SECOND DIVISION

[G.R. No. 271162. January 15, 2026]

ROLANDO M. BRISO, ALFONSO T. DONDOYANO, RYAN N. RAAGAS, DIEGO E. ROSAS, BOBBERT P. ZAMORA, ALIDO D. OMLANG, EDWIN Y. LABRA, JAYMAR L. CASTILLO, LEOPOLDO LORENZO JR., HERMES D. ALICABO, FRANCIS JOHN P. ZAMORA, DIEGO S. AUMENTADO, AND REYNALDO A. SOBIONO, PETITIONERS, VS. M. LHUILLIER TAXI/ MICHAEL J. LHUILLIER – OWNER/ JAY VINCENT JUMAPAO – MANAGER/ MARK MECINAS – AUDITOR, RESPONDENTS.

D E C I S I O N

KHO, JR., J.:

Before the Court is a Petition for Review on *Certiorari*[1] under Rule 45 of the Rules of Court assailing the Resolutions dated June 23, 2022[2] and September 6, 2023[3] of the Court of Appeals (CA) in CA-G.R. SP No. 14987, which dismissed the Rule 65 petition as petitioners failed to file a motion for reconsideration.

The Facts

The case stemmed from consolidated complaints[4] for illegal dismissal, nonpayment of 13th month pay, payment of separation pay, and refund of cash bond and trust fund filed before the National Labor Relations Commission (NLRC) by petitioners Rolando M. Briso (Briso), Alfonso T. Dondoyano (Dondoyano), Ryan N. Raagas (Raagas), Diego E. Rosas (Rosas), Bobbert P. Zamora (Bobbert), Alido D. Omlang (Omlang), Edwin Y. Labra (Labra), Jaymar L. Castillo (Castillo), Leopoldo Lorenzo Jr. (Lorenzo), Hermes D. Alicabo (Alicabo), Francis John P. Zamora (Francis), Diego S. Aumentado (Aumentado), and Reynaldo A. Sobiono (Sobiono; collectively as petitioners), Wenifredo D. Geraldo, Gary L. Llames, Francisco B. Bardaje, Alberto M. Montano, Amelito D. Umacob, Emelianito R. Carpon (Carpon), Rommel S. Cadag, Egan B. Jabolin, Rowel A. Balais, and Ernesto P. Basas (collectively; as other complainants), against respondents M. Lhuillier Taxi (company) owned by Michael J. Lhuillier (Lhuillier), the company manager Jay Vincent Jumapao (Jumapao), and company auditor Mark Mecinas (Mecinas, collectively as respondents).

Petitioners and other complainants alleged that they were hired and terminated by respondent company as taxi drivers on different dates:[5]

Complainant	Date Hired	Date Terminated
Rolando M. Briso	October 2010	January 27, 2021
Alfonso T. Dondoyano	May 10, 2012	May 2020
Ryan N. Raagas	April 22, 2014	May 19, 2020
Diego E. Rosas	April 15, 2012	May 10, 2020
Bobbert P. Zamora	August 23, 2014	January 2021
Alido D. Omlang	May 25, 2012	June 30, 2018
Edwin Y. Labra[6]	February 2016	December 2018
Jaymar L. Castillo	April 11, 2011	December 4, 2018
Leopoldo Lorenzo Jr.	July 14, 2010	May 11, 2020
Hermes D. Alicabo	April 2012	February 2020
Francis John P. Zamora	March 10, 2012	April 20, 2020
Diego S. Aumentado	February 11, 2016	April 10, 2018
Reynaldo A. Sobiono	March 27, 2011	December 23, 2019
Wenifredo D. Geraldo	August 2010	October 2020
Gary L. Llames	February 2014	May 14, 2020
Francisco B. Bardaje	May 9, 2014	April 20, 2020
Alberto M. Montano	May 2010	2014
Amelito D. Umacob	July 16, 2010	January 2020
Emelianito R. Carpon	March 11, 2011	October 6, 2020
Rommel S. Cadag	August 24, 2010	December 4, 2018
Rowel A. Balais	May 26, 2011	December 4, 2018

As such, petitioners and other complainants were required to pay, not only the boundary, but also the amount of PHP 150.00 daily, which was later increased to PHP 250.00 as trust fund which served as payment to respondent company in case of default in the remittance of boundary. In addition, petitioners were also compelled to pay a one-time cash bond, otherwise, the release of the taxi unit will be withheld. However, no receipts were issued for the trust fund collected.[7]

Thereafter, petitioners and other complainants asserted that they were illegally dismissed by respondents. According to them, there was no prior notice when respondents took possession of their taxi units and transported it to Butuan City, Mindanao to be used by different drivers. Worse, petitioners and the other complainants only learned of this circumstance on the day they were terminated. This allegation was backed by Carpon, as he himself was directed to return the taxi unit to the garage of respondent company and was never notified to report back to work. Consequently,

petitioners' and other complainants' work were discontinued, and they were not given separation pay and their 13th month pay.[8]

With this, petitioners, and the other complainants filed a request for assistance under the Single-Entry Approach (SenA) before the Department of Labor and Employment, Regional Office No. VIII, Tacloban City, but the parties failed to settle. Hence, the consolidated complaints were referred to compulsory arbitration.[9]

In defense, respondent company owned by Lhuillier, represented by Jumapao and Mecinas, admitted that it is engaged in the business of operating taxi units. It argued that: (1) petitioners and other complainants were never hired as employees, instead, they entered into a "rent-to-own" scheme, which allowed petitioners to use and drive the taxi units for a rental fee on a daily basis that would eventually result in the transfer of ownership when a certain price is reached; (2) petitioners and the other complainants agreed to pay for the cost of maintenance and repairs of the rented taxi units which was referred to as the "trust fund;" and (3) petitioners and other complainants failed to pay the daily rental fees which resulted in accumulated payables to respondent company, as evidenced by the promissory notes of some of them. Owing to their prolonged outstanding balance, the company resolved to suspend their privilege to lease the taxi units until full settlement of their account has been made. However, they failed to settle the amount; hence, the taxi units were moved to another place to be fully utilized.[10]

The LA Ruling

In a Decision[11] dated May 24, 2021, the Labor Arbiter (LA) dismissed I the complaint for lack of merit. The LA held that while there was an employer- employee relationship between petitioners and respondents, petitioners' failure to remit the boundary was a valid reason to suspend them. The LA also denied petitioners' claim for illegal deduction for nonpresentment of evidence that they were obliged to pay the "trust fund." The LA further ruled that if there was any cash bond, the claim for its refund should be denied due to their respective outstanding balances of the boundary which was more than their alleged cash bond. Being paid on a boundary basis, the claims for 13th month pay was also denied. Claims for damages and attorney's fees were also denied for lack of basis.[12]

Petitioners appealed to the NLRC.

The NLRC Ruling

In a Resolution[13] dated September 15, 2021, the NLRC dismissed the appeal outright for being filed out of time.[14] Petitioners sought reconsideration which the NLRC gave due course to in a Resolution[15] dated December 29, 2021. However, in the same resolution, the NLRC affirmed the LA ruling that petitioners were regular employees of the respondent company as respondents failed to challenge such LA finding. Further, the NLRC held that petitioners were not illegally dismissed but were merely suspended from driving the units pending payment of the unpaid boundary. Hence, they were not

entitled to an award of separation pay and backwages. The NLRC further sustained petitioner's non-entitlement to 13th month pay, claim for refund of the trust fund and cash bond, claim for moral and exemplary damages, and attorney's fees. Nevertheless, respondents were directed to allow petitioners to return to work upon payment of their outstanding balance of accumulated unpaid boundary.[16]

Hence, petitioners filed a Rule 65 petition before the CA.

The CA Ruling

In a Resolution[17] dated June 23, 2022, the CA dismissed the Rule 65 petition due to petitioners' failure to file a motion for reconsideration on the assailed NLRC Decision dated December 29, 2021.[18] Petitioners sought reconsideration[19] arguing that since they already filed a motion for reconsideration on the NLRC Resolution dated September 15, 2021, the filing of another motion for reconsideration in the NLRC Resolution dated December 29, 2021 is prohibited under the 2011 NLRC Rules of Procedure. Nonetheless, petitioners invoked the exceptions to the non-filing of a motion for reconsideration prior to the filing of the Rule 65 petition—i.e. where the questions raised in the *certiorari* proceedings have been duly raised and passed upon by the lower court, or are the same as those raised and passed upon in the lower court and a motion for reconsideration would be useless—considering that the issue of being illegally dismissed has already been raised and passed upon by the NLRC.[20]

In a Resolution[21] dated September 6, 2023, the CA denied the reconsideration on the CA Resolution dated June 23, 2022; hence, this petition invoking to relax the strict application of the Rules in the interest of justice as herein petitioners were illegally dismissed by respondents.

The Issue Before the Court

The issue before the Court is whether the CA erred in dismissing the Rule 65 petition due to non-filing of a motion for reconsideration on the NLRC Decision dated December 29, 2021.

Petitioners argue that (a) the filing of the second motion for reconsideration by the same party is a prohibited pleading under the NLRC Rules of Procedure. They explained that since the Decision dated December 29, 2021 dismissing the appeal on the merits is also the same decision of the NLRC granting the first motion for reconsideration filed by petitioners, they are now precluded from filing another motion; and (b) petitioners were illegally dismissed. Petitioners assert that contrary to the NLRC ruling that they were merely suspended from work, respondent's act of taking possession of the taxicab units, the lack of evidence that they would return to work after payment of the alleged boundary, and the shipping of taxicab units to Mindanao show otherwise. Further, petitioners emphasize that they are regular employees of respondent as respondent failed to appeal this issue before the NLRC.[22]

In its Comment,[23] respondents argue that petitioners have been repeatedly undermining the procedure to the detriment of respondents—i.e. the filing of their Memorandum of Appeal before the NLRC beyond the reglementary period and the nonfiling of a motion for reconsideration before the filing of a Rule 65 Petition to the CA. They added that the invocation of the Court's liberality is unwarranted for petitioners' failure to abide by the rules.[24]

The Court's Ruling

The petition is meritorious.

I.

At the outset, it must be emphasized that the CA dismissed the petition due to nonfiling of a motion for reconsideration on the assailed NLRC Resolution dated December 29, 2021 before petitioners filed a Rule 65 petition.

Rule VII, Section 15 of the 2011 NLRC Rules of Procedure (Rules) provides:

> **SECTION 15. MOTIONS FOR RECONSIDERATION.** - Motion for reconsideration of any decision, resolution or order of the Commission shall not be entertained except when based on palpable or patent errors; provided that the motion is filed within ten (10) calendar days from receipt of decision, resolution or order, with proof of service that a copy of the same has been furnished, within the reglementary period, the adverse party; and provided further, that only one such motion from the same party shall be entertained. (15a)

While a motion for reconsideration is generally a condition *sine qua non* for the filing of a petition for *certiorari*, exceptions to the same are established by jurisprudence:

> (a) where the order is a patent nullity, as where the court a quo has no jurisdiction; (b) *where the questions raised in the certiorari proceedings have been duly raised and passed upon on by the lower court, or are the same as those raised and passed upon in the lower court*; (c) where there is an urgent necessity for the resolution of the question and any further delay would prejudice the interests of the Government or of the petitioner or the subject matter of the action is perishable; (d) *where, under the circumstances, a motion for reconsideration would be useless*; (e) where petitioner was deprived of due process and there is extreme urgency for relief; (f) where, in a criminal case, relief from an order of arrest is urgent and the granting of such relief by the trial court is improbable; (g) where the proceedings in the lower court are a nullity for lack of due process; (h) where the proceeding were ex parte or in which the petitioner had no opportunity to object; and (i) where the issue raised is one purely of law or where public interest is involved.[25] Emphasis supplied; citation omitted)

The Court is mindful that the CA denied reconsideration despite petitioners' invocation of the exceptions abovementioned—i.e., where the questions raised in the *certiorari* proceedings have been duly raised and passed upon by the lower court or are the same as those raised and passed upon in the lower court and a motion for reconsideration would be useless. The petition before the Court, however, mainly argues for the liberal application of the rules as petitioners contended that they were already precluded from the filing of a motion for reconsideration after the NLRC granted their first motion in a Decision dated December 29, 2021. While this may be the case, courts have always tried to maintain a healthy balance between the strict enforcement of procedural laws and the guarantee that every litigant be given the full opportunity for the just disposition of his cause. This is in keeping with the principle that rules of procedure are mere tools designed to facilitate the attainment of justice.[26]

Under the obtaining circumstances of this case, the Court holds that the strict and rigid application of the rules must be relaxed. It is worthy of emphasis that this case falls under the second exception—where the questions raised in the *certiorari* proceedings have been duly raised and passed upon by the lower court—which affords the nonfiling of a motion for reconsideration. Petitioners have been consistently arguing from the labor tribunals, until the case reached the CA, that they were illegally dismissed. Accordingly, the CA should have been liberal with the rules, and instead, resolved the Rule 65 Petition on the merits to facilitate the attainment of justice. Ultimately, what should guide judicial action is that a party is given the fullest opportunity to establish the merits of his action or defense rather than for him to lose life, honor, or property on mere technicalities.[27]

While the court procedure dictates that the instant case be remanded to the CA for resolution on the merits, the Court may resolve the case when there is already enough basis on which a proper evaluation of the merits may be had,[28] as in this case.

II.

The existence of employer-employee relationship between petitioners and respondents in this case is undisputed considering that it was not appealed to by respondents. Nonetheless, the Court reiterates the settled doctrine that the relationship of taxi owners and taxi drivers is the same as that between jeepney owners and jeepney drivers under the boundary system. The Court ruled that the employer-employee relationship exists in both cases:

> The relationship between jeepney owners/operators on one hand and jeepney drivers on the other under the boundary system is that of employer-employee and not of lessor-lessee. …In the lease of chattels[,] the lessor loses complete control over the chattel leased .... In the case of jeepney owners/operators and jeepney drivers, the former exercise supervision and control over the latter. The fact that the drivers do not receive fixed wages but get only the excess of that so-called boundary they pay to the owner/operator is not sufficient to withdraw the relationship between them from that of employer and employee. The doctrine is applicable in the

> present case. Thus, private respondents were employees ...because they had been engaged to perform activities which were usually necessary or desirable in the usual trade or business of the employer.[29]

Thus, the Court now delve on whether petitioners were validly dismissed. The LA, as affirmed by the NLRC, found that petitioners were not illegally dismissed but merely suspended pending payment of their arrears.

The Court disagrees.

In illegal dismissal cases, it is well-established that the employee must first prove the fact of dismissal before the burden shifts to the employer to prove that the dismissal was legal:

> *Ei incumbit probatio qui dicit, non qui negat*. The burden of proof is on the one who declares, not on one who denies. A party alleging a critical fact must support his allegation with substantial evidence, for any decision based on unsubstantiated allegation cannot stand without offending due process. And in illegal termination cases, jurisprudence had underscored that the fact of dismissal must be established by positive and overt acts of an employer indicating the intention to dismiss before the burden is shifted to the employer that the dismissal was legal.[30]

The Court notes the admission of respondents that the taxi units driven by petitioners were moved to another place to be utilized by other drivers due to petitioners' nonremittance of boundary and nonpayment of their outstanding obligations. With the transfer of such taxi units, coupled by the lack of notice of suspension or notice as to how petitioners can go back to work, it is thus, evident, that petitioners were effectively dismissed on the alleged dates of termination. At this juncture, it must be emphasized that respondents failed to controvert the alleged date of dismissal considering that they have maintained the argument of lack of employer-employee relationship, and the consequent lack of dismissal.[31] With this, the burden now shifts to respondent to prove that petitioners' dismissal was for a just cause.

Article 297 (formerly 282) of the Labor Code enumerates the just causes for termination:

> Art. 297. [282] Termination by employer. — An employee may terminate an employment for any of the following causes:
> (a) Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
> (b) Gross and habitual neglect by the employee of his duties;
> (c) Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
> (d) Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized

representative; and
(e) Other causes analogous to the foregoing.

Based on the foregoing, the Court can hardly consider that nonpayment of obligations falls under the abovementioned just causes. While respondents insist petitioners' obligations, the Court observes that not all the petitioners— i.e., Raagas, Omlang, Labra, Castillo, and Aumentado— executed a promissory note. The absence of their promissory notes, or any proof of their outstanding obligations to respondents, the lack of proof that petitioners agreed to the "rent-to-own" scheme or that they agreed to pay an amount for the cost maintenance and repairs referred to as "trust fund" are even more telling that there is absence of just cause to terminate petitioners.

Accordingly, the Court observes that there was no prior notice to petitioners as to: (1) the reason why the taxi units were taken; (2) the taking of the taxi units and (3) how to re-possess the taxi units taken. The Court also observes respondents' failure to adduce evidence that a company policy exists which provides for the suspension of the drivers due to nonremittance of the boundary. There was also no proof that petitioners were properly notified that payment of their outstanding obligations would operate the return of their taxi units. To the Court, these matters establish not only petitioners' intent to terminate but also respondents' failure to observe procedural due process. The Court has consistently held that in the dismissal of employees, the twin requirements of notice and hearing are essential elements of due process. The employer must furnish the worker two written notices: (1) one to apprise him of the particular acts or omissions for which his dismissal is sought and (2) the other to inform him of his employer's decision to dismiss him. As to the requirement of hearing, the essence of due process lies simply in an opportunity to be heard, and not always and indispensably in actual hearing.[32]

With respondents' continuous denial of petitioners' dismissal, it is apparent that respondents failed to present proof that they had complied with the twin requirements of notice and hearing. Thus, petitioners were not only dismissed without just cause but were also deprived of due process. With the lack of valid cause and failure to satisfy the twin-notice requirement, petitioners' illegal dismissal is undeniable.

Accordingly, petitioners are entitled to back wages and reinstatement. Nevertheless, there are instances where instead of reinstatement, the Court awards separation pay. In *Claudia's Kitchen, Inc. v. Tanguin*,[33] the Court listed the instances where separation pay in lieu of reinstatement may be awarded:

> In sum, separation pay is only awarded to a dismissed employee in the following instances: 1) in case of closure of establishment under Article 298 [formerly Article 283] of the Labor Code; 2) in case of termination due to disease or sickness under Article 299 [formerly Article 284] of the Labor Code; 3) as a measure of social justice in those instances where the employee is validly dismissed for cruses other than serious misconduct or those reflecting on his moral character; 4) where the dismissed employee's position is no longer available; 5) when the continued relationship between the employer and the employee is no longer viable due to the strained

> relations between them; or 6) when the dismissed employee opted not to be reinstated, or the payment of separation benefits would be for the best interest of the parties involved.[34] (citations omitted)

In this case, separation pay is proper because reinstatement is no longer feasible in view of the strained relations between petitioners and respondents.[35]

Consequently, the Court finds no reason to award petitioners' claim of refund. for cash bond and trust fund. Other than the bare allegations of petitioners, no evidence was adduced to prove that they have paid for them.

Finally, and pursuant to prevailing jurisprudence,[36] all monetary awards stated in this ruling shall earn 6% legal interest from finality of this Decision until full payment.

ACCORDINGLY, the instant Petition is **GRANTED**. The Resolutions dated June 23, 2022 and September 6, 2023 of the Court of Appeals in CA-G.R. SP No. 149871 are **REVERSED and SET ASIDE**. Respondents are directed to pay petitioners: (a) back wages computed from the time of the illegal dismissal until finality of this ruling; and (b) separation pay of one month salary for every year of service computed from the time of respondent's hiring until finality of this ruling. All monetary awards shall earn 6% legal interest from the finality of this Decision until full payment.

SO ORDERED.

Leonen, SAJ. (Chairperson), Lazaro-Javier, J. Lopez, and *Villanueva, JJ.*, concur.

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[1] *Rollo*, pp. 14-65.

[2] *Id.* at 592-594. Penned by Associate Justice Ronald Suva Tolentino with the concurrence of Associate Justices Pamela Ann Abella Maxino and Nancy C. Rivas-Palmones of the Eighteenth Division of the Court of Appeals, Cebu City.

[3] *Id.* at 611-613.

[4] *Id.* at 553.

[5] *Id.* at 376-377.

[6] *Id.* at 233.

[7] *Id.* at 377-378.

[8] *Id.* at 378.

[9] *Id.*

[10] *Id.* at 378-379, 381-382.

[11] *Id.* at 372-384. Penned by Executive Labor Arbiter Amelia B. Docena of Branch VIII, Regional Arbitration, National Labor Relations Commission, Tacloban City.

[12] *Id.* at 382-384.

[13] *Id.* at 564-567. Penned by Commissioner Julie C. Rendoque with the concurrence of Commissioner Nendell Hanz L. Abella of the Seventh Division, National Labor Relations Commission, Cebu City.

[14] *Id.* at 566.

[15] *Id.* at 583-589.

[16] *Id.* at 586-589.

[17] *Id.* at 592-594.

[18] *Id.* at 593-594.

[19] *Id.* at 595-602.

[20] *Id.*

[21] *Id.* at 611-612.

[22] *Id.* at 27-28.

[23] *Id.* at 626-631.

[24] *Id.* at 627-630.

[25] **Bollozos v. Heirs of Abrio Vda. De Aguilar**, 921 Phil. 885, 890 (2022) [Per J. Gaerlan, First Division].

[26] **Spouses Cordero v. Octaviano**, 876 Phil. 533, 538 (2020) [Per J. Lopez, First Division].

[27] **Diamond Taxi v. Llamas, Jr.**, 729 Phil. 364, 379-380 (2014) [Per J. Brion, Second Division], *citing* **Caña v. Evangelical Free Church of the Phils.**, 568 Phil. 205, 213-214 (2008) [Per J. Austria-Martinez, Third Division], *citing* **Vicar International**

Construction, Inc. v. FEB Leasing and Finance Corporation, 496 Phil. 467 (2005) [Per J. Panganiban, Third Division].

[28] **Sy-Vargas v. The Estate of Ogsos**, 796 Phil. 840, 850 (2016) [Per J. Perlas-Bernabe, First Division].

[29] **Paguio Transport Corporation v. NLRC**, 356 Phil. 158, 166-167 (1998) [Per J. Panganiban, First Division], *citing* **Martinez v. National Relations Commission**, 339 Phil. 176 (1997) [Per J. Bellosillo, First Division].

[30] **Nedira v. NJ World Corporation**, 932 Phil. 96, 202 (2022) [Per C.J. Gesmundo, *En Banc*], *citing* **Mehitabel, Inc. v. Alcuizar**, 822 Phil. 863, 873 (2017) [Per J. Velasco, Jr., Third Division].

[31] *Id.* at 330-331.

[32] **Paguio Transport Corporation v. NLRC and Melchor**, 356 Phil. 158, 170 (1998) [Per J. Panganiban, First Division] *citing* **Conti v. National Labor Relations Commission**, 337 Phil. 560 (1997) [Per J. Padilla, First Division].

[33] 811 Phil. 784 (2017) [Per J. Mendoza, Second].

[34] *Id.* at 799.

[35] *Rollo*, p. 35.

[36] **Lara's Gifts and Decors, Inc. v. Midtown Industrial Sales**, 929 Phil. 754 (2022) [Per SAJ Leonen, *En Banc*].

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