

Title: **\*\*Manila Memorial Park Cemetery, Inc. vs. Ezard D. Lluz, et al.\*\***

Facts:

On 23 February 2006, Manila Memorial Park Cemetery, Inc. entered an agreement with Ward Trading and Services for interment and exhumation services at Manila Memorial Park in Parañaque City. Nine employees of Ward Trading began working there. On 26 June 2007, they sought regularization from Manila Memorial, which was declined on the basis that they were Ward Trading's employees. Following their unionization and subsequent dismissal, they filed complaints for regularization, CBA benefits, illegal dismissal, and others against Manila Memorial and Ward Trading.

Manila Memorial argued there was no employer-employee relationship, asserting that Ward Trading was an independent contractor. The Labor Arbiter dismissed the complaint, but the NLRC reversed this decision, declaring Ward Trading a labor-only contractor and thus making Manila Memorial the respondents' employer. Manila Memorial's appeal to the CA was denied, with the CA affirming the NLRC's ruling. Manila Memorial's motion for reconsideration was also denied.

Issues:

1. Whether there exists an employer-employee relationship between Manila Memorial and the respondents for them to be entitled to their claim for wages and other benefits.

Court's Decision:

The Supreme Court denied the petition, affirming the CA's decision. It held that Ward Trading was a labor-only contractor because it didn't have substantial capital or investment and its workers were performing tasks directly related to Manila Memorial's main business. Furthermore, Manila Memorial had control over the manner and means of doing the work. Thus, an employer-employee relationship was deemed to exist between Manila Memorial and the respondents.

Doctrine:

The Court reiterated the doctrine distinguishing between legitimate job contracting and labor-only contracting. It underscored that labor-only contracting, where the contractor has no substantial capital or investment and the workers perform activities directly related to the principal's business, is prohibited. When such a condition is met, the employees supplied by the contractor are considered employees of the principal.

Class Notes:

1. Labor-Only Contracting: Exists when the contractor does not have substantial capital or investment and the employees perform work directly related to the principal's main business.
2. Employer-Employee Relationship: The existence of such a relationship is determined by the control test, where the principal controls not just the outcome but also the manner and means of doing the work.
3. Substantial Capital or Investment: Refers to the contractor's ability to independently undertake the performance of the job, work, or service through significant assets, equipment, or investments.

Historical Background:

The case underscores the Philippine legal framework's strict stance against labor-only contracting as a means to protect workers' rights. It emphasizes the necessity of distinguishing between legitimate job contracting and labor-only contracting, pertinent in a country where labor disputes frequently arise within the context of contractual employment and regular employment status.