

Angel Jardin, et al. vs. NLRC and Goodman Taxi (Philjama International, Inc.), G.R. No. 120357

Facts

Petitioners Angel Jardin and others were drivers for Philjama International Inc., operating under “Goodman Taxi.” They worked under the “boundary system,” meaning they paid a fixed amount daily to the taxi company for using the vehicles and kept any earnings above this amount. The company deducted P30.00 daily from their earnings for car washing.

After petitioners attempted to form a labor union, Philjama stopped them from driving on August 6, 1991, and in the days following. Believing they were targeted for union activities, petitioners filed complaints for unfair labor practice, illegal dismissal, and illegal deductions.

Procedural Posture:

1. **Labor Arbiter Decision (August 31, 1992):** Dismissed the complaint for lack of merit.
2. **NLRC Appeal (April 28, 1994):** Reversed the labor arbiter, declared petitioners as employees, and ordered reinstatement, back wages, and reimbursement of washing fees.
3. **First Motion for Reconsideration:** Denied by the NLRC.
4. **Second Motion for Reconsideration (October 28, 1994):** NLRC granted the motion, reversed its previous decision, and declared lack of jurisdiction, citing no employer-employee relationship.
5. **Petitioners Motion for Reconsideration:** Denied by the NLRC.
6. **Petition for Certiorari to the Supreme Court:** Filed by petitioners to contest NLRC’s reversal.

Issues

1. **Jurisdiction Over Second Reconsideration Motion:** Did the NLRC gravely abuse its discretion by entertaining and granting a prohibited second motion for reconsideration?
2. **Employer-Employee Relationship:** Should the relationship between petitioners and Philjama be deemed an employer-employee relationship despite the boundary system?
3. **Unjust Dismissal and Due Process:** Were the petitioners’ dismissals without just cause and due process?

Court’s Decision

Issue 1: Jurisdiction Over Second Reconsideration Motion

The Supreme Court held that the NLRC gravely abused its discretion by allowing the second

motion for reconsideration, which is explicitly prohibited under Rule 7, Section 14 of the NLRC Rules of Procedure. The court emphasized the need for expeditious and inexpensive resolution of labor disputes and condemned delay-prone procedural missteps.

Issue 2: Employer-Employee Relationship

Citing consistent jurisprudence, the Court established that taxi drivers under the boundary system are employees and not lessees. Control was exerted over their schedules, adherence to routes, and compliance with rules set by the taxi company, thus meeting the control test for employment. Consequently, petitioners were confirmed as employees.

Issue 3: Unjust Dismissal and Due Process

As employees, petitioners were subject to the provisions of the Labor Code concerning termination. Their dismissals lacked just cause and did not follow required due process, specifically the provision of two written notices. Therefore, the Supreme Court declared their dismissals illegal.

Conclusion:

The Court reinstated the NLRC's April 28, 1994 decision but deleted the order on reimbursement of washing charges, affirming that the drivers themselves should bear this cost as a part of industry norms.

Doctrine

1. **Grave Abuse of Discretion:** Entertaining prohibited pleadings (such as a second motion for reconsideration) can constitute grave abuse of discretion.
2. **Employer-Employee Relationship in Boundary System:** Persons working under the boundary system are considered employees, not independent contractors.
3. **Due Process in Termination:** Employees must be terminated only for just cause and with due process, including prior written notices.

Class Notes

- **Grave Abuse of Discretion:** Capricious exercise of judgment that voids jurisdiction.
- **Boundary System as Employment:** Meets control test of employer-employee relationship.
- **Four-Fold Test for Employment:**
 1. Selection and engagement.
 2. Payment of wages.
 3. Power of dismissal.

4. Control over the conduct.

- **Illegal Dismissal:** Lack of just cause and non-compliance with notice requirements under **Article 282, 283, and 284** of the Labor Code.
- **Back Wages:** Full back wages without deductions post Republic Act No. 6715 (coverage starting March 21, 1989).

Historical Background

During the early 1990s, there was a significant movement towards organizing labor within the public transport sector in the Philippines. Taxi drivers, often working under precarious conditions like the boundary system, sought to formalize and secure their rights through unionization, leading to legal battles over their employment status and protections under the Labor Code. This case reflects the broader labor struggles and judicial clarifications necessary to uphold workers' rights in such non-traditional employment arrangements.