

Title: Marticio Semblante and Dubrick Pilar vs. Court of Appeals, Gallera de Mandaue, and Spouses Vicente and Maria Luisa Loot

**### Facts:**

- **\*\*Commencement of Employment\*\***: In 1993, Marticio Semblante and Dubrick Pilar were hired by Vicente and Maria Luisa Loot, owners of Gallera de Mandaue. Semblante served as the official masiador, calling bets, starting cockfights, and distributing winnings after deductions. Pilar served as the sentenciador, overseeing the gaffing of fighting cocks, assessing their physical condition, and declaring the results.
- **\*\*Compensation and Work Schedule\*\***: Semblante was paid PHP 2,000 per week, totaling PHP 8,000 per month. Pilar received PHP 3,500 weekly, totaling PHP 14,000 monthly. They worked every Tuesday, Wednesday, Saturday, and Sunday from 1:00 p.m. until midnight or later, with more frequent work during derbies or on special holidays. Both were issued employee ID cards.
- **\*\*Termination and Initial Complaint\*\***: On November 14, 2003, the petitioners were denied entry to the cockpit and informed their services were terminated. They filed a complaint for illegal dismissal.
- **\*\*Respondent's Defense\*\***: The respondents denied the employment relationship, asserting the petitioners were associates of Tomas Vega, an independent contractor. They claimed petitioners had no set schedule, could choose where to work, and were only issued ID cards to avoid entrance fees.
- **\*\*Labor Arbiter's Decision\*\***: On June 16, 2004, Labor Arbiter Julie C. Rendoque deemed petitioners regular employees who were illegally dismissed. The Arbiter ordered backwages and separation pay.
- **\*\*Appeal to NLRC\*\***: Respondents filed an appeal on September 24, 2004, without the required appeal bond. The bond was submitted belatedly on October 11, 2004 (dated October 6, 2004). The NLRC initially denied the appeal due to non-perfection but later reversed its decision, finding no employee-employer relationship.
- **\*\*Petition for Certiorari to CA\*\***: After the NLRC denied the petitioners' Motion for Reconsideration, the case was brought to the Court of Appeals (CA), arguing grave abuse of discretion by the NLRC.
- **\*\*CA Decision\*\***: The CA affirmed the NLRC's ruling, concluding petitioners were akin to independent contractors with unique skills and minimal control from respondents. The appeal bond's late filing was excused given the merit of the case.

**### Issues:**

1. **\*\*Whether the late filing of the appeal bond by the respondents justifies the relaxation of**

procedural rules by the NLRC and CA.

2. **Whether there existed an employer-employee relationship between the petitioners and the respondents.**

### ### Court's Decision:

- **Procedural Issue - Appeal Bond**:

- **Court's Analysis**: The Court acknowledged that while procedural rules require the timely posting of an appeal bond, it has occasionally relaxed this requirement based on substantial merits, significant legal issues, or to prevent a miscarriage of justice.

- **Resolution**: The Court upheld the CA's and NLRC's discretion to entertain the appeal notwithstanding the late posting of the bond due to the case's merits and special circumstances.

- **Substantive Issue - Employment Relationship**:

- **Court's Analysis**: Applying the four-fold test for determining employment, the SC found:

1. **Selection and Engagement**: Respondents did not partake in petitioners' selection.

2. **Payment of Wages**: Compensation came from arriba, not directly from the respondents.

3. **Power of Dismissal**: No evidence respondents had such power.

4. **Control Over Conduct**: Petitioners operated independently, using their skills without direct oversight from respondents.

- **Resolution**: The Court concluded that petitioners were independent contractors, not employees, given the lack of control and reliance on unique expertise.

### ### Doctrine:

- **Employment Relationship Test**: Reiterates the four-fold test to determine the existence of an employer-employee relationship: selection and engagement; payment of wages; power of dismissal; and control over employee's conduct.

- **Procedural Flexibility in Labor Appeals**: The rule on posting an appeal bond can be relaxed when substantive justice and merits warrant such exceptions.

### ### Class Notes:

- **Four-Fold Test**:

1. Selection and Engagement of Employee

2. Payment of Wages

3. Power of Dismissal

#### 4. Power to Control Employee's Conduct

- **Relaxation of Procedural Rules**: Courts may allow exceptions to procedural lapses, such as late posting of appeal bonds, if justified by the merits of the case or to prevent injustice.

- **Independent Contractors vs. Employees**: Individuals who are not subjected to control, select their engagements, and are compensated by means not direct from the employer (e.g., based on performance), may be deemed independent contractors.

#### ### Historical Background:

The case reflects the evolving interpretation of labor laws in the Philippines, balancing procedural rules with substantive justice to address unique labor situations, particularly in culturally specific practices like cockfighting. The decision aids continuity in strict labor classifications and affirms the judiciary's discretion to ensure equitable outcomes.