

### Title:

\*\*Five J Taxi and/or Juan S. Armamento vs. National Labor Relations Commission, Domingo Maldigan, and Gilberto Sabsalon\*\*

### Facts:

The case involves two taxi drivers, Domingo Maldigan and Gilberto Sabsalon, who filed a complaint against their employer, Five J Taxi and its proprietor Juan S. Armamento, for illegal dismissal and illegal deductions. The drivers worked on a schedule of 4 days a week, with a 24-hour shifting schedule, and were required to meet a daily “boundary” fee, in addition to paying for car wash and making a deposit for potential “boundary” shortages every working day.

Maldigan had stopped working for Five J Taxi under unclear circumstances and had begun working for another taxi company, while Sabsalon had been a victim of a hold-up, leading to a hiatus from work due to hospitalization and recovery. Upon their respective returns to work, disagreements ensued concerning deposits and car wash payments, culminating in their eventual departure from Five J Taxi and filing of the complaints.

The labor arbiter initially dismissed their complaints, citing an unreasonable delay in filing. However, upon appeal, the NLRC modified the decision by ordering Five J Taxi to reimburse the drivers for their accumulated deposits, car wash payments, with included interest and attorney’s fees, despite ruling that their dismissals were not illegal.

### Issues:

1. Whether the NLRC committed grave abuse of discretion in its ruling.
2. Interpretation and application of Article 114 of the Labor Code on illegal deductions for deposits.
3. The legality of the deductions for car wash payments.
4. Eligibility and entitlement to attorney’s fees.

### Court’s Decision:

The Supreme Court modified the NLRC’s decision. It ruled that:

- The daily deposits made by the drivers for potential boundary shortages do not fall under the prohibition of Article 114 of the Labor Code, as they were not for tools, materials, or equipment supplied by the employer. Hence, these deposits were deemed illegal, warranting a refund only for Maldigan as evidence showed Sabsalon had no balance due.

- Car wash payments did not qualify as illegal deductions since drivers had the option to

wash the taxi units themselves, and it was a recognized practice in the taxi industry.

- The award of attorney's fees was removed, as representation in proceedings by non-lawyers for compensation violates Article 222 of the Labor Code.

### Doctrine:

- Deposits made by employees to cover potential shortages in their remittances to the employer are considered illegal if not for loss or damage to tools, materials, or equipment supplied by the employer, except in trades or businesses where such a practice is recognized or necessary as determined by the Secretary of Labor.

- Non-lawyers cannot claim attorney's fees in proceedings before the NLRC or labor arbiters unless representing themselves or their organization/members thereof.

### Class Notes:

- **Article 114 of the Labor Code**: Prohibits requiring employees to make deposits for loss or damage to tools, materials, or equipment supplied by the employer, except under recognized trade practices or as deemed necessary by the Secretary of Labor.

- **Car Wash Payments**: Considered a recognized practice within the taxi industry, not constituting illegal deductions if self-performed is an option.

- **Attorney's Fees (Article 222 of the Labor Code)**: Non-lawyers are prohibited from claiming attorney's fees unless representing themselves or their organization/members.

### Historical Background:

This case reflects the broader issues of labor rights and employer practices in the Philippines, particularly in sectors with vulnerable employment conditions such as the taxi industry. It underscores the judiciary's role in interpreting labor laws designed to protect workers while balancing the legitimate operational practices of employers.