

Title: Sevilla Sarah Sorita, SRL International Manower Agency, and Akkila Co., Ltd. vs. Pedro S. Yarza, Jr.

Facts:

Pedro S. Yarza, Jr., the respondent, was allegedly employed by SRL International Manpower Agency (SRL) and Akkila Co. Ltd. UAE (Akkila), as a Project Manager for two years with a contract specifying a monthly salary and allowances. Yarza was deployed to the UAE on October 14, 2010, and was repatriated back to the Philippines on March 24, 2011, with instructions to renew his visa and return within 10 days. Instead of his re-deployment, Yarza received a termination letter from Akkila dated May 22, 2011.

SRL, represented by Sevilla Sarah Sorita, argued that Yarza and Akkila directly negotiated his employment and that the agency did not facilitate Yarza's deployment under the visit visa. SRL explained that Yarza's re-deployment was canceled due to him failing a medical exam indicating he was unfit for work. Yarza filed a complaint with the Labor Arbiter for illegal dismissal and other claims.

The Labor Arbiter dismissed Yarza's complaint, finding no employer-employee relationship with respect to the initial deployment, as Yarza processed and facilitated his own deployment under the visit visa. However, Yarza appealed to the NLRC, which reversed the Labor Arbiter's decision, holding Yarza was entitled to his salaries for the unexpired portion of his contract in accordance with RA 10022 but not to damages. The NLRC later modified its decision, dismissing Yarza's complaint for lack of merit due to him being medically unfit to work.

Yarza then appealed to the Court of Appeals (CA), which reinstated the NLRC's initial decision, finding Yarza was illegally dismissed and should receive his salaries for the unexpired portion of the contract, based on RA 10022. The CA ruled SRL could not evade liability, considering it was Al Salmeen/Akkila's local agent. The CA found Yarza's return and subsequent re-deployment process directly violated the contract signed between the petitioners and respondent.

Following the decision of the CA, SRL filed a petition for review on certiorari before the Supreme Court.

Issues:

The Supreme Court was faced with multiple issues:

1. Whether the CA erred in ruling that the employer-employee relationship between Yarza and the petitioners was not questioned.
2. Whether Yarza was illegally dismissed from employment by the petitioners.
3. Whether Yarza was entitled to attorney's fees.
4. What was the extent of the liability of the recruitment/placement agency and the foreign employer regarding claims arising from an employer-employee relationship.

Court's Decision:

The Supreme Court denied the petition, affirming the CA's decision that Yarza was entitled to his claims. The Supreme Court ruled:

1. That SRL had participated in Yarza's deployment, establishing an employer-employee relationship.
2. That Yarza's dismissal was illegal due to lack of just cause and failure to observe due process.
3. That Yarza was entitled to his salaries for the unexpired portion of his contract based on the "Offer of Employment" and RA 8042 (irrespective of RA 10022's "three-month cap" provision).
4. That Yarza was entitled to moral and exemplary damages, as well as attorney's fees.
5. That SRL and Akkila were solidarily liable for Yarza's claims.

Doctrine:

The relationship between an overseas Filipino worker and a foreign employer represented by a local recruitment agency is solidary. An overseas Filipino worker who is illegally dismissed is entitled to his or her full salaries for the unexpired portion of the employment contract.

Class Notes:

Key elements/concepts of the case:

- Employer-employee relationship: determined by the selection and engagement of the employee, payment of wages, power of dismissal, and power of control over the employee's conduct (tests were discussed in the decision).
- Employment contract: must be processed through POEA to be binding.
- Illegal dismissal: requires just cause and observance of due process, including notice and an opportunity to be heard.

- Solidary liability: recruitment/placement agency and foreign employer have joint and several liabilities for any and all claims arising out of an employer-employee relationship.
- RA 8042: provides that illegally dismissed overseas workers are entitled to the full reimbursement of placement fees with interest, plus their salaries for the unexpired portion of their employment contract.

Relevant legal statutes:

- Labor Code of the Philippines (PD 442), particularly Article 294 regarding security of tenure.
- RA 8042: Migrant Workers and Overseas Filipinos Act of 1995, as amended by RA 10022.
- RA 8183: pertaining to the computation of the peso equivalent of foreign currency-denominated awards.

Historical Background:

The case of Sevilla Sarah Sorita, SRL International Manpower Agency, and Akkila Co., Ltd. vs. Pedro S. Yarza, Jr., reflects the continuing struggle of overseas Filipino workers (OFWs) for the protection of their rights and welfare in foreign employment which often involves disputes over illegal dismissal and unpaid wages. Philippine labor laws and precedents have consistently affirmed the government's commitment to ensuring the welfare and protection of OFWs, as seen in the statutory framework governing overseas employment and in the case law interpreting these statutes. This highlights the Philippines' approach to upholding the rights of its globally-dispersed labor force, acknowledging the unique vulnerabilities of OFWs, and underscoring the joint liability of local recruitment agencies and foreign employers.