

### Title:

Polyfoam-RGC International Corporation and Precilla A. Gramaje vs. Edgardo Concepcion,  
G.R. No. 176240

### Facts:

1. **Initial Employment and Claims**:

- Edgardo Concepcion was hired by Polyfoam-RGC International Corporation as an all-around factory worker and served for nearly six years.
- On January 14, 2000, Concepcion discovered his time card was removed from the rack. He was informed by a security guard he could not punch in.
- His supervisor mentioned management decided to dismiss him due to an infraction. Concepcion's plea to Ms. Natividad Cheng (Polyfoam's manager) was ignored.
- Concepcion, with legal assistance, unsuccessfully requested readmittance to work and subsequently filed a complaint for illegal dismissal and other monetary claims against Polyfoam and Ms. Cheng on February 8, 2000.

2. **Procedural Events**:

- **Motions**:

- On April 28, 2000, Precilla Gramaje filed a Motion for Intervention claiming to be Concepcion's true employer.
- Polyfoam and Cheng filed a Motion to Dismiss contending the absence of an employer-employee relationship and prescription of claims.

- **Labor Arbiter's Orders and Findings**:

- Labor Arbiter Adolfo Babiano granted Gramaje's motion, citing her as an indispensable party but denied Polyfoam and Cheng's Motion to Dismiss.
- Polyfoam and Cheng, as well as Gramaje/PAGES, maintained Concepcion was not Polyfoam's employee and invoked prescription.

3. **Labor Arbiter Decision**:

- On December 14, 2001, Labor Arbiter Marita V. Padolina found Concepcion to have been illegally dismissed.
- Polyfoam and Gramaje/PAGES were held jointly and severally liable for separation pay, backwages, 13th-month pay, damages, and attorney's fees amounting to P260,093.21.

4. **NLRC Decision**:

- Upon appeal, the NLRC exonerated Polyfoam and dismissed Concepcion's claims against them. However, it found Gramaje liable for separation pay.

- Claims for backwages, 13th-month pay, damages, and attorney's fees were deleted, denying the existence of an authorized dismissal.

5. **Court of Appeals Decision**:

- Concepcion filed a certiorari petition to the CA which reversed the NLRC decision and reinstated the LA ruling.

**Issues:**

1. **Timeliness of Concepcion's Petition**:

- Whether Concepcion's certiorari petition was filed on time.

2. **Existence of Independent Contractorship**:

- Whether P.A. Gramaje Employment Services was an independent contractor or a labor-only contractor.

3. **Existence of Employer-Employee Relationship**:

- Whether Concepcion was an employee of Polyfoam.

4. **Legality of Dismissal**:

- Whether Concepcion's dismissal was illegal and if procedural due process was followed.

**Court's Decision:**

1. **Timeliness of Petition**:

- The CA's decision not to dismiss Concepcion's petition due to timeliness was upheld.

2. **Independent Contractorship**:

- Gramaje was adjudged as a labor-only contractor, lacking substantial capital and independence in work execution, thus merely supplying labor to Polyfoam.

3. **Employer-Employee Relationship**:

- An employer-employee relationship between Polyfoam and Concepcion was confirmed, with Polyfoam held liable as the principal employer.

4. **Illegal Dismissal**:

- Concepcion's dismissal was ruled illegal. He was entitled to reinstatement with backpay or alternatively, separation pay due to strained relations. The awards included separation pay, back wages, 13th-month pay, damages, and attorney's fees.

**Doctrine:**

- **Labor-only Contracting**:

Article 106 (Labor Code of the Philippines): A contractor engaging in labor-only contracting is considered merely as an agent of the employer, making the principal employer liable as if directly employing the workers.

### Class Notes:

- **Labor-Only Contracting**:

- Defined as engaging contractors lacking substantial capital and independence, rendering principal employers liable.

- Key Elements under Article 106: Substantial capital test, independent business criterion, and control over work performance.

- Doctrine from **San Miguel Corporation v. Aballa**: Identifies elements distinguishing job-contracting from labor-only contracting.

- **Employer-Employee Relationship**:

- Factors considered: Control and supervision by the principal employer, length of employment, direct provision of work rules and guidelines by the principal.

- **San Miguel Corporation v. Semillano**: Applied for assessing contractor's independence and relationship nature.

- **Illegal Dismissal**:

- Procedural and substantive due process are vital; violation results in claims for backpay, damages, reinstatement or separation pay.

### Historical Background:

- **Labor Laws and Employment Relations**:

- The Labor Code of the Philippines governs employment relationships, addressing industrial disputes, fair labor practices, and protection against unjust dismissal.

- Rise in labor-only contracting cases due to attempts to circumvent full employer liabilities led to stringent policies ensuring labor rights protection.

This comprehensive case brief provides essential details about the case's facts, procedural history, legal issues, court rulings, and doctrines for clarity and reference, especially for law students and professionals studying Philippine employment law.