LABOR LAW

LBC EXPRESS-VIS, INC. *v.* MONICA C. PALCO
G.R. No. 217101, 12 February 2020, *THIRD DIVISION* (Leonen, *J.*)

DOCTRINE OF THE CASE

Batucan cannot be considered to have been acting on LBC's behalf when he sexually harassed Palco. Thus, Palco cannot base her illegal dismissal complaint against LBC solely on Batucan's acts.

However, even if LBC had no participation in the sexual harassment, it had been informed of the incident. Despite this, it failed to take immediate action on Palco's complaint. LBC's delay in acting on the case showed its insensibility, indifference, and disregard for its employees' security and welfare. This indifference to complaints of sexual harassment victims is a ground for constructive dismissal. Here, it cannot be denied that Palco was compelled to leave her employment because of the hostile and offensive work environment created and reinforced by Batucan and LBC. She was thus clearly constructively dismissed.

FACTS

Monica C. Palco (Palco) started working for LBC Express-Vis, Inc. (LBC) as a customer associate in its Gaisano Danao Branch (LBC Danao). While employed at LBC, Palco had initially noticed that the Branch's Team Leader and Officer-in-Charge, Arturo A. Batucan (Batucan) would often flirt with her, which made her uncomfortable. Later, Batucan started sexually harassing her. The final straw happened when Batucan sneaked in on Palco while she was in a corner counting money. Palco was caught by surprise and exclaimed, "*Kuyawa nako nimo sir, oy!*" (You scared me, sir!) Batucan then held her on her hips and attempted to kiss her lips. However, Palco was able to shield herself.

Palco reported the incident to the LBC Head Office. Sensing that management did not immediately act on her complaint, Palco resigned. She asserted that she was forced to quit since she no longer felt safe at work. Thereafter, Palco filed a Complaint for Illegal Dismissal against the company. Palco likewise filed a Complaint for sexual harassment before the Danao City Prosecutor's Office.

The Labor Arbiter (LA) ruled in favor of Palco. The National Labor Relations Commission (NLRC) affirmed with modification the LA's decision but

reduced the amount of moral damages to P50,000.00. The Court of Appeals (CA) affirmed the NLRC decision. Thus, LBC filed this petition, arguing that it should not be held for constructive dismissal because it was Batucan who committed the acts subject of Palco's complaint.

ISSUE

Should LBC be held liable for constructive dismissal?

RULING

YES. Constructive dismissal occurs when an employer has made an employee's working conditions of environment harsh, hostile, and unfavorable, such that the employee feels obliged to resign from his or her employment.

One of the ways by which a hostile or offensive work environment is created is through the sexual harassment of an employee. According to Section 3 of the Republic Act No. 7877, otherwise known as the Anti-Sexual Harassment Act, workplace sexual harassment occurs when a supervisor, or agent of an employer, or any other person who has authority over another in a work environment, imposes sexual favors on another, which creates in an intimidating, hostile, or offensive environment for the latter. The gravamen of the offense is not the violation of the employee's sexuality but the abuse of power by the employer.

In this case, Batucan's acts were sexually suggestive. He held Palco's hand, put his hand on her lap and shoulder, and attempted to kiss her. These acts are not only inappropriate, but are offensive and invasive enough to result in an unsafe work environment for Palco.

LBC's argument that it was not the company, but Batucan, that created the hostile work environment fails to persuade. At the very least, Batucan held a supervisory position, which made him part of the managerial staff. Batucan was Palco's team leader and officer-in-charge in LBC Danao. Nonetheless, Batucan cannot be deemed to have acted on LBC's behalf in committing the acts of sexual harassment. It cannot be assumed that all the illegal acts of managerial staff are authorized or sanctioned by the company, especially when it is committed in the manager's personal capacity.

The distinction between the employer and an erring managerial officer is likewise present in sexual harassment cases. Under Section 5 of the Anti-Sexual Harassment Act, the employer is only solidarily liable for damages with the perpetrator in case an act of sexual harassment was reported, and *it did not take immediate action on the matter*.

This provision thus illustrates that the employer must first be informed of the acts of the erring managerial officer before it can be held liable for the latter's acts. Conversely, if the employer has been informed of the acts of its managerial staff, and does not contest or question it, it is deemed to have authorized or be complicit to the acts of its erring employee.

In this case, Batucan cannot be considered to have been acting on LBC's behalf when he sexually harassed Palco. Thus, Palco cannot base her illegal dismissal complaint against LBC *solely* on Batucan's acts.

However, even if LBC had no participation in the sexual harassment, it had been informed of the incident. Despite this, it failed to take immediate action on Palco's complaint. LBC's delay in acting on the case showed its insensibility, indifference, and disregard for its employees' security and welfare. This indifference to complaints of sexual harassment victims is a ground for constructive dismissal. Here, it cannot be denied that Palco was compelled to leave her employment because of the hostile and offensive work environment created and reinforced by Batucan and LBC. She was thus clearly constructively dismissed.

PEOPLE OF THE PHILIPPINES *v.* ANTONIO M. TALAUE
G.R. No. 248652, 12 January 2021, *FIRST DIVISION* (Peralta, *C.J.*)

DOCTRINE OF THE CASE

Section 52 (g) of the GSIS Act of 1997 penalizes the heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions, and the personnel of such offices who are involved in the collection of premium contributions, loan amortization and other accounts due the GSIS, who fail, refuse, or delay the payment, turnover, remittance or delivery of such accounts to the GSIS within thirty (30) days from the time the same have become due and demandable.

A municipality is a political subdivision of the national government. Talaue, as Municipal Mayor of Sto. Tomas, Isabela, is unquestionably the head of office of the said Municipality as the chief executive officer thereof. As head of office, he, as well as other employees involved in the collection of contributions due the GSIS, are responsible for the prompt and timely payment and/or remittance of the said premiums to the GSIS.

FACTS

An Information was filed by the GSIS against Antonio M. Talaue (Talaue) and his co-accused, Efren C. Guiyab (Guiyab) and Florante A. Galasinao (Galasinao) for the violation of Section 52 (g) in relation to Section 6 (b) of Republic Act No. 8291 (R.A. No. 8291). Talaue is the Municipal Mayor, Guiyab is the Municipal Treasurer, and Galasinao is the Municipal Accountant of Sto. Tomas, Isabela.

During the trial, the prosecution presented Araceli Santos (Santos), the Branch Manager of GSIS, Cauayan, Isabela Branch. Santos found that the municipal government failed to remit the total amount of P22,436,546.10, inclusive of interests. She also testified that the head of the agency, the treasurer, and the accountant are the persons with legal obligation to remit the contributions to the GSIS. Furthermore, Santos averred that Talaue should be held responsible since the notices and demand letters were addressed to the municipality via the mayor. With ample notice, Talaue should explain his failure to remit the GSIS contributions.

Talaue argued that he had instructed Guiyab to plan for the payment of the municipality's regular remittances, including the GSIS, as the Department of

Budget and Management (DBM) no longer withheld the funds and made the remittances for them starting 1997. However, Guiyab stated that the municipality is running short of funds due to other legitimate expenditures because it was the end of the year, and that they thought that the DBM was the one responsible for withholding and paying on the municipality's behalf the necessary remittances to the GSIS.

While the case was pending, Talaue allegedly told Guiyab to start paying the GSIS. He claimed that funds were allocated for that purpose, and payments were made to the GSIS. He also mentioned that the parties entered in a MOA, and the court issued a Decision approving the MOA. Thus, Talaue argued that he cannot be criminally liable due to the MOA treating the municipality's obligation into a loan; to be paid on a scheduled basis and subject to the reconciliation of accounts and data.

The Sandiganbayan acquitted Galasinao but found Talaue guilty beyond reasonable doubt of the crime charged. Thus, the present petition to the Court.

ISSUE

Is Talaue guilty beyond reasonable doubt of Sec. 52(g) in relation to Sec. 6(b) of R.A. No. 8291?

RULING

YES. Section 52 (g) of the GSIS Act of 1997 penalizes the heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions, and the personnel of such offices who are involved in the collection of premium contributions, loan amortization and other accounts due the GSIS, who *fail*, *refuse*, or *delay* the payment, turnover, remittance or delivery of such accounts to the GSIS within thirty (30) days from the time the same have become due and demandable.

A municipality is a political subdivision of the national government. Talaue, as Municipal Mayor of Sto. Tomas, Isabela, is unquestionably the head of office of the said Municipality as the chief executive officer thereof. As head of office, he, as well as other employees involved in the collection of contributions due the GSIS, are responsible for the prompt and timely payment and/or remittance of the said premiums to the GSIS.

The task of ensuring the remittance of accounts due the GSIS is, therefore, as much a burden and responsibility of the mayor as it is the burden and responsibility of those personnel who are involved in the collection of premium contributions. Congress purposely included heads of office in the list of those liable in order to create a sense of urgency on their part and deter them from passing the blame to their subordinates. Further, their liability is construed as waiver of the State of its immunity from suit. Just as the principle of state immunity from suit rests on reasons of public policy, so does waiver thereof in cases of violation of Section 52 (g).

As municipal mayor, Section 444 (a) of the Local Government Code of 1991 commands appellant not only to exercise such powers and perform such duties and functions as provided by said Code, but also such duties as may be imposed upon him by other laws, which certainly includes his responsibility under the GSIS Act of 1997. Further, Section 444 (b) (1) (x) of said Code obligates him to ensure that all executive officials and employees of the municipality faithfully discharge their duties and functions as provided by law and said Code, and to cause the institution of administrative or judicial proceedings against any official or employee of the municipality who may have committed an offense in the performance of his official duties.

If Talaue truly believed that it was primarily the municipal treasurer's responsibility to remit the contributions of the municipality to the GSIS and that said treasurer was remiss in his duties, he should have caused the institution of administrative or judicial proceedings against him. He did not. More importantly, the fact that premium contributions remained unremitted from 1997 to 2004 should have alerted him, prompted him to make further inquiries, and employ a more stringent and hands-on approach considering that he is made principally liable by the law as head of the municipality.

BISHOP SHINJI AMARI of ABIKO BAPTIST CHURCH, *et al.* *v.* RICARDO R. VILLAFLOR, JR.
G.R. No. 224521, 17 February 2020, *THIRD DIVISION* (Gesmundo, *J.*)

DOCTRINE OF THE CASE

An ecclesiastical affair is 'one that concerns doctrine, creed, or form of worship of the church, or the adoption and enforcement within a religious association of needful laws and regulations for the government of the membership, and the power of excluding from such associations those deemed unworthy of membership.' Based on this definition, an ecclesiastical affair involves the relationship between the church and its members and relates to matters of faith, religious doctrines, worship, and governance of the congregation.

Secular matters, on the other hand, have no relation whatsoever with the practice of faith, worship, or doctrines of the church.

To the mind of the Court, the exclusion of membership from Abiko Baptist Church in Japan and the cancellation of ABA recommendation as a national missionary are ecclesiastical matters which this jurisdiction will not touch upon. These matters are exclusively determined by the church in accordance with the standards they have set. The Court cannot meddle in these affairs since the church has the discretion to choose members who live up to their religious standards. The ABA recommendation as a national missionary is likewise discretionary upon the church since it is a matter of governance of congregation.

FACTS

The controversy stemmed from the Letter where Ricardo R. Villaflor, Jr. (Villaflor) was informed of his removal as a missionary of the Abiko Baptist Church, cancellation of his American Baptist Association (ABA) recommendation as a national missionary, and exclusion of his membership in the Abiko Baptist Church in Japan. Consequently, Villaflor filed a complaint, claiming that he was illegally dismissed from his work as missionary/minister.

The Labor Arbiter (LA) found Villaflor's dismissal illegal. The LA held that it has jurisdiction over the matter considering that Villaflor was appointed as instructor of Missionary Baptist Institute and Seminary (MBIS).

On appeal, the National Labor Relations Commission (NLRC) dismissed the complaint on the ground of lack of jurisdiction.

The Court of Appeals (CA) ruled that both the LA and NLRC had jurisdiction over the matter.

ISSUE

Was Villaflor illegally dismissed despite the fact that the dispute involves an ecclesiastical affair?

RULING

NO. While the State is prohibited from interfering in purely ecclesiastical affairs, the Church is likewise barred from meddling in purely secular matters.

In this case, there were three (3) acts which were decided upon by the Abiko Baptist Church against Villaflor, to wit:

(a) Removal as a missionary of Abiko Baptist Church;
(b) Cancellation of the ABA recommendation as a national missionary; and
(c) Exclusion of membership from Abiko Baptist Church in Japan.

To the mind of the Court, the exclusion of membership from Abiko Baptist Church in Japan and the cancellation of ABA recommendation as a national missionary are ecclesiastical matters which this jurisdiction will not touch upon. These matters are exclusively determined by the church in accordance with the standards they have set. The Court cannot meddle in these affairs since the church has the discretion to choose members who live up to their religious standards. The ABA recommendation as a national missionary is likewise discretionary upon the church since it is a matter of governance of congregation.

The Court is left to determine whether Villaflor's removal as a missionary of Abiko Baptist Church is an ecclesiastical affair. Indeed, the matter of terminating an employee, which is purely secular in nature, is different from the ecclesiastical act of expelling a member from the religious congregation.

In order to settle the issue, it is imperative to determine the existence of an employer-employee relationship. Unfortunately, Villaflor failed to prove his own affirmative allegation in accordance with the four-fold test, to wit:

(a) The selection and engagement of the employee;
(b) The payment of wages;

(c) The power of dismissal; and
(d) The power to control the employee's conduct.

First, the evidence presented – the Appointment Paper – refers to Villaflor's appointment as an instructor; but, to emphasize, Villaflor was removed as a missionary of Abiko Baptist Church, not as an instructor of MBIS.

Second, there is no concrete evidence of the alleged monthly compensation of Villaflor. Absent any clear indication that the amount respondent was allegedly receiving came from BSAABC or MBIS, or at the very least that ABA, Abiko Baptist Church of Japan, and BSAABC and MBIS are one and the same, the Court cannot concretely establish the payment of wages.

Third, the Court finds that dismissal is inherent in religious congregations as they have the power to discipline their members, but this alone cannot establish employer-employee relationship.

Lastly, there is no power of control. Other than the Appointment Paper (as an instructor), no other evidence was adduced by Villaflor to show an employer-employee relationship.