



SUPREME COURT OF THE PHILIPPINES
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Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

CATHERINE DELA CRUZ- G.R. No. 217414
CAGAMPAN,

Petitioner,

Present:

-versus-

LEONEN, J., *Chairperson*,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., *JJ*.

ONE NETWORK BANK, INC.,
[ONE NETWORK BANK]/or
ALEX V. BUENAVENTURA,
President/MYRNA S. VIADO, HR
HEAD,

Respondents.

Promulgated:
JUN 22 2022

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DECISION

LEONEN, J.:

An employer's blanket policy of no-spouse employment is discriminatory. To justify its enforcement, the employer must clearly establish a reasonable business necessity.

This Court resolves a Petition for Review on Certiorari¹ filed by Catherine Dela Cruz-Cagampan (Catherine) assailing the Court of Appeals' Decision² and Resolution.³ The Court of Appeals reversed the National

¹ *Rollo*, pp. 3-42.

² *Id.* at 59-73. The July 31, 2014 Decision in CA-G.R. SP No. 04589-MIN was penned by Associate Justice Henri Jean Paul B. Inting (now a member of this Court) and concurred in by Associate Justices Maria Filomena D. Singh and Pablito A. Perez of the Special Twenty-Second Division, Court of Appeals, Cagayan de Oro City.

Labor Relations Commission's⁴ affirmation of the Labor Arbiter finding that Catherine was illegally dismissed, and thus, entitled to reinstatement and full backwages.

On June 11, 2004, One Network Bank, Inc. hired Catherine as an Accounting Specialist.⁵ On May 1, 2006, it implemented what it called an "Exogamy Policy," which stated:

Effective May 1, 2006, when two employees working for One Network Bank are subsequently married through Church or Civil Court rites, one must terminate employment immediately after marriage.

This policy shall not affect co-employees of the bank who are already married to each other as of the end of April 2006.⁶

On October 31, 2009, Catherine married her co-worker, Audie Angelo A. Cagampan (Audie Angelo), who served as a Loan Specialist in One Network Bank.⁷

On November 4, 2009, the couple requested for permission from One Network Bank President Alex V. Buenaventura (Buenaventura) to continue working for the bank, similar to that given to other couples in its office. They expressed that Audie Angelo may be transferred to other One Network Bank branches.⁸

On November 10, 2009, the Head of Human Resources, Myrna S. Viado (Viado), denied the request and terminated Catherine's employment.⁹

On February 1, 2010, Catherine sought reconsideration, pointing out that the policy cannot be applied to her case because she was employed prior to its effectivity. Further, she argued that the exogamy policy contradicts Article 136 of the Labor Code which prohibits practices that discriminate against marriage. This remained unheeded, prompting her to file a Complaint for illegal dismissal against One Network Bank.¹⁰

³ Id. at 118-124. The February 10, 2015 Resolution in CA-G.R. SP No. 04589-MIN was penned by Associate Justice Henri Jean Paul B. Inting (now a member of this Court) and concurred in by Associate Justices Maria Filomena D. Singh and Pablito A. Perez of the Former Special Twenty-Second Division, Court of Appeals, Cagayan de Oro City.

⁴ Id. at 44-51. The June 30, 2011 Resolution in NLRC MAC-02-011915-2011 was penned by Presiding Commissioner Proculo T. Sarmen, and concurred in by Commissioners Bario-rod M. Talon and Dominador B. Medroso, Jr. of the Eighth Division, National Labor Relations Commission, Cagayan de Oro City.

⁵ Id. at 60.

⁶ Id.

⁷ Id.

⁸ Id.

⁹ Id.

¹⁰ Id. at 60-61.

The Labor Arbiter rendered its October 29, 2010 Decision,¹¹ ruling that Catherine was illegally dismissed. It ordered One Network Bank to reinstate Catherine and pay her money claims. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, complainant Catherine Dela Cruz-Cagampan is hereby declared illegally dismissed. Accordingly, respondent One Network Bank, Inc. is hereby ordered (1) to immediately reinstate complainant to her former position, without loss of seniority rights and privileges, within ten (10) calendar days from receipt of this Decision, and to submit a report of compliance within the same period; and (2) to pay her full backwages, inclusive of allowances, and to her other benefits or their monetary equivalent; reckoned from the date of her dismissal on 17 February 2010 up to her actual reinstatement, the aggregate amount of which as of the date of this Decision is tentatively computed in the amount of P100,690.85 (P12,009.00 x 8 months and 10 days).

Respondent One Network Bank, Inc. is further ordered to pay complainant her proportionate 13th month pay for the year 2010 in the amount of P1,501.13.

The reinstatement aspect of this Decision is immediately executory, even pending appeal, pursuant to the clear mandate of Article 223 of the Labor Code, as amended. The posting of a bond by the employer shall not stay the execution for reinstatement as directed in this Decision. The rest of the money claims are dismissed for lack of merit.

SO ORDERED.¹²

On appeal, the National Labor Relations Commission rendered its June 30, 2011 Decision¹³ affirming the Labor Arbiter's ruling.

The National Labor Relations Commission found that One Network Bank's policy was unreasonable considering that the "mere fear of the possibility that the spouses may divulge to each other information with respect to client's accounts is speculative, unfounded, and imaginary."¹⁴ It ruled that One Network Bank failed to prove the legitimate business concern in implementing the discriminatory policy against its employees.¹⁵

The dispositive portion of the National Labor Relations Commission Decision reads:

¹¹ The Decision was not attached to the petition.

¹² *Rollo*, pp. 61-62.

¹³ *Id.* at 44-51. The Resolution in NLRC MAC-02-011915-2011 was penned by Presiding Commissioner Proculo T. Sarmen, and concurred in by Commissioners Bario-rod M. Talon and Dominador B. Medroso, Jr. of the Eighth Division, National Labor Relations Commission, Cagayan de Oro City.

¹⁴ *Id.* at 49.

¹⁵ *Id.*

WHEREFORE, the appeal is hereby ordered **DISMISSED**. Accordingly, the assailed Decision dated October 29, 2010 is **AFFIRMED**.

SO ORDERED.¹⁶ (Emphasis in the original)

On August 24, 2011, the National Labor Relations Commission issued its Resolution¹⁷ denying One Network Bank's motion for reconsideration.

One Network Bank filed a Petition for Certiorari with Application for Issuance of Temporary Restraining Order before the Court of Appeals. It argued that the National Labor Relations Commission committed grave abuse of discretion amounting to lack or excess of jurisdiction in finding that Catherine was illegally dismissed despite Catherine and her husband's willful violation of a policy they have known long beforehand.¹⁸

On May 2, 2012, the Court of Appeals denied One Network Bank's prayer for issuance of a temporary restraining order for lack of merit.¹⁹

In its July 31, 2014 Decision,²⁰ the Court of Appeals granted One Network Bank's petition. It found that One Network Bank's policy was a valid exercise of management prerogative. Hence, there was a just cause in dismissing Catherine.

It explained that the bank presented a reasonable business necessity in implementing the assailed company policy. Also known as the bona fide occupational qualification exception, this necessity originates from One Network Bank's business that is imbued with public interest. Since One Network Bank must observe the highest degree of diligence in handling its affairs, the policy is necessary to protect the confidential information of its clients and minimize risks from married co-employees whose communication is privileged.²¹

The Court of Appeals directed One Network Bank to pay Catherine separation pay and nominal damages for its non-compliance of statutory due process. The dispositive portion of its Decision reads:

WHEREFORE, the petition is **GRANTED**. The Resolution dated June 30, 2011 of public respondent NLRC, Eighth Division, Cagayan de

¹⁶ Id. at 51.

¹⁷ Id. at 63. The Resolution was not attached to the petition.

¹⁸ Id. at 63-64.

¹⁹ Id. at 53-56. The Resolution in CA-G.R. SP No. 04589-MIN was penned by Associate Justice Maria Elisa Sempio Diy and concurred in by Associate Justices Edgardo T. Lloren and Zenaida T. Galapate-Laguilles of the Twenty-Third Division, Court of Appeals, Cagayan de Oro City.

²⁰ Id. at 59-73.

²¹ Id. at 64-68.

Oro City in NLRC MAC- 02-011915-2011 (RAB-X-04-00198-2010) and the Resolution dated August 24, 2011 are REVERSED and SET ASIDE.

The employer, One Network Bank, Inc., had just cause to terminate the employment of private respondent Catherine Dela Cruz-Cagampan and her dismissal is thus declared to be substantively valid. However, considering that she was denied of her right to procedural due process for lack of the required notice of dismissal, One Network Bank, Inc. is ordered to pay private respondent ₱30,000.00 as nominal damages for its non-compliance with procedural due process. Private respondent Catherine Dela Cruz-Cagampan is also awarded separation pay equivalent to one (1) month salary for every year of service based on her basic salary at the time of her dismissal.

SO ORDERED.²²

Catherine's Motion for Reconsideration was denied in the Court of Appeals' February 10, 2015 Resolution.²³

Hence, Catherine filed this Petition for Review on Certiorari.²⁴

In its July 13, 2015 Resolution,²⁵ this Court required respondents One Network Bank, Buenaventura, and Viado to file a Comment,²⁶ which they later complied with.

Petitioner argues that the Court of Appeals erred in resolving the petition for certiorari before it, despite being filed out of time.²⁷ She avers that it was mistaken in concluding that the assailed exogamy policy was a valid exercise of management prerogative.²⁸ She claims that the two requisites for a bona fide occupational qualification enunciated in *Star Paper Corp. v. Symbol*²⁹ are absent here.³⁰ She asserts that respondent One Network Bank "has the burden to prove the existence of a reasonable business necessity, being [her] employer,"³¹ to justify the policy. This, it failed to do, as the Labor Arbiter and the National Labor Relations Commission found.

Petitioner also alleges that there were other employees who married coworkers after the policy's implementation but were retained by respondents. According to petitioner, this showed respondents' "double standards" and discrimination.³²

²² Id. at 72.

²³ Id. at 118-124.

²⁴ Id. at 3-42.

²⁵ Id. at 127-128.

²⁶ Id. at 129-132.

²⁷ Id. at 8.

²⁸ Id. at 18.

²⁹ 521 Phil. 364 (2006) [Per J. Puno, Second Division].

³⁰ *Rollo*, p. 19.

³¹ Id. at 13.

³² Id. at 14-15.

In their Comment, respondents counter that petitioner is misleading this Court on the material dates. They contend that their petition for certiorari before the Court of Appeals was timely filed. On the other assertions, respondent simply claimed that they are “baseless and are mere desperate display of [petitioner’s] self-serving conclusions of fact and law. Petitioner’s arguments and (sic) are indubitably rehashed and do not deserve any repetitive counter-argument.”³³

For this Court’s resolution is the issue of whether or not the Court of Appeals erred in reversing the National Labor Relations Commission’s Decision, which affirmed the Labor Arbiter’s finding that petitioner Catherine Dela Cruz-Cagampan was illegally dismissed. Subsumed in this is whether or not respondent One Network Bank, Inc.’s prohibition on retaining employees who marry a co-worker is lawful.

This Court grants the Petition and reverses the assailed Court of Appeals judgment. Petitioner Catherine Dela Cruz-Cagampan was illegally dismissed and must be reinstated.

I

Generally, a petition under Rule 45 of the Rules of Court cannot entertain factual issues requiring a reassessment of the evidence on record.³⁴ This rule admits of exceptions, one of which is when the findings of the lower tribunals are contradictory.³⁵

In labor cases, a petition for review on certiorari “can prosper only if the Court of Appeals. . . fails to correctly determine whether the National Labor Relations Commission committed grave abuse of discretion.”³⁶

*Manggagawa ng Komunikasyon sa Pilipinas v. Philippine Long Distance Telephone Co., Inc.*³⁷ explained when a tribunal acts in grave abuse of discretion and the parameters of judicial review of labor cases:

A court or tribunal is said to have acted with grave abuse of discretion when it capriciously acts or whimsically exercises judgment to be “equivalent to lack of jurisdiction.” Furthermore, the abuse of discretion must be so flagrant to amount to a refusal to perform a duty or

³³ Id. at 131.

³⁴ See RULES OF COURT, Rule 45, sec. 1. See also *Goduco v. Court of Appeals*, 119 Phil. 531 (1964) [Per J. Paredes, En Banc].

³⁵ See *Pascual v. Burgos*, 776 Phil. 167, 182 (2016) [Per J. Leonen, Second Division] citing *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225 (1990) [Per J. Bidin, Third Division].

³⁶ *Philippine Airlines v. Dawal*, 781 Phil. 474, 500 (2016) [Per J. Leonen, Second Division].

³⁷ 809 Phil. 106 (2017) [Per J. Leonen, Second Division].

to act as provided by law.

Career Philippines Shipmanagement, Inc. v. Serna, citing *Montoya v. Transmed*, provides the parameters of judicial review for a labor case under Rule 45:

As a rule, only questions of law may be raised in a Rule 45 petition. In one case, we discussed the particular parameters of a Rule 45 appeal from the CA's Rule 65 decision on a labor case, as follows:

In a Rule 45 review, we consider the correctness of the assailed CA decision, in contrast with the review for jurisdictional error that we undertake under Rule 65. Furthermore, Rule 45 limits us to the review of questions of law raised against the assailed CA decision. In ruling for legal correctness, we have to view the CA decision in the same context that the petition for *certiorari* it ruled upon was presented to it; *we have to examine the CA decision from the prism of whether it correctly determined the presence or absence of grave abuse of discretion in the NLRC decision before it, not on the basis of whether the NLRC decision on the merits of the case was correct.* In other words, we have to be keenly aware that the CA undertook a Rule 65 review, not a review on appeal, of the NLRC decision challenged before it.

Justice Arturo D. Brion's dissent in *Abbot Laboratories, Philippines v. Alcaraz* thereafter laid down the guidelines to be followed in reviewing a petition for review under Rule 45:

If the NLRC ruling has basis in the evidence and the applicable law and jurisprudence, then no grave abuse of discretion exists and the CA should so declare and, accordingly, *dismiss* the petition. If grave abuse of discretion exists, then the CA must grant the petition and nullify the NLRC ruling, entering at the same time the ruling that is justified under the evidence and the governing law, rules and jurisprudence. In our Rule 45 review, this Court must *deny* the petition if it finds that the CA correctly acted.³⁸ (Emphasis in the original, citations omitted)

Under Rule 65 of the Rules of Court, the special civil action of *certiorari* may strike down the act of a court or tribunal upon a finding that it was manifestly whimsical in its exercise of discretion.

Thus, in this Rule 45 Petition, the inquiry before this Court is whether or not the Court of Appeals correctly acted on the petition for *certiorari*

³⁸ Id. at 120-122.

before it, when it found that the National Labor Relations Commission was in grave abuse of discretion in ruling in petitioner's favor.

II

The Court of Appeals reversed the National Labor Relations Commission's affirmation of the Labor Arbiter's pronouncement that petitioner was illegally dismissed and respondents' "exogamy policy" was unreasonable.

The Court of Appeals is mistaken. The National Labor Relations Commission's ruling was proper and not in grave abuse of discretion.

The Constitution mandates the State to "afford full protection to labor. . . and promote full employment and equality of employment opportunities for all."³⁹ It guarantees the right of all workers to security of tenure.

Under the Magna Carta of Women, the State commits to eliminate discrimination against women and ensures their right to freely choose a spouse.⁴⁰ Particularly, Article 134 [136] of the Labor Code⁴¹ prohibits employers from discriminating women employees:

ARTICLE. 134. Stipulation against marriage. It shall be unlawful for an employer to require as a condition of employment or continuation of employment that a woman employee shall not get married, or to stipulate expressly or tacitly that upon getting married, a woman employee shall be deemed resigned or separated, *or to actually dismiss, discharge, discriminate or otherwise prejudice a woman employee merely by reason of her marriage.* (Emphasis supplied)

Respondents implemented a policy stating that "when two employees working for One Network Bank are subsequently married through Church or Civil Court rites, one must terminate employment immediately after marriage."⁴² They then terminated petitioner's employment for her violation of the company policy. Interestingly, her husband's employment was retained.

Apart from the couple's supposed transgression when they married, respondents did not state any other reason why they dismissed petitioner. Further, respondents consistently argued that the couple willingly violated the company policy despite their knowledge of it. While respondents

³⁹ CONST., art. XIII, sec. 3.

⁴⁰ Republic Act No. 9710 (2009), sec. 19(b).

⁴¹ Republic Act No. 10151 (2010) renumbered Article 136 of the Labor Code to Article 134. This was reiterated in DOLE Department Advisory No. 1 (2015).

⁴² *Rollo*, p. 60.

maintain that petitioner and her husband both knowingly transgressed the rule, nothing in the records show why respondents dismissed petitioner in particular. To stress, they opted to terminate petitioner's employment sans any reason why *she* must leave, in lieu of her husband. An employer's dismissal of a female employee solely because of her marriage is precisely the discrimination that the Labor Code expressly prohibits. This Court cannot countenance respondents' unlawful act.

III

The National Labor Relations Commission and the Labor Arbiter found respondent One Network Bank's policy unreasonable, while the Court of Appeals excused it as management prerogative. The Court of Appeals found that respondent bank had reasonable business necessity in implementing the policy, and it is a *bona fide occupational qualification exception*.

Indeed, employers may freely conduct their affairs and employ discretion and judgment in managing all aspects of employment.⁴³ However, their exercise of this right to management prerogative must be in accord with justice and fair play.⁴⁴

*Philippine Airlines, Inc. v. Dawa*⁴⁵ explained that an employer's management prerogative may not be premised on unlawful causes nor excuse unlawful acts:

[Philippine Airlines'] claim of management prerogative does not automatically absolve it of liability. Management prerogative is not unbridled and limitless. Nor is it beyond this court's scrutiny. Where abusive and oppressive, the alleged business decision must be tempered to safeguard the constitutional guarantee of providing "full protection to labor." *Management prerogative cannot justify violation of law or the pursuit of any arbitrary or malicious motive.*⁴⁶ (Emphasis supplied, citations omitted)

In determining whether an employer's policy prohibiting spouses from working in the same company or a "no-spouse employment policy" is unlawful, *Star Paper Corp. v. Simbol*⁴⁷ discussed the bona fide occupational qualification that may possibly justify it:

The courts that have *broadly* construed the term "marital status"

⁴³ *Philcom Employees Union v. Philippine Global Communications*, 527 Phil. 540, 562-563 (2006) [Per J. Carpio, Third Division].

⁴⁴ *Julie's Bakeshop v. Arnaiz*, 682 Phil. 95, 111 (2012) [Per J. Del Castillo, First Division].

⁴⁵ 781 Phil. 474 (2016) [Per J. Leonen, Second Division].

⁴⁶ *Id.* at 501.

⁴⁷ 521 Phil. 364 (2006) [Per J. Puno, Second Division].

rule that it encompassed the identity, occupation and employment of one's spouse. They strike down the no-spouse employment policies based on the broad legislative intent of the state statute. They reason that the no-spouse employment policy violate the marital status provision because it arbitrarily discriminates against all spouses of present employees without regard to the actual effect on the individual's qualifications or work performance. These courts also find the no-spouse employment policy invalid for failure of the employer to present any evidence of *business necessity* other than the general perception that spouses in the same workplace might adversely affect the business. They hold that the absence of such a *bona fide occupational qualification* invalidates a rule denying employment to one spouse due to the current employment of the other spouse in the same office. Thus, they rule that unless the employer can prove that the reasonable demands of the business require a distinction based on marital status and there is no better available or acceptable policy which would better accomplish the business purpose, an employer may not discriminate against an employee based on the identity of the employee's spouse. This is known as the *bona fide occupational qualification exception*.

We note that since the finding of a *bona fide* occupational qualification justifies an employer's no-spouse rule, the exception is interpreted strictly and narrowly by these state courts. There must be a compelling business necessity for which no alternative exists other than the discriminatory practice. To justify a *bona fide* occupational qualification, the employer must prove two factors: (1) that the employment qualification is reasonably related to the essential operation of the job involved; and, (2) that there is a factual basis for believing that all or substantially all persons meeting the qualification would be unable to properly perform the duties of the job.⁴⁸ (Emphasis in the original, Citations omitted)

Thus, a *bona fide* occupational qualification requires the concurrence of two elements: "(1) that the employment qualification is reasonably related to the essential operation of the job involved; and, (2) that there is a factual basis for believing that all or substantially all persons meeting the qualification would be unable to properly perform the duties of the job."⁴⁹

Star Paper Corp. continued that in this jurisdiction, the standard of reasonableness is employed in determining whether an otherwise discriminatory practice may be excused:

The concept of a *bona fide* occupational qualification is not foreign in our jurisdiction. We employ the standard of *reasonableness* of the company policy which is parallel to the *bona fide* occupational qualification requirement. In the recent case of *Duncan Association of Detailman-PTGWO and Pedro Tecson v. Glaxo Welcome Philippines, Inc.*, we passed on the validity of the policy of a pharmaceutical company prohibiting its employees from marrying employees of any competitor company. We held that Glaxo has a right to guard its trade secrets, manufacturing formulas, marketing strategies and other confidential

⁴⁸ Id. at 374-375.

⁴⁹ Id.

programs and information from competitors. We considered the prohibition against personal or marital relationships with employees of competitor companies upon Glaxo's employees *reasonable* under the circumstances because relationships of that nature might compromise the interests of Glaxo. In laying down the assailed company policy, we recognized that Glaxo only aims to protect its interests against the possibility that a competitor company will gain access to its secrets and procedures.

The requirement that a company policy must be *reasonable* under the circumstances to qualify as a valid exercise of management prerogative was also at issue in the 1997 case of *Philippine Telegraph and Telephone Company v. NLRC*. In said case, the employee was dismissed in violation of petitioner's policy of disqualifying from work any woman worker who contracts marriage. We held that the company policy violates the right against discrimination afforded all women workers under Article 136 of the Labor Code, but established a permissible exception, *viz.*:

[A] requirement that a woman employee must remain unmarried could be justified as a "*bona fide occupational qualification*," or BFOQ, where the particular requirements of the job would justify the same, but not on the ground of a general principle, such as the desirability of spreading work in the workplace. A requirement of that nature would be valid provided it reflects an inherent quality *reasonably necessary* for satisfactory job performance[.]

The cases of *Duncan* and *PT&T* instruct us that the requirement of reasonableness must be *clearly* established to uphold the questioned employment policy. The employer has the burden to prove the existence of a reasonable business necessity. The burden was successfully discharged in *Duncan* but not in *PT&T*.⁵⁰ (Emphasis in the original, citations omitted)

Substantial evidence is the quantum of proof required in labor cases. It is "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion."⁵¹ To justify their otherwise discriminatory policy, respondents have the burden to establish by substantial evidence the reasonable necessity for it. They must show that no other alternative to the policy exists.

Weighed against the constitutionally mandated full protection to labor and the various statutory protections accorded to the sector, this Court finds that respondents failed to demonstrate the reasonable business necessity for its no-spouse employment policy.

First, the no-spouse qualification is not reasonably related to the

⁵⁰ Id. at 375-377.

⁵¹ *Ang Tibay v. CIR*, 69 Phil. 635, 642-43 (1940) [Per J. Laurel, En Banc], citing *Appalachian Electric Power v. National Labor Relations Board*, 4 Cir., 93 F. 2d 985, 989 (1938); *National Labor Relations Board v. Thompson Products*, 6 Cir., 97 F. 2d 13, 15 (1938); and *Ballston-Stillwater Knitting Co. v. National Labor Relations Board*, 2 Cir., 98 F. 2d 758, 760 (1938).

bank's essential operation of its business. It unduly discourages all employees from marrying a fellow worker at the pain of termination. We adopt the National Labor Relations Commission's findings:

The mere fear of the possibility that the spouses may divulge to each other information with respect to client's accounts is speculative, unfounded and imaginary. Respondent [One Network Bank] failed to specifically demonstrate and lay bare in what manner and instances would the climate of trust and security of its clients would be affected by complainant's marriage to her co-employee. If such is its primary concern, it could only formulate a company policy on confidentiality in the performance of one's duty, which may mete a graver penalty of dismissal in case of breach. Such policy is more concrete, tangible and real and not based on mere conjecture, unproven presumption of perceived fear of ruining the bank's integrity at the expense of complainant's right to security of tenure. The fear entertained by respondent [One Network Bank] was never translated into crystal clear circumstance or scenario which would convince us and see the light on the wisdom of the said policy. Mere generalities cannot defeat complainant's protection against illegal termination.⁵²

The National Labor Relations Commission's disposition was based on *Star Paper Corp.*, the prevailing jurisprudence. We find that there is no iota of proof that supports respondents' assertion that petitioner's marriage to her fellow employee places the bank's funds at risk for embezzlement. The reasonable relation between a discriminatory policy and the employer's industry that shall excuse its implementation must be based on facts, not mere surmises. We agree that respondents' fear is more imagined than real.

The Court of Appeals erred in heavily relying on the higher standards of diligence required of banks to allow their immediate resort to an employee's dismissal in case of marriage to a co-worker. As petitioner pointed out, respondents may transfer either of them to a different branch, or reassign them in a different role, among others, to minimize the alleged risk that a married loan specialist and account specialist expose them to. Respondents may likewise implement stronger confidentiality measures that do not impinge on employees' right to security of tenure.

Second, there is no factual basis to conclude that all of their employees who marry each other would be unable to perform their duties, entailing one's dismissal. The policy was couched in a general manner, that whenever any two of their employees marry, one must terminate employment immediately after marriage.⁵³ There is a host of employees in a bank that have varying functions, duties, and responsibilities. The general articulation allows respondents to whimsically enforce its policy, as petitioner alleged here that others had been spared. Further, it leaves them the option on which employee's services to terminate. Here, they arbitrarily

⁵² *Rollo*, p. 49.

⁵³ *Id.* at 60.

dismissed petitioner. The basic tenets of due process cannot allow this.

Contrary to the Court of Appeals' Decision, we find that respondents' no-spouse employment policy cannot justify petitioner's dismissal. The National Labor Relations Commission did not gravely abuse its discretion, as nothing was whimsical, capricious, or arbitrary in finding that petitioner was illegally dismissed. A reasonable business necessity must be clearly shown to excuse a discriminatory exercise of management prerogative.

Thus, this Court is compelled to reinstate the Labor Arbiter's ruling, which the National Labor Relations Commission affirmed. Under the Labor Code, an illegally dismissed employee is entitled to reinstatement, with payment of backwages from dismissal:

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 other privileges and to his [or her] full backwages, inclusive of allowances, and to his [or her] other benefits or their monetary equivalent computed from the time his [or her] compensation was withheld from him [or her] up to the time of his [or her] actual reinstatement.*⁵⁴ (Emphasis supplied)

The prayer for moral and exemplary damages is denied for lack of factual basis. However, for having been forced to litigate to protect her rights, petitioner is awarded attorney's fees, which is 10% of the total monetary award.⁵⁵ Additionally, legal interest shall be 6% per annum from the date of promulgation of this judgment until fully paid.⁵⁶

Friends, lovers, and couples share secrets. Any bank employee may potentially craft elaborate schemes to embezzle the bank's funds. While a bank must observe high standards of diligence, enforcing an arbitrary no-spouse employment rule that directs the immediate dismissal of an employee who marries a co-worker cannot be justified. That is illegal dismissal.

WHEREFORE, the Petition for Review on Certiorari is **GRANTED**. The Court of Appeals' July 31, 2014 Decision and February 10, 2015 Resolution in CA-G.R. SP No. 04589-MIN are **REVERSED** and **SET ASIDE**.

⁵⁴ LABOR CODE, art. 294. Republic Act No. 10151 (2010) renumbered Article 279 of the Labor Code to Article 294. This was reiterated in DOLE Department Advisory No. 1, series of 2015.

⁵⁵ *Pasos v. Philippine National Construction Corporation*, 713 Phil. 416 (2013) [Per J. Villarama, Jr., First Division].

⁵⁶ *Nacar v. Gallery Frames*, 716 Phil. 267 (2013) [Per J. Peralta, En Banc].

The Labor Arbiter's October 29, 2010 Decision in NLRC MAC-02-011915-2011 (RAB-X-04-00198-2010) is **REINSTATED** with **MODIFICATION**.

Respondent One Network Bank, Inc. is ordered to reinstate petitioner Catherine Dela Cruz-Cagampan to her former position, and to pay her backwages, including ₱1,501.13, her proportionate 13th month pay for 2010, allowances, and other benefits or their monetary equivalent from the time she was illegally dismissed on February 17, 2010, up to her actual reinstatement. She is also entitled to attorney's fees of 10% of the total monetary award, subject to legal interest at the rate of 6% per annum from finality of this Decision until full payment.

SO ORDERED.



MARVIC M.V.F. LEONEN

Associate Justice

WE CONCUR:



AMY C. LAZARO-JAVIER

Associate Justice



MARIO V. LOPEZ

Associate Justice



JHOSEP V. LOPEZ

Associate Justice



ANTONIO T. KHO, JR.

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.


MARVIC M.V.F. LEONEN

Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division 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