

Title: Pure Foods Corporation vs. National Labor Relations Commission, Rodolfo Cordova, Violeta Crusis, et al.

Facts: The core of this case revolves around 906 employees hired by Pure Foods Corporation for a definite period of five months to work at its tuna cannery plant in Tambler, General Santos City. Upon the expiration of their contracts in June and July 1991, their employment was terminated, leading them to execute a "Release and Quitclaim," indicating they had no further claims against the company. Subsequently, on July 29, 1991, the employees filed a complaint for illegal dismissal against Pure Foods Corporation and its plant manager, Marciano Aganon, with the National Labor Relations Commission (NLRC) Sub-Regional Arbitration Branch No. XI, General Santos City. The case, initially dismissed by Labor Arbiter Arturo P. Aponesto due to the characterization of the employees as contractual workers, found its way to the NLRC upon appeal. The NLRC initially affirmed the Labor Arbiter's decision but reversed itself upon reconsideration, recognizing the employees as regular and their dismissal as illegal, thus ordering their reinstatement or compensation. Pure Foods Corporation brought the case to the Supreme Court contesting the NLRC's decision.

Issues:

1. Whether employees hired for a definite period whose activities are necessary and desirable in the usual business or trade of the employer are considered regular employees.
2. The legality of five-month contracts of employment imposed to circumvent the constitutional guarantee on security of tenure.
3. The validity of "Release and Quitclaim" executed by employees upon termination of their contracts.

Court's Decision:

The Supreme Court dismissed the petition for lack of merit and affirmed the NLRC's decision recognizing that the employees were regular based on their engagement in activities necessary and desirable in the company's business. The Court found the five-month employment contracts were a scheme to circumvent the employees' right to security of tenure, deeming them contrary to public policy. The execution of "Release and Quitclaim" was also considered ineffective in barring the employees' claims due to the imbalance of power between the employer and employees.

Doctrine:

1. An employment shall be deemed regular not only when the employee has been engaged

to perform activities usually necessary or desirable in the usual business or trade of the employer, but also when covered by the criteria that prevent the circumvention of the employee's right to security of tenure.

2. Fixed-term employment contracts are illegal if used to circumvent the constitutional rights of employees to security of tenure.

3. Quitclaims executed by laborers, where there is a clear indication of inequality in bargaining power, are generally frowned upon and considered ineffective to bar claims for full measure of the workers' rights.

#### Class Notes:

- Employment Status: Employees engaged in activities necessary or desirable in the employer's usual business are deemed regular employees, irrespective of any agreements to the contrary.
- Security of Tenure: Utilization of fixed-term employment contracts to circumvent security of tenure is illegal and such contracts will be voided.
- Quitclaims: Generally ineffective when executed under conditions of unequal bargaining power, especially in labor disputes.

#### Historical Background:

This case highlights a pivotal moment in Philippine labor jurisprudence where the Supreme Court took a definitive stance against the abusive practice of circumventing employment security through fixed-term contracts, reinforcing the protection of workers' rights as enshrined in the Philippine Constitution and labor laws.