

Title:

****Vicente Sy et al. vs. Court of Appeals and Jaime Sahot****

Facts:

In 1958, Jaime Sahot was employed as a truck helper by Vicente Sy Trucking—a business owned by petitioners. He became a truck driver in 1965, continuing under subsequent business name changes until it became SBT Trucking Corporation in 1994. Over 36 years, Sahot’s employment terms remained unchanged. By April 1994, Sahot, then 59, suffered from various ailments, impeding his work. Inquiring about his SSS benefits, he found his premium payments hadn’t been remitted. After filing a medical leave in May 1994 and subsequently seeking an extension, Sahot was threatened with termination due to his extended absences. On June 30, 1994, the petitioners dismissed him.

Sahot filed a complaint for illegal dismissal before the NLRC NCR Arbitration Branch on September 13, 1994. Labor Arbiter Ariel Cadiente Santos ruled there was no illegal dismissal as Sahot, deemed an industrial partner for most of his tenure, only became a regular employee in January 1994. A financial assistance of P15,000 was awarded to Sahot.

Upon appeal, the NLRC reversed this, recognizing Sahot as an employee since 1958 and awarding him separation pay of P60,320. The Court of Appeals affirmed this but increased the separation pay to P74,880, considering 36 years of service. Petitioners sought the reversal of the CA’s decision before the Supreme Court, claiming errors in the factual findings and the legal interpretation of their relationship with Sahot.

Issues:

1. ****Employer-Employee Relationship****: Whether Sahot was an employee since 1958 or an industrial partner until 1994.
2. ****Validity of Dismissal****: Whether Sahot’s termination on June 30, 1994, was lawful.
3. ****Entitlement to Separation Pay****: Whether Sahot was rightfully awarded separation pay and if so, its proper computation.

Court’s Decision:

****Employer-Employee Relationship****

The Supreme Court upheld the CA and NLRC’s findings that Sahot was an employee. The Court relied on established principles regarding employer-employee relationships: selection and engagement, payment of wages, dismissal powers, and control over work conduct. Sahot followed petitioners’ directives and received wages, lacking any profit-sharing

characteristic typical of an industrial partner.

****Validity of Dismissal:****

The Court found Sahot's dismissal improper both substantively and procedurally. Substantively, petitioners failed to provide necessary medical certification before termination, which is mandated by Article 284 of the Labor Code. Procedurally, Sahot wasn't given the requisite two notices—one to apprise him of the charges and another to formally dismiss him after his response.

****Entitlement to Separation Pay:****

Sahot's ailments justified his need for separation pay rather than continued employment. The CA correctly calculated the separation pay at 36 years of service, using his monthly salary basis, yielding P74,880.

Doctrine:

- ****Existence of Employment Relations****: Selection and engagement of an employee, payment of wages, power of dismissal, and employer's control over the work are key elements.
- ****Termination Due to Disease****: Requires certification by a competent public health authority as per Article 284, otherwise, dismissal is invalid.
- ****Procedural Due Process**** necessitates two notices for lawful termination.

Class Notes:

- ****Key Elements for Employment Relationship****:
 - Selection & engagement of the employee.
 - Payment of wages.
 - Power of dismissal.
 - Employer's control over work conduct.
- ****Termination Due to Disease****: Requires a competent public health authority's certification - Art. 284, Labor Code.
- ****Procedural Due Process****: Requires two notices before dismissal is effected.

Historical Background:

This case traces back to labor law principles protecting workers' rights, especially regarding employer-employee relations and lawful dismissal. It emphasizes the stringent processes an employer must follow before validly terminating an employee, reflecting laws developed from labor activists' advocacy in the Philippines' historical context of workers'

rights movements.