

Abella v. Philippine Long Distance Telephone Company

Facts:

1. **Initial Agreement**: PSI entered into an agreement with PLDT to provide security services. The agreement explicitly stated that no employer-employee relationship existed between PLDT and the security guards supplied by PSI. PSI retained exclusive authority over selection, engagement, discharge, and control over the guards' wages.
2. **PLDT's Role**: PLDT's Security Division conducted interviews and required the security guards to fill out personal data sheets. Guards who did not meet PLDT's height requirements were sent back to PSI.
3. **Complaint for Regularization**: On June 5, 1995, 65 security guards filed a Complaint for regularization against PLDT with the Labor Arbiter, claiming they were directly supervised and controlled by PLDT, making them de facto regular employees of PLDT entitled to the corresponding compensation and benefits.
4. **Union Formation and Retaliation**: The petitioners formed the PLDT Company Security Personnel Union. PLDT allegedly requested PSI to terminate 25 union members participating in a picket.
5. **Procedural History**:
 - The Labor Arbiter dismissed the complaint for lack of merit.
 - The NLRC affirmed the decision of the Labor Arbiter.
 - The Court of Appeals upheld the NLRC's decision, reiterating that PSI, not PLDT, was the employer.
 - Petitioners filed a petition for review with the Supreme Court, which was initially denied due to a lack of verified statements of material date of receipt. A motion for reconsideration was also denied.

Issues:

1. **Employer-Employee Relationship**: Whether an employer-employee relationship existed between the petitioners and PLDT, rather than PSI.
2. **Control and Supervision**: Whether PLDT's oversight and involvement in the security guards' work constituted control sufficient to establish an employer-employee relationship.
3. **Dismissal Based on Technicality**: Whether the denial of the petition for review on technical grounds should be reconsidered to favor a resolution on the merits.

Court's Decision:

1. **Employer-Employee Relationship**: The Supreme Court used the “four-fold test” from *Philippine Airlines, Inc. v. NLRC* to determine that PSI was the employer. The four factors (selection and engagement, payment of wages, power to dismiss, and power to control conduct) indicated that PSI was the employer:

- **Selection and Engagement**: PSI selected and hired the security guards, even though PLDT conducted interviews and set standards.
- **Payment of Wages**: Wages were paid by PSI, not PLDT. Even though PLDT supervised attendance records, this did not imply responsibility for wages.
- **Power to Dismiss**: PSI had the sole authority to discharge the guards.
- **Power to Control**: PLDT's control through delinquency reports and training seminars was insufficient to establish an employer-employee relationship as these were consistent with ensuring compliance with contractual standards rather than employment.

2. **Procedural Technicalities**: The Court emphasized that appeals should not be dismissed solely on procedural grounds but should be resolved on merits when possible. However, the petitioners failed to overcome the consistent factual findings of the Labor Arbiter, NLRC, and Court of Appeals.

Doctrine:

The case reiterates the “four-fold test” to establish an employer-employee relationship:

- Selection and engagement of the employee.
- Payment of wages.
- Power to dismiss.
- Power to control the employee's conduct.

Class Notes:

- **Key Legal Concepts**: Employer-employee relationship, four-fold test, legitimate labor contracting, control and supervision in employment law.
- **Statutory Provisions**: Omnibus Rules Implementing the Labor Code, specifically Rule VII, Book II, Section 8.

Historical Background:

This case illustrates the complexities in industrial relations in the Philippines, especially in cases involving job contracting and employment regularization. The decision provides context to the evolving standards of labor rights protection and the employer-employee relationship's legal interpretation in the country's judicial system. The contract model for

providing security services poses questions on control, supervision, and responsibilities, which continue to influence labor policies and practices in various industries.