

Title: Hijos de F. Escaño, Inc. and Pier 8 Arrastre and Stevedoring Services, Inc. vs. National Labor Relations Commission, National Organization of Workingmen (NOWM) PSSLU-TUCP, and Rolando Villalobos

Facts:

The case centers on the allegations of unfair labor practices (ULP) and illegal dismissal filed by the National Organization of Workingmen (NOWM) PSSLU-TUCP, a labor organization representing around 300 stevedores, against Hijos de F. Escaño, Inc. (Escaño) and Pier 8 Arrastre and Stevedoring Services, Inc. (PIER 8 A&S).

1. On 31 July 1978, NOWM PSSLU-TUCP and the stevedores filed a complaint for ULP and illegal dismissal with the Ministry of Labor and Employment (MOLE) against PIER 8 A&S.
2. On 8 September 1978, NOWM PSSLU-TUCP amended the complaint to include monetary claims like overtime compensation, holiday pay, living allowance, 13th month pay, night shift differential, and minimum wage discrepancies. They also impleaded Escaño in this amended complaint.
3. MOLE certified for compulsory arbitration for the ULP and illegal dismissal claims but required a separate complaint for monetary claims.
4. The parties submitted position papers and the case was decided by the Labor Arbiter on 28 February 1980:  
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  - A. The Labor Arbiter found Escaño and PIER 8 A&S guilty of ULP and illegal dismissal.
  - B. Ordered reinstatement of the stevedores with backwages.”
5. On appeal, the NLRC affirmed the Labor Arbiter’s decision on 11 November 1981.
6. Petitioners, Escaño and PIER 8 A&S, filed a Petition for Certiorari, contending the findings and arguing abuses of discretion.

Issues:

1. Whether there was an employer-employee relationship between Escaño and the stevedores.
2. Whether PIER 8 A&S was a labor-only contractor making Escaño the principal employer.
3. Whether PIER 8 A&S and Escaño committed unfair labor practices.
4. Whether the stevedores were illegally dismissed.

Court’s Decision:

1. Employer-Employee Relationship:

The Supreme Court analyzed the factors defining an employer-employee relationship (selection and engagement, mode of payment, power of dismissal, control). It concluded that Escaño was not the employer as there was insufficient evidence (like payrolls, SSS remittances, specific supervision control) showing a direct employment relationship. Stevedores were recognized as employees of PIER 8 A&S.

## 2. Labor-Only Contracting:

The Court held that PIER 8 A&S being a labor-only contractor was unfounded. Stevedoring services, while essential for cargo handling, did not equate Escaño being their principal employer. The Labor Arbiter's conclusion lacked evidence, merely relying on allegations.

## 3. Unfair Labor Practices:

Verified the acts of PIER 8 A&S in rotating work schedules after stevedores' union organization and affiliations. Found this to be ULP under Article 248 of the Labor Code, as it interfered with their right to self-organization and coerced disaffiliation.

## 4. Illegal Dismissal:

PIER 8 A&S failed to secure prior MOLE clearance before the stevedores' dismissal, which constitutive a violation under the existing laws. Non-compliance made their dismissal presumptively illegal.

The Supreme Court modified the decision of the NLRC and Labor Arbiter, holding only PIER 8 A&S liable for reinstating the stevedores and paying the backwages, absolving Escaño from liabilities.

## Doctrine:

1. Determination of Employment Relationship: Factors of selection and engagement, payment, power of dismissal, and control must substantiate the relationship.
2. Non-Delegable Duties: Workers servicing an integral part of another's business do not automatically constitute a labor-only contracting scenario.
3. Unfair Labor Practices and Interference: Employer acts coercing union disaffiliation or altering work conditions due to union activities violate labor rights.
4. Dismissal Procedures: Non-compliance with mandated procedural clearances results in presumptively illegal termination.

## Class Notes:

- **\*\*Employer-Employee Relationship\*\***: Established by demonstrated engagement, control, and wage payment specifics.

- **Labor-Only Contracting**: Contractors engaged in activities integrated into another's business aren't impliedly labor-only contractors.
- **Unfair Labor Practices**: Interference with union activities directly contravenes the labor statutes (Art. 248 of the Labor Code).
- **Illegal Dismissal Procedures**: Pre-requisite clearances are vital as per B.P. Blg. 130 & adhering regulations.

Historical Background:

The case is embedded in the context of labor movements in the 1970s Philippines, with increased focus on labor rights, driven by organizations like NOWM and structured by reforms such as the Labor Code of 1974. Labor relations reflected conflicts in industries grappling with unionization and enhanced statutory labor protections, emphasizing equitable labor procedures and workers' rights.

This decision solidifies the principles governing employer-employee relationships, labor contracting dynamics, and underscores the procedural mandates pivotal in labor law adjudication.