

**\*\*Title:\*\***

Continental Marble Corp. and Felipe David vs. National Labor Relations Commission, Arbitrator Jose T. Collado, and Rodito Nasayao

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

In May 1974, Rodito Nasayao alleged that he was appointed as plant manager of Continental Marble Corp. with a monthly salary of PHP 3,000 or 25% of the monthly net income of the company, whichever is greater. Nasayao claimed the company failed to pay his salary for May, June, and July 1974 and filed a complaint with the National Labor Relations Commission (NLRC) for the recovery of said unpaid salaries, docketed as NLRC Case No. LR-6151.

Continental Marble Corp. and Felipe David denied Nasayao's claim, asserting that their agreement was a joint venture, where Nasayao would maintain the machinery and secure contracts, receiving 25% of net profits, if any, instead of a fixed monthly salary.

The case was submitted for voluntary arbitration to Jose T. Collado. During arbitration, Continental Marble Corp. and Felipe David requested Collado desist from hearing the case due to perceived bias. Collado refused, and on December 29, 1975, he ruled in favor of Nasayao, awarding him PHP 9,000 for three months of unpaid salary.

Petitioners appealed to the NLRC, arguing abuse of discretion by Collado and lack of evidence supporting the decision. Nasayao moved to dismiss the appeal, citing the decision's finality as per Art. 262 of the Labor Code. The NLRC dismissed the appeal on May 7, 1976, rendering the decision final, unappealable, and immediately executory.

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

1. Whether the Court can review the decision of a voluntary arbitrator despite statutory provisions indicating finality.
2. Whether an employer-employee relationship existed between Rodito Nasayao and Continental Marble Corp., justifying the award of PHP 9,000 for unpaid salaries.

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

The Supreme Court reversed Jose T. Collado's decision and the NLRC's resolution, dismissing Nasayao's complaint.

**\*\*Analysis per Issue:\*\***

1. **Reviewability of Voluntary Arbitration Awards:**

The Court ruled that while voluntary arbitrators' decisions generally bear finality, judicial review is permissible in instances of apparent abuse of discretion or questions of law. The rule in Article 262 of the Labor Code, referring to the unappealability of awards, governs administrative appeals to the NLRC, not judicial reviews. The Court retains the inherent power of certiorari to maintain the integrity of justice.

2. **Existence of Employer-Employee Relationship:**

The Court found no substantial evidence supporting the claim that Nasayao was an employee of Continental Marble Corp. Factors such as payroll inclusion, Social Security System listing, and adherence to a control test were absent. Nasayao autonomously decided his work, was not subject to fixed hours or supervision, and was compensated based on joint venture results rather than wages. The control element, paramount in establishing an employer-employee relationship, was notably absent.

**Doctrine:**

A voluntary arbitrator's decision, while given due respect, is subject to judicial review concerning potential abuse of discretion or legal errors. The control test remains a crucial determinant in establishing employer-employee relationships.

**Class Notes:**

1. **Elements of Employer-Employee Relationship:**

- **Selection and Engagement:** Recruitment by the employer.
- **Payment of Wages:** Financial compensation by the employer.
- **Power of Dismissal:** Employer's authority to terminate employment.
- **Control Test:** Employer's control over work performance details.

(Refer to `Brotherhood Labor Unity Movement in the Philippines vs. Zamora`, further emphasizing the control test's preeminence).

2. **Finality of Arbitration Awards:**

- Article 262 of the Labor Code states finality for administrative purposes but allows judicial review under exceptional circumstances, such as apparent abuse of discretion (Supported by `Oceanic Bic Division (FFW) vs. Romero`).

**Historical Background:**

This case unfolded during a period marked by judicial scrutiny of administrative decisions in labor disputes. Reflecting the Philippine Judiciary's commitment to overseeing even those

decisions, statutory provisions claimed to be final to preserve justice and administrative integrity. It elucidates the balance between respecting arbitration awards and ensuring they are just and legally sound.