

**Title:** Del Rosario & Sons Logging Enterprises, Inc. vs. National Labor Relations Commission, et al.

**Facts:**

- February 1, 1978:** Del Rosario & Sons Logging Enterprises, Inc. (petitioner) entered into a “Contract of Services” with Calmar Security Agency (respondent) to supply security guards at P300.00 per guard monthly.
- October 4, 1979:** Security guards Paulino Mabuti, Napoleo Borata, and Silvino Tudio filed a complaint against Calmar Security Agency and the petitioner for underpayment of salary, non-payment of living allowance, and 13th-month pay. Subsequently, five other guards joined them in the same complaint.
- Answer:** The petitioner denied an employer-employee relationship with the complainants. The Security Agency argued that the payments it received under the contract were insufficient to meet the complainants’ claims under labor laws.
- December 21, 1979:** The Labor Arbiter dismissed the complaint against the petitioner for lack of employer-employee relationship but ordered the Security Agency to compensate the complainants P2,923.17.
- Appeal to NLRC:** The Security Agency appealed the decision, arguing inadequacy in payments. The NLRC modified the Arbiter’s decision, holding the petitioner jointly and severally liable with the Security Agency based on Articles 106 and 107 of the Labor Code.
- Motion for Reconsideration:** The petitioner’s motion for reconsideration of the NLRC decision was denied, prompting a petition for Certiorari to the Supreme Court.

**Issues:**

- Procedural Issue:** Whether the NLRC improperly entertained the Security Agency’s appeal despite the absence of verification under oath and delayed payment of the appeal fee.
- Substantive Issues:**
  - Whether there is an employer-employee relationship between the petitioner and the complainants.
  - Whether the petitioner can be held jointly and severally liable with the Security Agency

under the Labor Code.

**Court's Decision:**

1. **Procedural Issue:**

- The Supreme Court held that the formal defects in the Security Agency's appeal (lack of verification under oath and delayed fee payment) were not fatal. Utilizing its discretionary powers, the NLRC could overlook these procedural lapses to ensure justice and resolve controversies on their merits.

2. **Substantive Issues:**

- **Employer-Employee Relationship:** The Court supported the NLRC's decision, rejecting the petitioner's claim of lack of an employer-employee relationship. The Court pointed out that even without direct employment, the petitioner was still considered an indirect employer under the Labor Code's broad definition.

- **Joint and Several Liability:** Under Articles 106 and 107 of the Labor Code, if a contractor (Calmar Security Agency) fails to meet its wage obligations, the indirect employer (petitioner) must assume joint and several liabilities. The claim of inadequacy of payments by the Security Agency does not absolve its responsibilities under labor laws.

**Doctrine:**

- **Articles 106 and 107 of the Labor Code:** Mandates joint and several liabilities for contractors and indirect employers regarding wage payment failures.

- **Article 221 of the Labor Code:** Advocates for flexible rules of evidence and procedure in labor proceedings to ensure justice and due process.

**Class Notes:**

- **Labor Law:**

- **Employer-Employee Relationship:** Extended to include indirect employers.

- **Joint and Several Liability:** Direct and indirect employers are liable for contractor's wage defaults.

- **Procedural Discretion:** Courts and agencies have discretionary power to overlook procedural lapses in the interests of justice (Art. 221, Labor Code).

**Statutory Provisions:**

- **Art. 106, Labor Code:** Liability of employer in cases of subcontracting.

- **Art. 107, Labor Code**: Definition and responsibilities of an indirect employer.
- **Art. 221, Labor Code**: Flexibility in labor case proceedings for substantial justice.

**Historical Background:**

- This case reflects the interpretation and application of Articles 106 and 107 of the Labor Code. During this period, the emphasis in labor jurisprudence was on the protection of workers' rights, particularly regarding compensation and employer responsibilities, whether direct or indirect. The Supreme Court underscored the prioritization of substantive justice over rigid procedural technicalities.