

Title

****Edita Santos Degamo vs. My CitiHomes, et al.: A Question of Employment Relationship****

Facts

Edita Santos Degamo filed a complaint against My CitiHomes (CitiHomes), a real estate development company owned by Rosie and John Wang, for non-payment of commission fees on December 28, 2017. Degamo claimed she was hired on March 1, 2015, as an agent within a group called Citi Pro and was later promoted to sales manager. Despite her role in selling 18 properties and being entitled to commission fees, her resignation letter dated April 30, 2017, was not accepted, and she was not paid the commissions she believed she was owed.

CitiHomes countered, asserting Degamo was not an employee but a sales agent under a licensed broker, Evelyn Abapo, who had control over her engagement and payment terms. Consequently, CitiHomes argued the Labor Arbiter had no jurisdiction as there lacked an employer-employee relationship.

The Labor Arbiter deemed Abapo a labor-only contractor and identified CitiHomes as the real employer, ordering them to pay Degamo's unpaid commissions. Both parties appealed this decision to the NLRC, which reversed the Labor Arbiter's ruling, emphasizing the absence of an employer-employee relationship.

Further aggrieved, Degamo moved to the Court of Appeals (CA) through a Petition for Certiorari, which was dismissed, affirming the NLRC's decision citing a lack of employer-employee relationship. This led Degamo to elevate the case to the Philippine Supreme Court, challenging the CA's judgment.

Issues

The pivotal issue for the Supreme Court's review was whether an employer-employee relationship existed between CitiHomes and Degamo, crucial for establishing the Labor Arbiter's jurisdiction and Degamo's entitlement to commission fees as claimed.

Court's Decision

The Supreme Court denied Degamo's petition, affirming the CA's decision. The Court applied the four-fold test to determine the absence of an employer-employee relationship,

focusing particularly on the control test. The evidence failed to prove Citihomes engaged Degamo directly, paid her wages, or had the capacity to dismiss her, elements critical to affirming such a relationship. Furthermore, the Court noted Degamo's failure to claim statutory benefits typically associated with employment, reinforcing the view she operated more as an independent contractor than an employee. As such, the case fell outside the jurisdiction of labor tribunals, suggesting a civil action was more appropriate for pursuing commission claims.

Doctrine

The Supreme Court reiterated the established doctrine concerning the four-fold test (selection and engagement, payment of wages, power of dismissal, and control test) to determine the existence of an employer-employee relationship. Moreover, it emphasized that the control over the method and result of work, rather than simply the result, is a critical determinant in this evaluation.

Class Notes

Key Elements:

- **Four-fold test:** Essential for establishing employer-employee relationships, including control over employment process, wages, termination, and particularly the methods of work performance.
- **Independent Contractor vs. Employee:** Differentiated by the degree of control over work; absence of control indicators (e.g., lack of mandatory employee benefits claims, freedom to undertake other work) suggest independent contractor status.
- **Jurisdiction of Labor Tribunals:** Limited to disputes arising from employer-employee relationships; absence thereof diverts the case to civil action realms.

Application:

These principles guide the differentiation between an independent contractor (free from the employer's control over work execution) and an employee (subject to employer's control, entailing rights to statutory benefits and subject to labor tribunal jurisdiction).

Historical Background

This case intricately demonstrates evolving jurisprudence surrounding labor relations, particularly in sectors like real estate where traditional employment lines are often blurred. The Supreme Court's decision underscores a commitment to existing legal frameworks for

determining employment relationships, reinforcing the necessity for clarity in contractual agreements and employer responsibilities towards workers.