

**\*\*Title:\*\*** San Miguel Corporation vs. National Labor Relations Commission and Francisco De Guzman, Jr.: A Study on Project Employment and Security of Tenure

**\*\*Facts:\*\***

Francisco De Guzman, Jr. was employed by San Miguel Corporation (SMC) for specific projects from November 1990 to July 1991, ending his involvement upon project completion. His consecutive employments focused on furnace repair and other project-specific tasks at SMC's Manila Glass Plant, each defined by a finite timeline. Following his final project's completion, De Guzman discovered his name on a dismissal list in August 1991. However, he only filed a complaint for illegal dismissal against SMC in August 1994, three years later.

The Labor Arbiter, Felipe Garduque II, dismissed the complaint in June 1995, siding with SMC that De Guzman was a project employee and did not attain regular status. Dissatisfied, De Guzman appealed to the National Labor Relations Commission (NLRC), which reversed Garduque's decision in April 1996, ordering De Guzman's reinstatement as a regular employee due to perceived employment manipulation by SMC. SMC's motion for reconsideration was denied in May 1996, prompting a petition to the Supreme Court under Rule 65, claiming the NLRC committed grave abuse of discretion by misclassifying De Guzman's employment status and upholding his illegal dismissal claim.

**\*\*Issues:\*\***

1. Whether De Guzman was a project employee or a regular employee.
2. Whether De Guzman was legally terminated or illegally dismissed.

**\*\*Court's Decision:\*\***

The Supreme Court granted SMC's petition, reinstating the Labor Arbiter's decision. The Court clarified that the determination of employment nature, according to Article 280 of the Labor Code, hinges on the distinctness and duration/scope of the activity undertaken. Based on evidence, De Guzman's employment for specific projects not within SMC's regular business and for durations and purposes precisely outlined at employment commencement, pointed to his status as a project employee. Consequently, his service termination post-project completion was legal, not constituting illegal dismissal. The Court underscored that NLRC overstepped by reversing established employment classifications and protections under the Labor Code, thus committing grave abuse of discretion.

**\*\*Doctrine:\*\***

According to the Supreme Court's interpretation of Article 280 of the Labor Code, the

nature of employment is determined by the activity's necessity/desirability within the employer's usual business and the employment's defined duration and scope. The decision distinguished between project employment (defined duration and project-scope) versus regular employment (continuous engagement in activities essential to the employer's business), reinforcing the legal premise that project employees' tenure is coterminous with the project period.

**\*\*Class Notes:\*\***

1. **\*\*Article 280 of the Labor Code\*\*** defines the types of employment based on the nature of work and engagement duration.
2. **\*\*Project Employment:\*\*** Engagement for a specified project with a defined duration and scope, ending upon project completion.
3. **\*\*Regular Employment:\*\*** Continuous work in activities necessary or desirable in an employer's business, irrespective of the employment agreement.
4. **\*\*Illegal Dismissal:\*\*** Termination without just or authorized cause or due process. In project employment, dismissal is considered legal if it aligns with the project's conclusion.
5. **\*\*Labor Arbitration and Appeals:\*\*** Delineates the procedural pathway from Labor Arbiter decisions through NLRC and Supreme Court reviews, stressing the deference typically given to factual findings at each level unless conflicting.

**\*\*Historical Background:\*\***

This case delineates the intricate balance between employer flexibility in hiring for specific projects and the constitutional and statutory mandate to protect employee tenure rights. It reflects the judiciary's pivotal role in interpreting labor laws to address evolving employment practices, ensuring fairness and justice within the dynamic Philippine labor landscape.