

Golden Ace Builders and Arnold Azul vs. Jose A. Talde
G.R. No. 187200; 5 May 2010

Facts: In 1990, Golden Ace Builders hired Jose A. Talde (Talde) as a carpenter. In February 1999, the owner-manager, Arnold Azul, stopped giving Talde work assignment due allegedly to the unavailability of construction projects. Consequently, Talde filed a complaint for illegal dismissal.

The Labor Arbiter ruled in Talde's favor and ordered his immediate reinstatement without loss of seniority rights, with payment of full backwages as well as premium pay for rest days, service incentive leave pay and 13th month pay. The company brought the case to the National Labor Relations Commission (NLRC) for review. Pending such appeal, the company advised Talde to report for work within 10 days from notice. Talde, however, manifested to the Labor Arbiter that due to actual animosity between him and the company and threats to his life and his family's safety, he opted for payment of separation pay. The company denied there was such an animosity. The NLRC later dismissed the company's appeal. The company's appeal to the Court of Appeals was likewise dismissed. The Court of Appeals' decision attained finality.

The monetary award, as recomputed by the NLRC's Fiscal Examiner, was approved by the Labor Arbiter who thereupon issued the writ of execution. The company questioned the re-computation before the NLRC, arguing that since Talde refused to report back to work as the company advised, he should be deemed to have abandoned the same, thus, the re-computation should not be beyond 15 May 2001, the day he manifested his refusal to be reinstated.

The NLRC vacated the re-computation, holding that since Talde did not appeal the Labor Arbiter's decision granting him only reinstatement and backwages, not separation pay in lieu of reinstatement, he may not be afforded affirmative relief, and since he refused to go back to work, he may recover backwages only up to 20 May 2001, the day he was supposed to return to the job site. When Talde's motion for reconsideration was denied by the NLRC, he filed a petition for certiorari with the Court of Appeals.

The Court of Appeals set aside the NLRC findings and held that Talde was entitled to both backwages and separation pay, even if separation pay was not granted by the Labor Arbiter, in view of the strained relations between the parties. Consequently, the company filed a petition for review on certiorari before the Supreme Court.

Issue: (1) Whether or not Talde was entitled to separation pay in lieu of actual reinstatement on account of strained relations between him and the company; and (2) Up to what date should Talde's backwages be computed?

Held: An illegally dismissed employee is entitled to two reliefs: backwages and reinstatement. The two reliefs are separate and distinct. When reinstatement is no longer feasible because of strained relations between the employee and the employer, separation pay equivalent to one (1) month salary for every year of service should be awarded as an alternative. The payment of separation pay is in addition to payment of backwages. In effect, an illegally dismissed employee is entitled to either reinstatement, if viable, or separation pay if reinstatement is no

longer viable, and backwages. (Citing *Macasero vs. Southern Industrial Gases Philippines*, G.R. No. 178524; 30 January 2009)

Under the *doctrine of strained relations*, the payment of separation pay is considered an acceptable alternative to reinstatement when the latter option is no longer desirable or viable. On one hand, such payment liberates the employee from what could be a highly oppressive work environment. On the other hand, it releases the employer from the grossly unpalatable obligation of maintaining in its employ a worker it could no longer trust.

Strained relations must be demonstrated as a fact and must be supported by substantial evidence showing that the relationship between the employer and the employee is indeed *strained* as a necessary consequence of the judicial controversy. In this case, the Labor Arbiter found that actual animosity existed between the owner-manager Azul and Talde as a result of the filing of the illegal dismissal case. Such finding, especially when affirmed by the appellate court as in the case at bar, is binding upon the Supreme Court, consistent with the prevailing rules that the Supreme Court will not try facts anew and that findings of facts of quasi-judicial bodies are accorded great respect, even finality.

Thus, Talde was entitled to backwages *and* separation pay as his reinstatement had been rendered impossible due to strained relations. His backwages must be computed from the time he was unjustly dismissed until his actual reinstatement, or from February 1999 until 30 June 2005 when his reinstatement was rendered impossible without fault on his part.

The Court of Appeals erroneously computed his separation pay from 1990 (when he was hired) to 1999 (when he was unjustly dismissed), covering a period of 8 years. He must be considered to have been in the service of the company not only until 1999, but until 30 June 2005, the day he is deemed to have been actually separated (his reinstatement having been rendered impossible) from the company, or for a total of 15 years.

Ponente: J. Conchita Carpio Morales

Vote: 5-0