Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

JOSE EDWIN G. ESICO,
Petitioner,

- versus -

ALPHALAND CORPORATION and ALPHALAND DEVELOPMENT, INC.,
Respondents.

G.R. No. 216716

Present:

PERLAS-BERNABE, *S.A.J.*,*
HERNANDO,
Acting Chairperson,**
INTING,
LOPEZ, J. Y.,***and
DIMAAMPAO, *JJ.*

Promulgated:

NOV 17 2021

x----------x

DECISION

HERNANDO, *J.*:

This Petition for Review on *Certiorari*[1] assails the September 10, 2014 Decision[2] and January 26, 2015 Resolution[3] of the Court of Appeals (CA) in CA-G.R. SP No. 134512 which annulled and set aside the April 30, 2013

---

* On official leave.
** Per Special Order No. 2855 dated November 10, 2021.
*** Designated as additional Member per August 25, 2021 Raffle vice *J.* Gaerlan who recused due to prior action in the Court of Appeals.
1 *Rollo*, Vol. 1, pp. 11-46.
2 Id. at 48-74. Penned by Associate Justice Maria Elisa Sempio Diy and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Rodil V. Zalameda (now a member of this Court).
3 Id. at 76-90.

Decision[4] of the National Labor Relations Commission (NLRC) in NLRC LAC No. 02-000700-13.

On appeal from the Labor Arbiter's (LA) December 12, 2012 Decision[5] in NLRC-NCR Case Nos. 07-01970-12 and 08-011647-12,[6] the NLRC granted petitioner Jose Edwin G. Esico's (Esico) complaint[7] for constructive dismissal against respondents Alphaland Corporation (AC) and Alphaland Development, Inc. (ADI) (collectively respondents Alphaland).

The facts:

The long and arduous facts leading to the *cause celebre* follow.

The labor dispute between Esico and respondents Alphaland originated from the former's employment relationship with PhilWeb Corporation (PhilWeb), a part of respondents' group of companies.

Esico is a well-decorated officer, former pilot of the Philippine Airforce who retired with the rank of lieutenant colonel. He is licensed to fly both fixed wing and rotary wing civilian aircrafts and had just topped the Certified Security Professional Examinations at the time of his employment within respondents' group of companies.[8]

Given his impressive credentials, PhilWeb initially hired Esico as Risk & Security Management Officer (RSMO) under the following letter-proposal[9] dated March 19, 2010:

Job Offer from PhilWeb Corporation

Dear Lt. Col. Esico,

This is to formally offer you the following compensation package for the position **Risk & Security Management Officer** effective **Monday, March 29, 2010:**

1.	Job Level	: Manager
	Immediate Superior	: Michael A.P.M. Asperin,[10] Head – Security Group
	Division	: Office of the Chairman
	Department	: Security

---

4 Id. at 181-205.
5 Id. at 135-156.
6 Id.
7 Id. at 21.
8 Id. at 14
9 Id. at 96-100.
10 Also spelled as Aspirin in some parts of the records.

2. Compensation
   a. Monthly Basic Pay: Php90,000 (subject to withholding tax)
   b. 13th month pay: equivalent to one month's basic pay plus Monthly Representation Allowance, and pro-rated for the first year of service and subject to withholding tax; payable within the last quarter of the calendar year
   c. Monthly Mobile Phone Reimbursement: Php1,500 (liquidated via copy of mobile phone bill).

A semi-annual performance review will be conducted to assess your performance and to provide the basis for salary review. Your salary review will be conducted within the first quarter of the following calendar year.

3. You shall be hired as a **regular employee** on day one (1) of employment. As such, you shall be entitled to the following company benefits:

a. Group Life Insurance (non-contributory, employee coverage only) – includes Basic Life Insurance and coverage for Total and Permanent Disability rider up to Php1,000,000.

b. Hospitalization/Medical/Dental Plan (non-contributory, employee coverage only) – includes hospitalization, out-patient care, and dntal expenses in accordance with the established schedule of benefits (current maximum benefit of Php250,000 per illness per year).

c. Paid Time Off (as applicable)

- Vacation Leave – 11 working days per year (not convertible to cash)
- Sick Leave – 15 working days per year (not convertible to cash)
- Birthday Leave – 1 working day
- Bereavement Leave – 7 working days

4. Company Code of Discipline

x x x x

As regards general conduct while employed by PhilWeb Corporation,

a. You will be expected to devote your time, attention and skill to the affairs of the Company during the usual business hours and will use your best endeavors to further its interest in every way.

b. You will be expected at all times to diligently, faithfully and to the best of your ability perform the duties/instructions for which you are hereby employed and additional duties as may reasonably be requested of you, of which the Company may transfer you from time to time.

c. You will use all proper means within your area of control and responsibility to maintain and improve the business and to protect and further the reputation and interest of PhilWeb.

d. You will not work for or have any interest in any other company or business or undertake any activity which might interfere with your duties/performance or in conflict with the Company's interest.

5. Non-disclosure and Confidentiality Agreement

x x x x

6. Basis of Agreement

a. All terms and conditions stated herein are subject to review by the Company from time to time. PhilWeb reserves the right to alter any of the aforementioned terms and conditions as and when it deems fit to fulfill the Company's objectives.

b. Your employment hereunder shall be constructed and have effect under and in accordance with the laws for the time being in force in Philippines.

Please signify your acceptance of your appointment and of your understanding of the above-mentioned terms and conditions by signing on the space provided on the following page. To facilitate your enrollment in PhilWeb's compensation and benefit program, attached is a **Pre-Employment Kit** which you need to complete and submit to our HR Department within one (1) week *before* your start date.

We welcome you to the organization, and trust that your association with PhilWeb will be a rewarding one.

Very truly yours,

[signed]	[signed]
Dennis Valdes	**Carla S. Vargas**[11]
President	AVP-Human Resources & Administration

CONFORME:

[signed]
Jose Edwin G. Esico, CSP, SC

Date signed: 10/28/2010 [handwritten]
Date of entry (if different from the start date indicated on Page 1): _____.[12]
(Emphasis supplied)

This letter-proposal was handed to Esico only on his date of signing, *i.e.*, October 28, 2010.[13]

---

[11] Also spelled as Bargas in some parts of the records.
[12] *Rollo*, Vol. 1, pp. 96-100.
[13] Id. at 51.

By April 19, 2010, respondents Alphaland concurrently engaged Esico as a rotary wing pilot assigned to fly the Chairperson of respondents' group of companies, Roberto V. Ongpin (Ongpin), to his various engagements within and outside the country.[14] The engagement letter[15] reads:

> Dear Mr. ESICO,
>
> **ALPHALAND DEVELOPMENT, INC.** (the "Company") is pleased to engage you in the position of Helicopter Pilot (concurrent with your present duties as Security and Enterprise Risk Management Officer of Philweb Corporation) on the following terms. As we have agreed, your start date will be 19 April 2010.
>
> As Helicopter Pilot of the Company, you will directly report to the Company's Chief Pilot, Mr. Serafin V. Belleza III for flight operations. You will be expected to perform such duties as are normally associated with this position and such duties as are assigned to you from time to time by your immediate superior.
>
> Your compensation will be paid by Philweb Corporation.
>
> **Further, the Company agrees to advance the expenses necessary to send you on ground and flight course training for the EC-130 B4, as described in attached Annex A. In turn, you agree to render service to the Company for a minimum period of five (5) years beginning on the start date indicated above. Should you fail to complete this minimum years of service, you shall reimburse the Company for the expenses spent on your training subject to proportionate reduction equivalent to 5% per completed quarter of actual service.**
>
> We hope that you and the Company will find mutual satisfaction with your engagement. Kindly indicate your acceptance of this offer of engagement under the terms set forth herein by signing and returning a copy of this letter to the Company.
>
> Very truly yours,
>
> [signed]
> **ERIC O. RECTO**
> Vice Chairman, Alphaland Development, Inc.
> Vice Chairman, Philweb Corporation
>
> With my conformity:
>
> [signed]
> **JOSE EDWIN G. ESICO**[16] (Emphasis supplied)

---

[14] Id.
[15] Id. at 91-92.
[16] Id. at 91.

On even date, Esico sent an e-mail[17] to Alphaland's then Head of Security and Aviation, Mike Asperin, expressing elation at working for respondents' group of companies and specifically asking for the latter's recommendation on what salary figure to quote respondents for his engagement as Pilot.[18]

On January 28, 2011, PhilWeb adjusted Esico's compensation package from a gross basic pay of ₱90,000.00 to ₱115,000.00 with an additional ₱25,000.00 monthly representation allowance.[19]

In May 2011, along with four (4) other pilots of respondents Alphaland, Esico underwent flight training in the United States of America to operate the brand new Cessna Grand Caravan 208B purchased by respondents Alphaland for the resort development of its affiliate and subsidiary, Alphaland Balesin Island Resort Corporation (Balesin Resort). The costs of the Cessna flight training amounted to ₱657,019.00 broken down as follows: (a) course fees of US$11,300.00; (b) airfare of ₱120,937.00; (c) terminal fee of ₱750.00; (d) *per diem* of US$801.00; (d) clothing allowance of US$200.00; and (e) accommodations of ₱25,562.00.[20]

The following antecedents are the CA's summary of Esico's version of the facts which are uncontroverted by respondents Alphaland in all of their pleadings:

> On June 6, 2011, after numerous verbal attempts to raise the matter of his employment status as a helicopter pilot to his superiors went unheeded, [Esico emailed the officers of respondents on the topic]. The email, together with the attached Memorandum dated 7 June 2011, was addressed to Mr. Michael Aspirin, copy furnished Mr. Serafin Belleza ([Esico's] senior pilot) and Atty. Rodolfo Ma. Ponferrada ([respondents Alphaland's] legal counsel). While Mr. Belleza acknowledged receipt of the e-mail, [Esico] never received any positive response from [respondents].
>
> On August 22, 2011, [Esico] received a job offer sheet as pilot from [respondent] Alphaland Corporation with the level of manager. It offered, among others, a total monthly gross compensation of Ph115,000.00 including a monthly representation allowance of Ph25,000.00, subject to liquidation. [Esico] signed the job offer sheet, believing that it is the compensation package that he had asked for separately from his work as Risk & Security Management Officer for Philweb.
>
> Despite the job offer, [Esico] claimed that he was never paid his salary as stated in the job offer. According to private respondent, on October 26, 2011, he received an e-mail from Ms. Bargas asking for a meeting regarding his proposed transfer from Philweb to [respondent corporations] for the purpose of serving the

---

[17] Id. at 93-95.
[18] Id. at 93-94.
[19] Id. at 15.
[20] Id. at 57.

latter as a pilot. The meeting with Ms. Vargas took place, but the latter did not give [Esico] any definite job offer regarding the effective date of his transfer from employer Philweb to herein [respondents]. [Esico] was also not told what his compensation will be as a helicopter pilot of [respondents].

On November 9, 2011, [Esico] received an e-mail from Mr. Belleza regarding partial flights involving the Cessna Caravan, a fixed wing aircraft owned by [respondents], to which, [Esico] replied via e-mail on the next day. [Esico] recommended that flights of said aircraft be performed on a limited basis only due to safety issues.

On December 23, 2011, [Esico] found out that he had been transferred from Philweb to Alphaland because he could not access his payroll with Philweb. This was confirmed by Philweb's Human Resource Administrator. The latter told [Esico] that he had been transferred to Alphaland effective December 1, 2011.

On February 17, 2012, [Esico] was informed by a fellow pilot about a plan by Mr. Asperin, the then Security and Aviation Head, that he will be served with a job termination notice immediately.

On February 20, 2012, [Esico] sent an e-mail to the officers of the corporation to inquire about the veracity of his impending job termination. No reply was heard from these corporate officers.

x x x x

On March 3, 2012, [Esico] was handed a letter from [respondents]. The letter, dated August 10, 2011, reads:

Dear Lt. Col. Esico,

> Further to the terms of your engagement in the position of Pilot for ALPHALAND DEVELOPMENT, INC. (the "Company") and in consideration of the Company's agreement to advance the expenses necessary to send you on ground and flight course training for the Cessna plane, as described in Annex A hereof, you further undertake to render service to the Company for a minimum period of five (5) years beginning May 1, 2011. Should you fail to complete this minimum years of service, you shall reimburse the Company for the expenses spent on your training subject to proportionate reduction equivalent to five percent (5%) per completed quarter of actual service.
>
> Kindly confirm you[r] acceptance of this undertaking under the terms set forth herein by signing on the space provided below and returning a copy of the letter to the Company.
>
> Thank you.
>
> x x x x

On June 1, 2012, [Esico], in consultation with his co-pilot Mr. Belleza, recommended by e-mail to the new aviation manager the cancellation of scheduled flights for the next day to Balesin, Quezon because of serious weather disturbances. In a reply on the same day, the new aviation manager approved the recommendation.

> On June 5, 2012, [Esico] learned that Mr. Asperin called the other pilots on June 2, 2012 to fly to Balesin. [Esico] also learned that Mr. Asperin told the pilots that [Esico] and Mr. Belleza had refused to fly, which was why the other pilots were being asked to take their place. This prompted a response from [Esico], taking exception to the statement of Mr. Asperin that he and Mr. Belleza refused to fly.
>
> [Esico] alleged that he was due for recurrent training by July 2, 2012. However, despite formal request upon [respondents Alphaland] to grant such training, [they] did not provide for [Esico's] recurrent training. Thus, without recurrent raining, [Esico] could no longer fly the company helicopter as pilot-in-command.
>
> x x x x
>
> On July 3, 2012, [Esico] tendered his letter of resignation addressed to [respondents Alphaland's] HR Manager, Ms. Josephine Maclang. In his resignation letter, he stated the following reasons: (a) serious embarrassments and insults had been committed against his person, honor and reputation on several occasions by a company officer; (b) serious flight safety concerns; (c) absence of employment contract with Alphaland Corporation; (d) absence of helicopter recurrent training; (e) unresolved issues on services already rendered in favor of Alphaland Corporation as fixed wing pilot from May 2, 2011 to June 2012; and (f) other related matters.
>
> On July 16, 2012, [Esico] received a demand letter from [respondents Alphaland's] legal officer. Among other things, the letter demanded that [Esico] reimburse [respondents Alphaland] in the amount of P977,720.00 representing the portion of his flight training expenses.
>
> On July 19, 2012, [Esico] filed a complaint for illegal dismissal before the Regional Arbitration Branch of the NLRC, docketed as NCR-07-10970-12. He also sent a reply letter addressed to [respondents'] counsel refuting the allegations therein.
>
> On August 2, 2012, [respondents Alphaland] filed a complaint against [Esico] for alleged wrongful resignation and damages with the NLRC, docketed as NCR-08-11647-12.[21]

Ruling of the Labor Arbiter:

The two cases were eventually consolidated and raffled to LA Lilia Savari who dismissed Esico's complaint for constructive dismissal and granted respondent corporations' complaint for wrongful resignation:

> WHEREFORE, a Decision is hereby rendered DISMISSING the case for illegal dismissal under NLRC-NCR Case No. 07-10970-12 entitled: Jose Edwin G. Esico v. Alphaland for lack of merit. However, Respondents are ordered to pay [Esico] his proportionate 13th month pay in the amount of P45,450.00.

---

[21] Id. at 51-55.

> In the case entitled Alphaland Development, Inc. and/or Christian Grant Y. Tomas vs. Jose Edwin G. Esico, [Esico] is hereby ordered to reimburse Alphaland the amount of ₱997,700.00 representing the portion of the Eurocopter and Cessna training expenses in proportion to the number of years not yet served by [Esico] in the second case.[22]

The LA ruled that all the acts enumerated by Esico which led him to resign did not amount to constructive dismissal. The LA found that Esico's employment contract with respondents' group of companies contemplated: (i) a concurrent designation as RSMO and pilot, (ii) the salary to be paid by PhilWeb, and (iii) a conjunctive reimbursement for training costs and minimum term of five-year service with respondents Alphaland. The LA likewise found that Esico acquiesced to the arrangement when he affixed his conformity to the engagement letters dated March 19 and April 10, 2010, respectively, as well as the job offer sheet dated August 22, 2011.[23]

As regards Esico's claim that respondents Alphaland failed to provide and schedule him for recurrent flight trainings despite repeated requests, and their overall nonchalance to serious flight safety concerns he had raised, the LA pointed out that respondents did not require Esico to fly a helicopter with an expired recurrent training. Moreover, the lack of recurrent flight training did not affect Esico's other designation as respondents' RSMO.[24]

Ruling of the National Labor Relations Commission:

The NLRC reversed the LA's ruling, thus:

> WHEREFORE, premises considered, Jose Edwin G. Esico's appeal is GRANTED. The assailed Decision of Labor Arbiter Lilia S. Savari dated December 12, 2012 is MODIFIED.
>
> It is hereby declared that Esico was illegally constructively dismissed from his employment. Alphaland Corporation and Alphaland Development Inc. are ordered to solidarily pay the following monetary awards to Esico:
>
> 1) Full backwages from the time he was illegally constructively dismissed on July 5, 2012 up to finality of this decision, which, as of April 14, 2013, have already accumulated ₱2,205,000.00;
>
> 2) Separation pay equivalent to one (1) month pay per year of service, reckoned from his first day of employment up to the finality of this decision, a fraction of at least six (6) months being considered as one (1) whole year, which, as of April 14, 2013 has already accumulated to ₱690,000.00;

---

[22] Id. at 59.
[23] Id. at 152-154.
[24] Id. at 155-156.

3) Unpaid salaries totaling ₱3,680,000.00; and

4) Attorney's fees equivalent to ten percent (10%) of his total monetary award.

Jose Edwin G. Esico is ABSOLVED from any liability to reimburse Alphaland the amount of ₱997,700.00.
The award for proportionate 13th month pay of ₱45,450.00 is AFFIRMED.[25]

Diverging from the LA's findings, the NLRC found that Esico was constructively dismissed by respondents Alphaland and was not paid separate compensation corresponding to his two designations as RSMO and pilot under various employment contracts. In addition, the NLRC absolved Esico of liability to reimburse respondents for the costs of his flight training.

Since the NLRC denied[26] respondents Alphaland's Motion for Reconsideration,[27] they filed a Petition for *Certiorari*[28] before the CA alleging grave abuse of discretion in the NLRC's ruling that Esico was: (a) constructively dismissed, (b) entitled to payment of two [2] salaries as RSMO and pilot, backwages and separation pay, and (c) not liable to reimburse respondents for costs of his flight trainings.

Ruling of the Court of Appeals:

Subsequently, the CA rendered the herein assailed September 10, 2014 Decision,[29] to wit:

WHEREFORE, premises considered, the petition for *certiorari* filed by Alphaland Development, Inc. and Alphaland Corporation is hereby **GRANTED**. The Decision dated April 30, 2013 and the Resolution dated January 10, 2014 issued by public respondent NLRC are hereby **ANNULLED** and **SET ASIDE**. The Decision dated December 12, 2012 of the Labor Arbiter in the consolidated cases – NLRC-NCR-Case No. 07-1970-12 and NLRC-NCR-Case No. 08-11647-12 – is **REINSTATED** with **MODIFICATION**, to read as follows:

x x x x

WHEREFORE, a Decision is hereby rendered DISMISSING the case for illegal dismissal under NLRC-NCR-Case No. 07-10970-12 entitled: Jose Edwin G. Esico vs. Alphaland for lack of merit. However, Respondents are ordered to pay Complainant his proportionate 13th month pay in the amount of P45,450.00.

---

[25] Id. at 204-205.
[26] Id. at 206.
[27] Id.
[28] Under Rule 65 of the Rules of Court.
[29] *Rollo*, Vol. I, pp. 48-74.

> In the case entitled Alphaland Development, Inc. and/or Christian Grant Y. Tomas vs. Jose Edwin G. Esico, Respondent Jose Edwin G. Esico, is hereby ordered to reimburse Alphaland the amount of **P977,720.00** representing the portion of the Eurocopter and Cessna training expenses in proportion to the number of years not yet served by Respondent Esico in the second case.
>
> x x x x
>
> **SO ORDERED.**[30]

At this point, Esico filed a Motion for Reconsideration[31] raising for the first time the labor tribunals' lack of jurisdiction to take cognizance of NLRC-NCR Case No. 08-11647-12, the complaint for "wrongful resignation." Esico now argued that respondents Alphaland's complaint is essentially a suit for collection of sum of money falling outside the jurisdiction of the NLRC. Further, Esico maintained that he was forced to resign due to the unjust, unreasonable, and unlawful working conditions perpetrated by respondents Alphaland. Finally, Esico insisted that the CA's unnecessary interpretation of the employment contract did not conform to the legal mandate of construction in favor of labor.

Nonetheless, the CA did not reconsider its prior ruling:

> **WHEREFORE**, in light of the foregoing, [petitioner] Jose Edwin G. Esico's motion for reconsideration dated October 2, 2014 is hereby **DENIED**. The Decision dated September 10, 2014 in the above-entitled case is **AFFIRMED**.
>
> **SO ORDERED.**[32]

In granting respondents Alphaland's Petition for *Certiorari*, the CA declared that the NLRC's factual finding of two separate and distinct salaries for Esico's concurrent designation as pilot and RSMO was tainted with grave abuse of discretion. The CA pointed out that the employment contract embodied in the April 19, 2010 letter, specifically stated Esico's concurrent designation for a scope of functions as RSMO and pilot under a single compensation package to be paid by Philweb, part of respondents' group of companies.[33]

The CA disagreed with the NLRC that Esico was constructively dismissed by respondents Alphaland and found instead, as the LA did, that he voluntarily resigned from his employment. In doing so, the CA ruled that Esico violated the employment contract's minimum return of service clause; thus, the CA adjudged Esico liable to respondents Alphaland for the costs of his flight

---

[30] Id. at 73.
[31] CA *rollo*, pp. 830-843.
[32] *Rollo*, Vol. 1, p. 89.
[33] Id. at 65-70.

training, minus the number of months he already served therein. The CA clarified the inconsistency in the body and dispositive portion of the LA's December 12, 2012 Decision pertaining to the correct judgment award of ₱977,720.00.[34]

On the matter of the labor tribunal's lack of jurisdiction over respondents Alphaland's complaint, NLRC-NCR Case No. 08-11647-12, the CA noted that Esico only raised the issue after he was rebuffed in the appellate court. According to the CA, Esico acknowledged the jurisdiction of the LA when he prayed for a relief, *i.e.* the dismissal of respondents' complaint, not based on lack of jurisdiction, but the assertion of the merits of his complaint for constructive dismissal. In all, the CA ruled that Esico was estopped from questioning the jurisdiction of the LA and the NLRC.[35]

Issues:

Hence, this appeal[36] by *certiorari* of Esico positing the following issues:

I.

THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT [ESICO] IS ESTOPPED FROM QUESTIONING THE JURISDICTION OF THE NATIONAL LABOR RELATIONS COMMISSION ON THE CLAIM OF RESPONDENTS WHICH IS AN ACTION FOR THE COLLECTION OF A SUM OF MONEY DUE TO AN ALLEGED BREACH OF CONTRACT.

II.

THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT [ESICO] WAS NOT CONSTRUCTIVELY DISMISSED BY RESPONDENTS.

III.

THE HONORABLE COURT OF APPEALS ERRED IN SUBSTITUTING ITS JUDGMENT FOR THE LACK OF AGREEMENT AS TO TERMS AND CONDITIONS BETWEEN PETITIONER AND RESPONDENTS AND/OR THE AMBIGUITY IN THE EMPLOYMENT ARRANGEMENT BETWEEN THE PARTIES.[37]

Our Ruling

I. JURISDICTION

Logically, to settle the divergent rulings of the labor tribunals and the appellate court, we shall first dispose the threshold issue of jurisdiction.

---

[34] Id. at 71.
[35] Id. at 63.
[36] Id. at 11-45.
[37] *Rollo*, Vol. II, p. 638.

A. The LA and the NLRC do not have jurisdiction over NLRC-NCR Case No. 08-11647-12.

Jurisdiction is the power and authority conferred by the Constitution and by statute to hear and decide a case.[38] The authority to decide a case is what makes up jurisdiction.[39] The decision of a tribunal not vested with appropriate jurisdiction is a nullity;[40] it does not bear any effect.

Curiously, neither of the LA and the NLRC dismissed *motu propio* NLRC-NCR Case No. 08-11647-12, respondents' complaint for "wrongful resignation." Evidently, the labor tribunals simply accepted respondents' designation and took cognizance of their complaint, rendering conflicting rulings thereon. The issue of jurisdiction was only raised in Esico's motion for reconsideration of the CA's September 10, 2014 Decision where he argued that respondents' complaint for "wrongful resignation" is actually a complaint for sum of money, payment of actual damages based on breach of contract.

Lim v. Gamosa[41] schools us in mapping out and analyzing a statutory grant of jurisdiction. We learned that the provisions of the enabling statute are the yardsticks by which the Court would measure the quantum of quasi-judicial powers an administrative agency may exercise, as defined in the enabling act of such agency.

Thus, we look to the Constitution[42] and the Labor Code[43] to ascertain the jurisdiction of the labor tribunals over the complaint of respondents.

Section 3, Article XIII of the Constitution mandates:

> Section 3. The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all.
>
> It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage. They shall also participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

---

38 *Subido Pagente Certeza Mendoza and Binay Law Offices v. Court of Appeals*, 802 Phil. 314, 342 (2016); *Lim v. Gamosa*, 774 Phil. 31 (2015).

39 Id.

40 See *Espino v. National Labor Relations Commission*, 310 Phil. 60, 76 (1995) citing *Dy v. National Labor Relations Commission*, 229 Phil. 234, 242 (1986)

41 Supra note 38.

42 See CONSTITUTION, Article XIII on Social Justice and Human Rights, section 3 on Labor.

43 PRESIDENTIAL DECREEE No. 442 (as amended and renumbered), July 21, 2015.

> The State shall promote the principle of shared responsibility between workers and employers and the preferential use of voluntary modes in settling disputes, including conciliation, and shall enforce their mutual compliance therewith to foster industrial peace.
>
> The State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns to investments, and to expansion and growth.

Articles 3, 4 and 6 of Chapter I on General Provisions and Preliminary Title of the Labor Code lay down the state policy, rule of construction and applicability thereof, consistent with the constitutional mandate of full protection to labor:

> ARTICLE 3. *Declaration of Basic Policy.* — The State shall afford protection to labor, promote full employment, ensure equal work opportunities regardless of sex, race or creed, and regulate the relations between workers and employers. The State shall assure the rights of workers to self-organization, collective bargaining, security of tenure, and just and humane conditions of work.
>
> 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.
>
> ARTICLE 6. *Applicability.* — All rights and benefits granted to workers under this Code shall, except as may otherwise be provided herein, apply alike to all workers, whether agricultural or non-agricultural.[44]

Article 224 of the Labor Code explicitly bestowed original and exclusive jurisdiction to the LA and the NLRC in cases involving all workers:

> ARTICLE 224. [217] Jurisdiction of the Labor Arbiters and the Commission. — (a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:
>
> (1) Unfair labor practice cases;
>
> (2) Termination disputes;
>
> (3) If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;

---

[44] PRESIDENTIAL DECREEE No. 442 (as amended and renumbered), July 21, 2015.

(4) Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations;

(5) Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts; and

(6) Except claims for Employees Compensation, Social Security, Medicare and maternity benefits, all other claims arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00) regardless of whether accompanied with a claim for reinstatement.

(b) The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters.

(c) Cases arising from the interpretation or implementation of collective bargaining agreements and those arising from the interpretation or enforcement of company personnel policies shall be disposed of by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements.

Consistent therewith is Article 307 of the same Code which provides:

ARTICLE 307. [292] *Institution of Money Claims.* — **Money claims** specified in the immediately preceding Article **shall be filed before the appropriate entity independently of the criminal action that may be instituted in the proper courts.** (Emphasis supplied)

What we can clearly refract from the foregoing provisions is that the conferment of original and exclusive jurisdiction to the LA and the NLRC is within the constitutional framework of full protection to labor.

In their memorandum,[45] respondents Alphaland emphasize that Esico is estopped from questioning the jurisdiction of the labor tribunals. Moreover, respondents insist that their complaint for "'wrongful resignation with claims of damages' x x x is duly within the jurisdiction of the [LA] and x x x the NLRC."[46]

We disagree.

The dust has long settled over the delineation of the jurisdiction of the LA and the NLRC over money claims arising from employer-employee relations.[47]

---

[45] *Rollo*, Vol. II, pp. 803-828.

[46] Id. at 815.

[47] *Singapore Airlines v. Paño*, 207 Phil. 585, 599 (1983), citing *Quisaba v. Sta. Ines Melale Veneer & Plywood, Inc.*, 157 Phil. 757 (1974).

San Miguel Corporation v. National Labor Relations Commission[48] (*San Miguel Corporation*) illuminates, thus:

> The important principle that runs through [Article 217] is that where the claim to the principal relief sought is to be resolved not by reference to the Labor Code or other labor relations statute or a collective bargaining agreement but by the general civil law, the jurisdiction over the dispute belongs to the regular courts of justice and not to the Labor Arbiter and the NLRC. **In such situations, resolution of the dispute requires expertise, not in labor management relations nor in wage structures and other terms and conditions of employment, but rather in the application of the general civil law. Clearly, such claims fall outside the area of competence or expertise ordinarily ascribed to Labor Arbiters and the NLRC and the rationale for granting jurisdiction over such claims to these agencies disappears.**
>
> x x x x
>
> Such undertaking, though unilateral in origin, could nonetheless ripen into an enforceable contractual (*facio ut des*) obligation on the part of petitioner Corporation under certain circumstances. Thus, whether or not an enforceable contract, albeit implied and innominate, had arisen between petitioner Corporation and private respondent Vega in the circumstances of this case, and if so, whether or not it had been breached, are preeminently legal questions, questions not to be resolved by referring to labor legislation and having nothing to do with wages or other terms and conditions of employment, but rather having recourse to our law on contracts.[49] (Emphasis supplied)

Portillo v. Lietz[50] (*Lietz*) adeptly traced the "reasonable causal connection rule" as a requirement not only in employees' money claims against the employer but is, likewise, a condition when the claimant is the employer:

> In *Dai-Chi Electronics Manufacturing Corporation v. Villarama, Jr.*, which reiterated the San Miguel ruling and allied jurisprudence, we pronounced that a non-compete clause, as in the "Goodwill Clause" referred to in the present case, with a stipulation that a violation thereof makes the employee liable to his former employer for liquidated damages, refers to post-employment relations of the parties.
>
> In *Dai-Chi*, the trial court dismissed the civil complaint filed by the employer to recover damages from its employee for the latter's breach of his contractual obligation. We reversed the ruling of the trial court as we found that the employer did not ask for any relief under the Labor Code but sought to recover damages agreed upon in the contract as redress for its employee's breach of contractual obligation to its "damage and prejudice." We iterated that Article 217, paragraph 4 does not automatically cover all disputes between an employer and its employee(s). We noted that the cause of action was within the realm of Civil Law, thus, jurisdiction over the controversy belongs to the regular courts.

---

[48] 244 Phil. 741 (1988).
[49] Id. at 752-753.
[50] 697 Phil. 232 (2012).

> At bottom, we considered that the stipulation referred to post-employment relations of the parties.
>
> That the "Goodwill Clause" in this case is likewise a post-employment issue should brook no argument. There is no dispute as to the cessation of Portillo's employment with Lietz, Inc. She simply claims her unpaid salaries and commissions, which Lietz, Inc. does not contest. At that juncture, Portillo was no longer an employee of Lietz, Inc. The "Goodwill Clause" or the "Non-Complete Clause" is a contractual undertaking effective after the cessation of the employment relationship between the parties. In accordance with jurisprudence, breach of the undertaking is a civil law dispute, not a labor law case.
>
> It is clear, therefore, that while Portillo's claim for unpaid salaries is a money claim that arises out of or in connection with an employer-employee relationship, Lietz, Inc.'s claim against Portillo for violation of the goodwill clause is a money claim based on an act done after the cessation of the employment relationship. And, while the jurisdiction over Portillo's claim is vested in the labor arbiter, the jurisdiction over Lietz, Inc.'s claim rests on the regular courts.[51]

In this case, the bone of contention between the parties lies in the interpretation of the employment contract, specifically the clause on the minimum service requirement in consideration of expenses (advances) for flight trainings. Unarguably, respondents Alphaland claim payment of actual damages equivalent to the amount they advanced for Esico's flight training who reneged on his contractual obligation by his premature resignation. Respondents Alphaland's cause of action, the supposed violation of the right-duty correlative between the parties, hinges on the enforceability of the contentious clause in the employment contract. Clearly, respondents' recourse against Esico is based on our law on contracts.

As in *San Miguel Corporation*[52] and allied jurisprudence, respondents Alphaland's claim against Esico, albeit arising out of their employer-employee relationships, is not cognizable by the LA and the NLRC.

Moreover, in determining which tribunal has jurisdiction over a case, we consider not only the status or relationship of the parties, but more so the nature of the question that is the subject of controversy.[53]

Here, respondents Alphaland assert that Esico's failure to serve written notice of his resignation at least a month prior violates Article 300(285)(a)[54] of the Labor Code which makes him liable to pay for damages.

---

[51] Id. at 244-245.

[52] Supra note 48.

[53] *Lim v. Gamosa*, supra note 41.

[54] ARTICLE 300. [285] Termination by Employee. — (a) An employee may terminate without just cause the employee-employer relationship by serving a written notice on the employer at least one (1) month in advance. The employer upon whom no such notice was served may hold the employee liable for damages.

Respondents' contention is untenable. There is no pretension that respondents' suit for "wrongful resignation" claims payment of actual damages, *i.e.*, the amount advanced for Esico's flight training. This claim for damages, as already demonstrated, arises from Esico's supposed breach of contract.

Stated differently, respondents Alphaland seek to enforce their rights under the employment contract considering Esico's failure to comply with his contractual obligation when he resigned from respondent corporations. The April 19, 2010 letter engaging Esico as pilot states that in the event of his resignation before completion of the required minimum service, Esico is obliged to reimburse the costs of his flight trainings pro-rated to the number of years already served. Failure to comply with either of the alternative obligations[55] resulted in respondents Alphaland's cause of action against Esico, which suit is cognizable by the regular courts of law.

The settlement of this dispute between the parties, given the parties' respective claims, calls to the fore Article 1191 of the Civil Code on a tacit resolutory condition in reciprocal obligations:[56]

> Article 1191. **The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.**
>
> The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. He may also seek rescission, even after he has chosen fulfillment, if the latter should become impossible.
>
> The court shall decree the rescission claimed, unless there be just cause authorizing the fixing of a period.
>
> This is understood to be without prejudice to the rights of third persons who have acquired the thing, in accordance with articles 1385 and 1388 and the Mortgage Law. (Emphasis supplied)

Quite palpably, in the factual milieu obtaining herein, the labor tribunals do not have jurisdiction to settle various issues necessitating application of our civil law on obligations and contracts.

As in *Lietz*,[57] there is no reasonable causal connection between Esico's money claims hinging on his supposed constructive dismissal and Alphaland's separate claim before the NLRC grounded on Esico's alleged "wrongful resignation," which obviously terminated the employment contract:

---

[55] See CIVIL CODE, Book IV, Chapter 3, section 3 on Alternative Obligations.
Art. 1199. A person alternatively bound by different prestations shall completely perform one of them.
x x x x

[56] See *Religious of the Virgin Mary v. Orola*, 576 Phil. 538 (2008).

[57] *Supra* note 50.

There is no causal connection between the petitioner employees' claim for unpaid wages and the respondent employers' claim for damages for the alleged "Goodwill Clause" violation. Portillo's claim for unpaid salaries did not have anything to do with her alleged violation of the employment contract as, in fact, her separation from employment is not "rooted" in the alleged contractual violation. She resigned from her employment. She was not dismissed. Portillo's entitlement to the unpaid salaries is not even contested. Indeed, Lietz, Inc.'s argument about legal compensation necessarily admits that it owes the money claimed by Portillo.

The alleged contractual violation did not arise during the existence of the employer-employee relationship. It was a post-employment matter, a post-employment violation. Reminders are apt. That is provided by the fairly recent case of *Yusen Air and Sea Services Phils., Inc. v. Villamor*, which harked back to the previous rulings on the necessity of "reasonable causal connection" between the tortious damage and the damage arising from the employer-employee relationship. Yusen proceeded to pronounce that the absence of the connection results in the absence of jurisdiction of the labor arbiter. Importantly, such absence of jurisdiction cannot be remedied by raising before the labor tribunal the tortious damage as a defense. Thus:

> When, as here, the cause of action is based on a quasi-delict or tort, which has no reasonable causal connection with any of the claims provided for in Article 217, jurisdiction over the action is with the regular courts. [Citation omitted]
>
> As it is, petitioner does not ask for any relief under the Labor Code. It merely seeks to recover damages based on the parties' contract of employment as redress for respondent's breach thereof. Such cause of action is within the realm of Civil Law, and jurisdiction over the controversy belongs to the regular courts. More so must this be in the present case, what with the reality that the stipulation refers to the post-employment relations of the parties.
>
> For sure, a plain and cursory reading of the complaint will readily reveal that the subject matter is one of claim for damages arising from a breach of contract, which is within the ambit of the regular court's jurisdiction. [Citation omitted]
>
> It is basic that jurisdiction over the subject matter is determined upon the allegations made in the complaint, irrespective of whether or not the plaintiff is entitled to recover upon the claim asserted therein, which is a matter resolved only after and as a result of a trial. Neither can jurisdiction of a court be made to depend upon the defenses made by a defendant in his answer or motion to dismiss. If such were the rule, the question of jurisdiction would depend almost entirely upon the defendant.[58] (Citations omitted)

On the whole, jurisdiction being set by law and not by the parties, the LA and the NLRC cannot exercise jurisdiction over respondents Alphaland's

---

[58] Id. at 248-249.

complaint just by the mere expedient of the designation thereof as one for "wrongful resignation with claims of damages" and the employer-employee relationship between the parties.

B. *Tijam v. Sibonghanoy*[59] *(Tijam)* is not applicable; it is an exception to the general rule.

Notwithstanding the foregoing, respondents Alphaland are adamant that the appellate court did not err in holding that Esico is estopped from assailing the jurisdiction of the LA and NLRC after belatedly raising the issue and praying for affirmative relief therefrom. In dismissing Esico's argument of the LA and NLRC's lack of jurisdiction, the CA pronounced "that the situation in the case at bench falls within the ambit of justifiable cases where estoppel may be applied."[60] The CA ruled that Esico's prayer for affirmative relief, asking that the appellate court dismiss respondents' petition for *certiorari* and affirm the NLRC's April 30, 2013 Decision and January 10, 2014 Resolution, engendered the CA's jurisdiction by *estoppel*. Ultimately, the CA applied our ruling in the old case of *Tijam*.[61]

The CA further ratiocinated its holding on the doctrine of exhaustion of remedies. According to the CA, considering that Esico did not object to the consolidation of the parties' complaints, the labor tribunals should be given the opportunity to settle the money claims between the parties.

We are not persuaded.

The general rule is that the issue of jurisdiction may be raised at any stage of the proceedings, even on appeal, and is not lost by waiver or by estoppel.[62] On several occasions we have ruled, thus:

> The principle of estoppel cannot be invoked to prevent this Court from taking up the question, which has been apparent on the face of the pleadings since the start of the litigation before the Labor Arbiter. In the case of *Dy v. NLRC*, xxx the Court, citing the case of *Calimlim v. Ramirez*, reiterated that the decision of a tribunal not vested with appropriate jurisdiction is null and void. Again, the Court in *Southeast Asian Fisheries Development Center-Aquaculture Department v. NLRC* restated the rule that the invocation of estoppel with respect to the issue of jurisdiction is unavailing because estoppel does not apply to confer jurisdiction upon a tribunal that has none over the cause of action. The instant case does not provide an exception to the said rule.[63]

---

[59] 131 Phil. 556 (1968).
[60] *Rollo*, pp. 83-84.
[61] *Supra* note 59.
[62] *Cacho v. Balagtas*, 824 Phil. 597, 620 (2018).
[63] *Espino v. National Labor Relations Commission*, supra note 40 at 75-76.

In *Tijam*, we carved out an exception to the general rule and laid down the doctrine that the plea of lack of jurisdiction may no longer be raised for being barred by laches because it was raised for the first time in a motion to dismiss filed almost 15 years after the questioned ruling had been rendered.

As our holding in *Tijam* is merely an exception to the general rule, *laches* occurring in a particular case will only bar a litigant from raising the issue of lack of jurisdiction when the factual *milieu* obtaining therein is on all fours with *Tijam.*

Stacked against *Tijam*, the factual circumstances herein do not equate to *laches*, *i.e.*, silence or inaction for an inexplicable length of time.[64] The misstep of Esico in not immediately moving for the dismissal of NLRC-NCR Case No. 08-11647-12 given respondents' characterization of their complaint, the LA's subsequent consolidation of the parties' respective complaints, and the labor tribunals' allowance thereof, will not afford the same labor tribunals proper jurisdiction over the case.

II. CONSTRUCTIVE DISMISSAL

We now come to the discussion of the primordial issue of whether the CA erred finding grave abuse of discretion on the part of the NLRC when it reversed the LA's Decision and granted Esico's complaint.

A. The scope of a petition for certiorari in judicial review of labor cases.

Decisions of the NLRC are reviewable by the CA through Rule 65 of the Rules of Court.[65] The CA is tasked in the proceeding to ascertain if the NLRC decision merits a reversal exclusively on the basis of the presence of grave abuse of discretion amounting to lack or excess of jurisdiction. Hence, when a CA decision is brought before the Court through a petition for review on *certiorari* under Rule 45, the question of law that must be tackled is whether the CA correctly found that the NLRC acted or did not act with grave abuse of discretion in rendering its challenged decision.[66] The Court does not re-examine conflicting evidence, re-evaluate the credibility of witnesses, or substitute its own judgment for that of the tribunal in determining where the weight of evidence lies or what evidence is credible.[67]

---

[64] *San Roque Realty and Development Corporation v. Republic of the Philippines*, 559 Phil. 264, 278 (2007).
[65] See *Continental Micronesia, Inc. v. Basso*, 770 Phil. 201, 223 (2015).
[66] *Philippine National Bank v. Gregorio*, 818 Phil. 321, 335 (2017).
[67] *Career Philippines Shipmanagement, Inc. v. Serna*, 700 Phil. 1, 9-10 (2012).

On the other hand, if the factual findings of the LA and the NLRC are conflicting, as in this case, the reviewing court may delve into the records and examine for itself the questioned findings. Under this situation, such conflicting factual findings are not binding on the Court, and we retain the authority to pass on the evidence presented and draw conclusions therefrom.[68]

Within the parameters of the following: (a) when it is necessary to prevent a substantial wrong or to do substantial justice; (b) when the findings of the NLRC contradict those of the LA; and (c) when necessary to arrive at a just decision of the case, the appellate court necessarily has to look at the evidence and make its own factual determination.[69]

Thus, in our review of this case, we examine the CA's finding of grave abuse of discretion in the NLRC's grant of Esico's complaint for constructive dismissal. Essentially, we view the appeal before us within the lens of the *certiorari* jurisdiction of the appellate court in labor cases to determine whether the factual findings of the NLRC are not supported by the evidence on record resulting in grave abuse of discretion.[70] This Court steps in and exercises its power of review only when on the basis of facts the inference or conclusion arrived at is manifestly erroneous.[71]

B. Requirement of substantial evidence to establish constructive dismissal.

In cases filed before administrative or *quasi*-judicial bodies like the NLRC, the required quantum of proof is substantial evidence, or that amount of relevant evidence that a reasonable mind might accept as adequate to justify a conclusion.[72]

The stark divergence in the findings and conclusions of the NLRC, on one hand, from those of the LA and the appellate court, on the other, constrains us to examine the evidence to determine which findings and conclusion are more conformable with the evidentiary facts. Hence, we embark on addressing not only the legal, but the factual issues as well.

The proceedings in question here are those that transpired at the level of the NLRC. When a complaint for illegal dismissal is filed, the complainant has the duty to prove that he or she was dismissed and that the dismissal is not legal

---

[68] *Kondo v. Toyota (Boshoku) Phils. Corporation*, G.R. No. 201396, September 11, 2019.
[69] See *Continental Micronesia, Inc. v. Basso*, supra note 65 at 224.
[70] See *Philippine National Bank v. Gregorio*, supra note 66 at 334.
[71] *Arc-Men Food Industries Corp. v. National Labor Relations Commission*, 436 Phil. 371, 379 (2002).
[72] RULES OF COURT, Rule 133, Section 5.

because there is no valid cause or no compliance with due process. In a case such as the one before us, where the question presented is whether Esico was constructively dismissed, Esico must first establish by substantial evidence the fact of his dismissal from service.

It was incumbent upon Esico to prove that his resignation was not voluntary, and was actually a dismissal, *i.e.* a constructive dismissal. It is essential that there is a lack of "voluntariness in the employee's separation from employment."[73] This entails the presentation of evidence showing that Esico's resignation "was because continued employment is rendered impossible, unreasonable or unlikely, involving a demotion in rank and a diminution in pay."[74]

Constructive dismissal exists when continued employment has become so unbearable because of acts of clear discrimination, insensibility or disdain by the employer, that the employee has no choice but to resign.[75]

The test of constructive dismissal is whether a reasonable person in the employee's position would have felt compelled to give up his position under the circumstances.[76]

Diverging from the NLRC's finding of constructive dismissal, the appellate court ruled otherwise. It held that the NLRC's rulings were beset by grave abuse of discretion amounting to lack or excess of jurisdiction. In other words, the CA found that the NLRC's factual findings did not measure to the substantial evidence requirement.

The NLRC found that the impetus for Esico's resignation were the unbearable acts of respondents Alphaland in stonewalling his repeated queries and requests for clarification relating to his compensation package and an actual employment contract with ADI. Esico likewise bewailed, which the NLRC sustained, the near expiration of his recurrent flight training and his consequent inability to perform the job for which he had been engaged.

We reiterate the basic rules of evidence for each party to prove his affirmative allegation: mere allegation is not evidence.[77] We also stress that the evidence to prove the fact of the employee's constructive dismissal must be substantial, clear, positive, and convincing.[78]

---

[73] *Kondo v. Toyota Boshoku (Phils.) Corporation*, G.R. No. 201396, September 11, 2019.
[74] *Galang v. Boie Takeda Chemicals, Inc.*, 790 Phil. 582 (2016).
[75] Id.
[76] *Philippine Veterans Bank v. National Labor Relations Commission*, 631 Phil. 202, 212 (2010).
[77] *Kondo v. Toyota (Boshoku) Phils. Corporation*, supra note 68.
[78] *Doctor v. NII Enterprises*, 821 Phil. 251, 265-266 (2017).

Here, the CA found that Esico had failed to prove by substantial evidence respondents' acts amounted to constructive dismissal. According to the CA, Esico voluntarily resigned in contravention of the employment contract with respondents. Contrary to the ruling of the NLRC, the CA found that the acts complained of by Esico which he claims pushed him to resign either did not occur or were untrue. Perforce, there was no constructive dismissal.

In his resignation letter, Esico cited the following reasons:

(a) serious embarrassments and insults had been committed against his person, honor and reputation on several occasions by a company officer;

(b) serious flight safety concerns;

(c) absence of employment contract with Alphaland Corporation;

(d) absence of helicopter recurrent training;

(e) unresolved issues on services already rendered in favor of Alphaland Corporation as fixed wing pilot from May 2, 2011 to June 2012; and

(f) other related matters.[79]

The last paragraph of Esico's resignation letter conveys his gratitude and appreciation to AC and Philweb, thus:

> The undersigned would like to respectfully express his sincerest gratitude and appreciation to Alphaland Corp. and PhilWeb Corp. for the job opportunity given for the past 2 years and 3 months as Corporate Pilot and Risk and Security Management Officer respectively. Same gratitude and appreciation are also given to Company executives, superiors and co-workers on both Companies the undersigned had the chance to work with most especially to all hardworking Company pilots and aircrew.[80]

i. Esico failed to establish his constructive dismissal by substantial evidence.

From his resignation letter and the evidence threshed out before the labor tribunals and the CA, we are hard pressed to make a finding that Esico's resignation was involuntary brought about by unbearable, unreasonable and discriminatory acts of respondents Alphaland. Apart from the employment contract which is the pith of the issue between the parties, Esico did not muster the standard of substantial evidence to prove that respondents Alphaland intended his dismissal. What is fairly apparent is that Esico resigned because he

---

[79] *Rollo*, Vol. 1, p. 124.
[80] Id.

was dissatisfied and unhappy with respondents Alphaland for the cited reasons in his resignation letter.

First. Undoubtedly, evidenced in the tenor of his July 3, 2012 resignation letter, Esico was extremely dissatisfied with the compensation package in his employment contract with respondents' group of companies. Esico's dissatisfaction with his compensation package and the evident stonewalling of respondents' Alphaland to address his concern thereon were his motivation for his resignation. However, these motives, absent substantiation of their veracity, should not bear on respondents Alphaland's supposed acts amounting to constructive dismissal.

We reiterate the rule in illegal dismissal cases that while the employer bears the burden of proving that the termination was for a valid or authorized cause, the employee must first establish by substantial evidence the fact of his dismissal from service.[81] In this case, however, respondents Alphaland should not be impelled to prove a valid dismissal as they did not terminate the employment of Esico.

The dissatisfaction of Esico and his claim of constructive dismissal may be related but these are two different and separate matters. The first can be proven simply by a plain reading of his resignation letter, the second one is carved by law and must be proven by substantial evidence.

Regrettably, Esico was not able to prove his allegations that: (a) he suffered serious insults and humiliation because of rumors of his impending termination; (b) he was under a compulsion to commit serious flight safety risks and his concerns were ignored; and (c) he was precluded from flying respondents Alphaland's Chairperson. For these allegations, Esico simply narrated what was supposedly relayed to him by a colleague without presenting any corroborating evidence of his statements.

While we observe that respondents' group of companies were giving Esico the run around and obliquely addressing his issues such as the expiration of his flight training, the compensation package for his concurrent designation and flight safety recommendations, there is nothing on the record that points to respondents Alphaland's overt and positive act to dismiss him or that they intended his separation from them.

Considering that Esico was not constructively dismissed, he is not entitled to backwages and separation pay in *lieu* of reinstatement.[82]

---

[81] *Verdadero v. Barney Autolines Group of Companies Transport, Inc.*, 693 Phil. 646, 659 (2012).

[82] See LABOR CODE, Article 294.

ARTICLE 294. [279] Security of Tenure. — In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and

Notwithstanding, we are impelled to look into what is provided in the employment contract considering the divergent factual findings of the labor tribunals and the appellate court. We now tackle the parties' employment contract and the terms and provisions thereof.

ii. The ambiguous employment contracts.

Second. Quite apparent to this Court is that respondents Alphaland did not intend to dismiss Esico whose continued employment with them worked extremely well to their advantage under an ambiguous employment contract. Hence, their reply to Esico's resignation letter refuting his claims of maltreatment and demanding reimbursement of costs for the Cessna flight training.

We rule, however, that Esico is entitled to his other money claims of unpaid salaries for his concurrent designation as RMSO and pilot of respondents' group of companies pursuant to the contentious employment contracts.

The parties differ on the compensation package of Esico. Respondents Alphaland insist that Esico signed the employment contracts knowing full well that there was merely a single compensation package for a concurrent designation.

We are not convinced. We categorically find that the employment contract between the parties is ambiguous and should be construed strictly against the party that caused the ambiguity, respondents Alphaland.[83]

The March 19, 2010, April 19, 2010 proposal and engagement letters, as well as the August 22, 2011 job offer sheet signed by Esico are vague and ambiguous on the terms and conditions of employment such as job description, scope of functions and compensation package.

The three documents specify clearly enough that Esico is concurrently RSMO and pilot for PhilWeb and ADI. In the August 22, 2011 job offer sheet, he was designated as pilot with a specific salary. For the initial two documents, the compensation amount was not indicated, only the payor of the compensation, PhilWeb.

The arrangement among respondents' group of companies of shared services without clear delineation of functions and the compensation to be paid

---

[83] *Innodata Knowledge Services, Inc. v. Inting*, 822 Phil. 314, 341 (2017).

thereof is disadvantageous to the employee and cannot prevail over Article 1700 of the Civil Code, thus:

> Art. 1700. The relation between capital and labor are not merely contractual. They are so impressed with public interest that labor contracts must yield to the common good. Therefore, such contracts are subject to special laws on labor unions, collective bargaining, strikes and lockouts, closed shops, wages, working conditions, hours of labor and similar subjects.

The following circumstances are undisputed:

1. The records reveal that upon his engagement as pilot of ADI on April 19, 2010, Esico already inquired after his compensation and asked for advice on what salary figure to quote respondents Alphaland. While the April 19, 2010 engagement letter stated that his compensation will be paid by PhilWeb, it is clear that to Esico's mind, the payment of salary is different from that already paid by PhilWeb under the March 19, 2010 letter proposal. This April 19, 2010 engagement letter was signed by Eric Recto as Vice Chairman of both ADI and PhilWeb.

2. Corollary thereto, Esico signed the March 19, 2010 letter proposal only on October 28, 2010 when it was handed to him, a good six months after he had been engaged by respondents and PhilWeb under concurrent and separate designations.

3. Esico's inquiries on his compensation package are well-documented. Specifically, Esico sent an e-mail to Asperin, copy furnished Atty. Ponferrada and Belleza regarding his employment status and compensation as helicopter pilot of respondents' Alphaland.

4. Esico signed the August 22, 2011 job offer sheet which ostensibly addressed the issue of his compensation package but he never received the corresponding salary stated therein.

5. Esico's services as RSMO and pilot was shared among respondents' group of companies. In fact, respondents Alphaland do not deny Esico's allegations that by December 1, 2011 his payroll account was transferred under respondents Alphaland but that until his resignation in July 2012, he continued to perform his functions as RSMO for PhilWeb without the corresponding compensation.

Unavoidably therefore, Esico is entitled to the compensation package indicated in the March 19, 2010 and April 19, 2010 letters and the August 22, 2011 job offer sheet, all of which he signified his conformity.

We are not unaware that PhilWeb is a separate juridical entity from that of respondents, albeit part of respondents' group of companies. Legal fiction invests it with a personality separate and distinct from those of the persons composing it as well as from that of any other legal entity to which it may be related.[84]

Nonetheless, we pierce the veil of corporate fiction in this instance considering the strong ambiguity in the employment contracts, three in all, signed by Esico as to which among in respondents' group of companies will compensate him for the services he had rendered. We do not do so lightly.

It must be emphasized that Esico had rendered services for his concurrent designation as pilot and RSMO which he understood would be separately compensated by either of the two corporations that are part of respondents' group of companies, PhilWeb or ADI. However, by December 2011, while still performing functions as RSMO of PhilWeb and expecting to draw salaries therefrom, Esico could no longer access his payroll account as he was transferred to ADI's payroll account.

This transfer was effected easily enough between PhilWeb and ADI given the affiliate relationship between the two corporations and within respondents' group of companies. Respondents cannot now disavow payment of Esico's salaries as RSMO which was unceremoniously withheld when ADI unilaterally transferred Esico's payroll account from PhilWeb to ADI.

Recently, in *Maricalum Mining Corporation v. Florentino*[85] (*Maricalum*) we ruled, thus:

> While the veil of corporate fiction may be pierced under certain instances, mere ownership of a subsidiary does not justify the imposition of liability on the parent company. It must further appear that to recognize a parent and a subsidiary as separate entities would aid in the consummation of a wrong. Thus, a holding corporation has a separate corporate existence and is to be treated as a separate entity; unless the facts show that such separate corporate existence is a mere sham, or has been used as an instrument for concealing the truth.

Maricalum further explained that the corporate veil may be lifted only if it has been used to shield fraud, defend crime, justify a wrong, defeat public convenience, insulate bad faith or perpetuate injustice. Here, the totality of the circumstances evince fraud on the part of respondents' group of companies to evade an existing obligation.[86] Undoubtedly, respondents' group of companies availed of Esico's services, both as a pilot and as a security officer, for which he was not properly compensated. Notably, neither of respondents allege that Esico

---

84 See *Maricalum Mining Corp. v. Florentino*, G.R. Nos. 221813 & 222723, July 23, 2018.

85 Id.

86 See *Reynoso v. General Credit Corporation*, 339 Phil. 38 (2000).

did not perform the work as RSMO, only that Esico was paid his salaries for the duration of employment relationship under a single compensation package with concurrent designations. As we have repeatedly pointed out herein, the arrangement set up by respondents Alphaland, reflected in the ambiguous employment contracts, worked for Esico's disadvantage who was given the run around by respondents each time he attempted to ascertain the true nature of the terms and conditions of his employment.

Thus, considering the totality of the circumstances, to prevent injustice, as well as the evasion of an existing obligation, we recompute Esico's unpaid salaries under the various contracts he signed with respondents' group of companies as follows:

1. As pilot for the period of April 19, 2010 to November 30, 2011 with monthly compensation of ₱115,000.00 equivalent to ₱2,242,500.00;[87]

2. As RSMO for the period December 1, 2011 to July 3, 2012 with monthly compensation of ₱115,000.00 equivalent to ₱805,000.00.[88]

We affirm the NLRC's award of attorney's fees equivalent to ten percent (10%) of the monetary award. The total of these awards shall earn six percent (6%) interest per *annum* until full satisfaction thereof.[89]

WHEREFORE, the petition for review on *certiorari* is **GRANTED**. The September 10, 2014 Decision and January 26, 2015 Resolution of the Court of Appeals in CA-G.R. SP No. 134512 are **REVERSED** and **SET ASIDE**. A new judgment is rendered:

1. **DISMISSING** NLRC-Case No. 08-11647-12 for lack of jurisdiction on the part of the Labor Arbiter and the National Labor Relations Commission.

2. In NLRC-NCR Case Nos. 07-01970-12, respondents Alphaland Corporation and Alphaland Development, Inc. are ordered to **PAY** petitioner Jose Edwin G. Esico:

a. Unpaid salaries in the amount of ₱3,047,500.00;[90]

b. Attorney's fees of ten percent (10%) of the award in paragraph (a); and

c. Interest of six percent (6%) per *annum* of the total judgment award from finality of this Decision until full satisfaction thereof.

---

[87] [19.5 months] [₱115,000.00].
[88] [7 months][₱115,000.00]
[89] *Nacar v. Gallery Frames*, 716 Phil. 267 (2013).
[90] [₱2,242,500.00 +₱805,000.00].

SO ORDERED.

RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:

On official leave
ESTELA M. PERLAS-BERNABE
Senior Associate Justice

HENRI JEAN PAUL B. INTING
Associate Justice

JHOSEP Y. LOPEZ
Associate Justice

RAFAEL B. DIMAAMPAO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

RAMON PAUL L. HERNANDO
Associate Justice
Acting Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ALEXANDER G. GESMUNDO
Chief Justice