

**Title:** Singer Sewing Machine Company vs. Drilon, et al.

**Facts:**

- Filing of Petition for Direct Certification (February 15, 1989):** The Singer Machine Collectors Union-Baguio (SIMACUB), representing the collectors of the Singer Sewing Machine Company in Baguio, filed a petition for direct certification as the sole and exclusive bargaining agent of the said collectors.
- Company's Opposition:** The Singer Sewing Machine Company (the Company) opposed the petition, claiming that the union members were not employees but independent contractors based on the Collection Agency Agreement they signed.
- Med-Arbitrator's Decision (June 14, 1989):** Med-Arbitrator Designate Felix B. Chaguile, Jr. determined that there existed an employer-employee relationship between the Company and the union members and accordingly granted the petition for certification election.
- Appeal to Labor Secretary:** The Company appealed the Med-Arbitrator's decision to Secretary of Labor Franklin M. Drilon, who affirmed the Med-Arbitrator's decision.
- Motion for Reconsideration:** The Company filed a motion for reconsideration of the decision, which was denied by the Labor Secretary.
- Petition for Certiorari:** The Company subsequently petitioned the Supreme Court for certiorari, alleging that the public respondents acted in excess of jurisdiction and/or committed grave abuse of discretion.

**Issues:**

- Jurisdiction of DOLE:** Whether the Department of Labor and Employment (DOLE) had jurisdiction over the case, given the dispute over the existence of an employer-employee relationship.
- Due Process:** Whether the Company's right to due process was violated when the evidence of the union members being commission agents was disregarded.
- Existence of Employer-Employee Relationship:** Whether an employer-employee relationship existed between the Company and the union members.
- Status of Commission Agents:** Whether commission agents are to be classified as employees or independent contractors for the purposes of labor law.

**\*\*Court's Decision:\*\***

1. **\*\*Jurisdiction of DOLE:\*\*** The Supreme Court acknowledged that DOLE had jurisdiction since the Company itself submitted to DOLE's jurisdiction by appealing to the Labor Secretary. The DOLE's jurisdiction is valid as it was faced with a dispute on certification election.
2. **\*\*Due Process:\*\*** The Supreme Court ruled that there was no denial of due process. The Company was given ample opportunity to present its arguments and evidence. The fact that the evidence was not in the Company's favor does not imply a violation of due process.
3. **\*\*Employer-Employee Relationship:\*\*** The Supreme Court applied the "control test" to determine the relationship. This test examines whether the Company has control not only over the end result but also the means by which the result is achieved. The Court found that the Company did not exercise the necessary control over the means and methods of the collectors' work, as required by the control test.
4. **\*\*Status of Commission Agents:\*\*** The Court concluded that the collectors were independent contractors. The agreement terms and conditions indicated that collectors operated independently, were paid commissions, had control over their work hours and methods, and bore their own expenses. The collectors were not subject to the Company's control in a manner typical of an employer-employee relationship.

**\*\*Doctrine:\*\***

- **\*\*Control Test:\*\*** For an employer-employee relationship to exist, an employer must have control over not only the result of the work but also the means and methods used to achieve the result.
- **\*\*Independent Contractors:\*\*** Individuals who are paid based on the results they produce, without regular working hours and under minimal supervision, are usually classified as independent contractors, not employees.

**\*\*Class Notes:\*\***

- **\*\*Control Test Elements:\*\*** Selection and engagement of the employee, payment of wages, power of dismissal, and power of control over conduct, with the latter being the most critical.
- **\*\*Independent Contractor Criteria:\*\*** Freedom from control, independent business,

substantial capital or investment, and result-based compensation.

- **Article 280 Labor Code:** Distinguishes regular from casual employees but does not determine the existence of an employer-employee relationship.
- **Article 106 of the Labor Code:** Pertains to the liabilities of employers in job-contracting situations.

**Historical Background:**

- **Labor Relations in the Philippines:** The case occurs within the broader framework of the Labor Code of the Philippines, which governs employer-employee relationships and collective bargaining rights.
- **Union Rights:** The right to self-organization and collective bargaining is constitutionally mandated, but such rights are contingent upon the existence of an employer-employee relationship.
- **Labor Disputes Resolution:** The DOLE is the main body for resolving such disputes, playing a critical role in maintaining industrial peace.

The decision in this case reaffirms the doctrinal approach to distinguishing between employees and independent contractors, emphasizing the control test's importance in determining the nature of labor relationships.