

Title: ALU-TUCP vs. National Labor Relations Commission and National Steel Corporation (NLRC)

Facts:

Petitioners, represented by ALU-TUCP, are a group of employees who worked for the National Steel Corporation (NSC) under its Five Year Expansion Program (FAYEP I & II). They were employed in various capacities from 1981 to 1991 and had different employment start and end dates. On July 5, 1990, petitioners filed complaints for unfair labor practice, regularization, and monetary benefits with the Sub-Regional Arbitration Branch XII of the National Labor Relations Commission (NLRC) in Iligan City.

The Labor Arbiter, in a decision dated June 7, 1991, declared the petitioners as regular project employees of NSC and entitled them to the salaries of regular employees as per the collective bargaining agreement, along with salary differentials. Both parties appealed this decision to the NLRC.

The NLRC, in its resolutions dated January 8, 1993, and February 15, 1993, ruled that the petitioners were indeed project employees since they were hired for the specific project of NSC's Five Year Expansion Program. The NLRC, however, nullified the award of benefits equivalent to those of regular employees, citing the lack of legal and factual basis for such entitlement.

Not satisfied with the NLRC's resolution, the petitioners filed a Petition for Certiorari before the Supreme Court challenging the NLRC's findings and resolutions.

Issues:

1. Whether the petitioners should be considered regular employees instead of project employees.
2. Whether the length of service rendered by the petitioners should qualify them for regular employee status.
3. Whether the NLRC committed a grave abuse of discretion in its decision.

Court's Decision:

The Supreme Court dismissed the Petition for Certiorari, finding no grave abuse of discretion on the part of the NLRC. The Court upheld the NLRC's categorization of the petitioners as project employees.

1. Regular vs. Project Employees: The Court affirmed that the petitioners were hired

specifically for a distinct project — the Five Year Expansion Program — with a pre-determined duration and scope. Their roles and activities were not related to NSC’s regular business of steel manufacturing but were specific tasks requiring completion within defined time frames tied to the project.

2. Length of Service: The Court held that the second paragraph of Article 280 of the Labor Code, which states an employee who serves for at least one year becomes a regular employee, applies only to casual employees and not to project employees. Therefore, the duration of employment exceeding one year does not automatically convert project employees to regular employees.

3. The NLRC’s Decision: The Court found substantial evidence supporting the NLRC’s decision. There was no indication of bad faith in designating the employees as project employees, and the facts fit within the labor law’s provisions governing project employment.

Doctrine:

The Court reiterated the principle that “project employees” are those hired for a specific project or undertaking whose completion and duration are determined at the time of engagement. The length of service beyond one year does not negate the status of project employees, as the conversion rule in Article 280 of the Labor Code applies solely to casual employees.

Class Notes:

- **Project Employees**: Defined under Article 280 of the Labor Code as those hired for a specific project or undertaking with a pre-determined duration.
- **Regular Employees**: Also defined under Article 280, their employment is characterized as necessary, desirable, or work-related to the usual business/trade of the employer.
- **Article 280 of the Labor Code**: Distinguishes between regular, casual, and project employees, with specific provisions relating to their conversion and entitlements.
- **Grave Abuse of Discretion**: Petitioners must demonstrate that an administrative body acted in a capricious and arbitrary manner amounting to a denial of due process.
- **Legal Precedence**: The length of service, even exceeding one year, does not automatically regularize project employees.

Historical Background:

This ruling is significant in the historical context of labor law in the Philippines, as it underscores the distinctions between various types of employment statuses and upholds the

strict application of the Labor Code provisions concerning employment classifications. The case highlights the legal framework's intent to protect both employees and employers by clearly defining the limits and conditions under which different types of employment exist, thereby ensuring fair labor practices and adherence to contractual terms as stipulated at the time of engagement.