

Title:

Gesolgon and Santos v. CyberOne PH., Inc., et al.

Facts:

Maria Lea Jane I. Gesolgon and Marie Stephanie N. Santos were employees of CyberOne Pty. Ltd. (CyberOne AU), an Australian company. Both were promoted as Supervisors and later as Managers after agreeing to become dummy directors and/or incorporators of CyberOne PH, Inc. (CyberOne PH). Their salary increases were paid partially by CyberOne PH. In November 2010, their salaries were reduced, and they received incomplete 13th month pay.

In March 2011, they were presented with options that resulted in an indefinite furlough. They chose this to save their jobs but only received their salaries up until April 2011. The petitioners then filed a case for illegal dismissal and other monetary claims against CyberOne PH, Mikrut, and Juson. CyberOne PH, Mikrut, and Juson contended that Gesolgon and Santos were not CyberOne PH employees but rather employees of CyberOne AU, and the NLRC had no jurisdiction as CyberOne AU didn't do business in the Philippines.

The Labor Arbiter dismissed the complaint citing lack of evidence of control by CyberOne PH and lack of jurisdiction over CyberOne AU as separate entities. On appeal, the NLRC reversed the decision, declaring the petitioners illegally dismissed and CyberOne AU doing business in the Philippines through CyberOne PH. The Court of Appeals, however, set aside the NLRC's decision, finding no employer-employee relationship between petitioners and CyberOne PH.

The procedural posture continued to the Supreme Court with the petitioners appealing the CA's decision through a Petition for Review on Certiorari under Rule 45.

Issues:

1. Whether or not petitioners were employees of CyberOne PH and CyberOne AU.
2. Whether or not petitioners were illegally dismissed.

Court's Decision:

The Supreme Court denied the petition, affirming the Court of Appeals' decision. The Supreme Court found no employer-employee relationship between the petitioners and CyberOne PH.

- Regarding CyberOne AU, the Court noted that it did not acquire jurisdiction over the foreign corporation as there was no valid service of summons.

- It concluded that CyberOne AU was not conducting business in the Philippines as there was no proof of control over CyberOne PH.
- On the employer-employee relationship, the pay slips presented were insufficient to evidence employment by CyberOne PH, with no control established over petitioners' performance of their jobs.
- The Court also did not find merit in piercing the corporate veil, as ownership of shares by CyberOne AU in CyberOne PH was not enough to conclude that they were a single entity. No proof of fraud or control that would warrant such action was presented.
- The Court affirmed that petitioners were stockholders and directors, and no improper dismissal took place as they were never CyberOne PH's employees.

#### Doctrine:

The case reiterates that there is no employer-employee relationship absent elements such as control over the means and methods of work.

#### Class Notes:

- Employer-Employee Relationship Test: To determine the existence of such a relationship, the elements are (a) selection and engagement of the employee, (b) payment of wages, (c) power of dismissal, and (d) employer's power of control.
- Jurisdiction over Foreign Corporations: A foreign corporation not doing business in the Philippines cannot be subjected to local jurisdiction without valid service of summons.
- Doctrine of Piercing the Corporate Veil: This doctrine applies when the corporation is used to defeat law, commit fraud, or perpetrate a lie. Mere ownership of shares is insufficient to disregard separate corporate personalities.

#### Historical Background:

This case highlights the principle of separate corporate entities and the protections afforded to foreign corporations against being hauled into local jurisdictions without due process. It also underscores the cautions exercised by Philippine courts before disregarding corporate structures or attributing an affiliate's actions to a parent company. The decision protects the legal distinction between corporations and the requirement for concrete evidence before these distinctions can be overlooked.