

Title: Air Material Wing Savings and Loan Association, Inc. vs. National Labor Relations Commission, et al., 303 Phil. 615

Facts:

1. In 1980, Luis S. Salas is appointed as “notarial and legal counsel” for Air Material Wing Savings and Loan Association (AMWSLAI).
2. On January 23, 1987, Salas’s appointment is renewed for three years, effective March 1, 1987, with a provision for termination for cause or necessity.
3. January 9, 1990, AMWSLAI issues a reminder of the approaching end of Salas’s term.
4. Salas lodges a complaint against AMWSLAI for separation pay, benefits, SSS premium refund, damages, payment for notarial services from February 1, 1980, to March 2, 1990, and attorney’s fees.
5. AMWSLAI moves to dismiss for lack of jurisdiction, claiming no employer-employee relationship.
6. Salas opposes, presenting evidence of employment relationship. Motion denied; parties required to submit position papers.
7. AMWSLAI’s motion for reconsideration is denied, and the parties are ordered again to submit position papers. AMWSLAI does not comply.
8. November 21, 1991, the labor arbiter dismisses most of Salas’s claims but allows compensation for notarial fees from 1987 to 1990 and attorney’s fees.
9. The National Labor Relations Commission (NLRC) affirms the Arbiter’s decision.
10. AMWSLAI seeks relief from the Supreme Court on jurisdiction and employment relationship.

Issues:

1. Whether Salas can be considered an employee of AMWSLAI.
2. Whether the NLRC had jurisdiction over Salas’s claims for notarial fees.
3. Whether Salas was entitled to notarial fees from 1987 to 1990 under his employment contract.

Court’s Decision:

1. **Employee Status:**
 - **Selection and Engagement:** Salas was selected by AMWSLAI’s board.
 - **Payment of Wages:** He was paid a monthly retainer’s fee.
 - **Power of Dismissal:** AMWSLAI reserved the right to terminate his employment.
 - **Control over Conduct:** AMWSLAI prescribed specific functions and duties for Salas.
 - **Ruling:** Salas was indeed an employee as established by the dominant right of control

and criteria fitting the employer-employee relationship.

2. **Jurisdiction over Notarial Fees:**

- Labor arbiters have jurisdiction over monetary claims connected to employment relationships.
- Even though notarial fees typically fall under different jurisdictions, they were deemed an incident of Salas's employment role.
- **Ruling:** NLRC's jurisdiction in this matter was upheld.

3. **Entitlement to Notarial Fees:**

- The employment contract did not separately stipulate payment for notarial services.
- Evidence did not substantiate a separate entitlement beyond the monthly compensation.
- **Ruling:** The Supreme Court overturned the award for notarial fees from 1987 to 1990 due to lack of contract stipulation or substantial evidence.

Doctrine:

- The court reaffirmed the criteria determining an employer-employee relationship: (1) Selection and engagement, (2) Payment of wages, (3) Power of dismissal, and (4) Control of employee's conduct.
- Labor Arbiters have original and exclusive jurisdiction over monetary claims tied to the employment relationship, including consequential tasks like notary services if part of the employment role.

Class Notes:

- **Elements of Employer-Employee Relationship:** Selection and engagement, payment of wages, power of dismissal, control of conduct.
- **Jurisdiction of Labor Arbiters:** Covers monetary claims tied to the employment relationship (Article 217, Labor Code).
- **Role of Substantial Evidence:** Affirms findings related to factual questions by NLRC.
- **Application of Contracts:** Employment terms must clearly delineate roles and specific compensations.

Historical Background:

- The ruling builds upon and clarifies the application of longstanding doctrines on employer-employee relationships, reinforcing the power and scope of Labor Arbiters as set out in the Labor Code.
- This case highlights the evolving nature of employment roles for professionals within

corporate structures, particularly for in-house legal counsels, reflecting the legal recognition of diverse professional contractual relationships.