

c) Placement fee of Thirteen Thousand Five Hundred (13,500.00) Pesos;
d) Legal holiday equivalent to ten (10) days with pay;
e) Twelve (12) days vacation leave with pay; and
f) Attorney's fees of Ten Thousand Pesos (P10,000.00).

We affirm the awards except those for the guaranteed overtime pay and legal holiday pay. Under Section 10[20] of Republic Act No. 8042, the unjustly terminated employee is entitled to the full reimbursement of his placement fee with interest at 12% *per annum*, plus his salaries for the unexpired portion of his employment contract. We further allow the payment of vacation leave pay and sick leave pay because the employment contract[21] stipulated 12 days vacation leave with pay and seven days sick leave with pay that could be taken after one year. With his premature repatriation being unjustified, Naluis should receive his vacation and sick leave pays, but not the guaranteed overtime pay and legal holiday pay because the employment contract did not extend such benefits.

WHEREFORE, the Court **AFFIRMS** the decision promulgated on April 23, 2003, subject to the **DELETION** of the awards for guaranteed overtime pay and legal holiday; and **ORDERS** the petitioner to pay the costs of suit.

SO ORDERED.

Sereno, C. J., Leonardo-De Castro, Perez, and *Perlas-Bernabe, JJ.*, concur.

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[1] Article 4. Construction in favor of labor. All doubts in the implementation and interpretation of the provisions of this Code, including its implementing rules and regulations, shall be resolved in favor of labor.

[2] Article 1702. In case of doubt, all labor legislation and all labor contracts shall be construed in favor of the safety and decent living for the laborer.

[3] CA *rollo*, pp. 17-26.

[4] Id. at 28-39.

[5] *Rollo*, pp. 23-30; penned by Associate Justice Delilah Vidallon-Magtolis (retired), with Associate Justice Remedios A. Salazar-Fernando and Associate Justice Edgardo F. Sundiam (deceased) concurring.

[6] Id. at 36-38.

[7] Id. at 41.

[8] CA *rollo*, p. 14.

[9] *Rollo*, p. 24.

[10] CA *rollo*, pp. 24-25.

[11] Id. at 39.

[12] Supra note 5, at 30.

[13] Id. at 29 (bold emphasis supplied).

[14] Article 277, par. (b) of the *Labor Code*; see *Dacuital v. L.M. Camus Engineering Corporation*, G.R. No. 176748, September 1, 2010, 629 SCRA 702, 715.

[15] *Rollo*, p. 41.

[16] Supra notes 1 and 2; also *Wesleyan University Philippines v. Wesleyan University-Philippines Faculty and Staff Association*, G.R. No. 181806, March 12, 2014, 718 SCRA 601; *Kaisahan at Kapatiran ng mga Manggagawa at Kawani sa MWC-East Zone Union v. Manila Water Company, Inc.*, G.R. No. 174179, November 16, 2011, 660 SCRA 263; *Masing and Sons Development Corporation v. Rogelio*, G.R. No. 161787, July 27, 2011, 654 SCRA 490; *Asian Terminal Manpower Services, Inc. (AIMS) v. Court of Appeals*, G.R. No. 169652, October 9, 2006, 504 SCRA 103.

[17] Article 1702, *Civil Code*; see *Babcock-Hitachi (Phils.), Inc. v. Babcock-Hitachi (Phils.), Inc., Makati Employees Union (BHPIMEU)*, G. R. No. 156260, March 10, 2005, 453 SCRA 156.

[18] *ECE Realty and Development, Inc. v. Rachel G. Mandap*, G.R. No. 196182, September 1, 2014, 734 SCRA 76; *Martinez v. National Labor Relations Commission*, G.R. No. 117495, May 29, 1997, 272 SCRA 793, 801.

[19] Supra note 6.

[20] Section 10. Money Claims

x x x x

In case of termination of overseas employment without just, valid or authorized cause as defined by law or contract, the worker shall be entitled to the full reimbursement of his placement fee with interest at twelve percent (12%) per annum, plus his salaries for the unexpired portion of his employment contract or for three (3) months for every year of the unexpired term, whichever is less.

x x x x

[21] Supra note 6, at 37 (page 2 of the Employment Contract).