

### Title:

**\*\*GDI Lighting Solutions and Yehuda Ortal vs. Jasmin Bacalangco Unating: Supreme Court of the Philippines' Decision on Employer-Employee Relationship\*\***

### Facts:

1. **\*\*Hiring and Promotion\*\***: In May 2012, GDI Lighting Solutions (GDI Lighting) hired Jasmin Bacalangco Unating (Unating) as a Marketing Assistant with a promise of P1,000/day salary, additional food, and transportation allowances. She was later promoted to Manager/Supervisor.
2. **\*\*Request for Financial Assistance\*\***: In November 2014, Unating requested financial assistance from Yehuda Ortal (Ortal), GDI Lighting's CEO, for her impending maternity leave. Her request was ignored. Repeating her plea in December 2014 due to her need for a Caesarian section, she was again ignored.
3. **\*\*Turning Over Company Records\*\***: In late December 2014, Unating complied with Ortal's direction to turn over company records. On January 2, 2015, Ortal advised her to go home since she was due to give birth soon.
4. **\*\*Complaint Filing\*\***: On January 29, 2015, Unating filed a complaint against GDI Lighting and Ortal for illegal dismissal and nonpayment of various remunerations and benefits including wages, overtime pay, holiday pay, and maternity benefits, seeking moral and exemplary damages and attorney's fees.
5. **\*\*Position Paper Filings\*\***: Unating claimed she was an unpaid regular employee, receiving only meal allowances, while GDI Lighting argued she was an independent contractor under a Manpower Service Agreement, paying her weekly service fees.
6. **\*\*Labor Arbiter Ruling\*\***: Labor Arbiter Mona Lisa M. Vargas ruled in favor of GDI Lighting, dismissing Unating's complaint based on the absence of an employer-employee relationship.
7. **\*\*NLRC Appeal\*\***: Unating's appeal was partially granted by the NLRC, determining there was an employer-employee relationship but not illegal dismissal, entitled Unating to unpaid salaries, 13th month pay, and service incentive leave, totaling P212,808.03 plus attorney's fees.
8. **\*\*GDI Lighting's Certiorari Petition\*\***: GDI Lighting filed a Petition for Certiorari with the

CA which was denied. Their Motion for Reconsideration was also denied.

### ### Issues:

1. **Employer-Employee Relationship**: Whether the CA erred in affirming the existence of an employer-employee relationship.
2. **Entitlement to Benefits and Wages**: Whether Unating was entitled to backwages, 13th month pay, service incentive leave pay, and attorney's fees.

### ### Court's Decision:

#### **Employer-Employee Relationship**:

- **Evidence Analysis**: The Court found the Manpower Service Agreement, undated, unnotarized, and unwitnessed, insufficient to prove Unating was an independent contractor.
- **Unating's Evidence**: Unating's company ID and emails showing managerial responsibilities were deemed credible evidence of employment.
- **Four-fold Test Application**: Elements of the test (hiring, wage payment, dismissal power, control over work) were found satisfied, establishing Unating as GDI Lighting's employee.

#### **Entitlement to Benefits**:

- **Compensation Claims**: Unating was entitled to backwages, 13th month pay, and service incentive leave pay based on her established employment status.
- **Independent Contractor Rejection**: The burden to prove Unating as a legitimate independent contractor was not met by GDI Lighting. Unating's tasks related to GDI Lighting's core business reinforced employee status.

### ### Doctrine:

1. **Resolving Doubts in Favor of Labor**: When evidence is in equipoise, doubts are resolved in favor of labor, following protection policies for workers.
2. **Four-Fold Test** for Employer-Employee Relationship: Selection and engagement, payment, power of dismissal, and control over work method are critical in determining employment status.
3. **Substantial Evidence**: Credible and substantial evidence, such as company IDs and emails proving work roles, are crucial in labor cases.

### ### Class Notes:

- **Four-fold Test for Employment**: Selection/engagement, wage payment, dismissal power, work control.

- **\*\*Independent Contractor Definition\*\***: Operates distinctly, responsible for own business, free from principal's control (except result).
- **\*\*Legal Principles\*\***: Labor protection, resolving doubts favoring employees, burden shifting to employers in contractor claims.

**### Historical Background:**

This case highlighted the ongoing issues of employment misclassification in the Philippines. By scrutinizing agreements and contracts alleged to categorize employees as independent contractors, the Supreme Court reinforced protections for workers' rights defining true employment relationships amidst economic and managerial complexities.