

Title:

Samonte vs. La Salle Greenhills, Inc., G.R. No. 780 Phil. 778 (2016)

Facts:

From 1989 to 2004, La Salle Greenhills, Inc. (LSGI) contracted the services of various medical professionals through annually renewable one-page Contracts of Retainer, specifying the academic year as the fixed term. Petitioners Arlene T. Samonte, Vladimir P. Samonte, and Ma. Aurea S. Elepano, were part of the Health Service Team (HST) under such contracts.

1. **Contract Details**: Each contract specified tasks and durations aligned with the school's academic calendar, starting in June and ending in March. The contract implied temporary employment and ceased without notice at the academic year's end unless terminated earlier for unsatisfactory performance or other just causes.
2. **Employment Duration**: The contracts were renewed yearly without disruption for 15 years until March 2004. Subsequently, LSGI decided not to renew these contracts as they opted to hire full-time medical staff.
3. **Filing for Illegal Dismissal**: After their contracts were not renewed, the petitioners filed a complaint before the National Labor Relations Commission (NLRC) seeking separation pay, damages, and attorney's fees, arguing they were regular employees.
4. **Labor Arbiter Ruling**: Ruled in favor of the school's contention, identifying petitioners as independent contractors but, on grounds of "compassionate social justice," awarded them separation pay.
5. **NLRC's Decision**: While the NLRC rejected the notion of the petitioners being independent contractors, it classified them as fixed-term employees. This classification validated the non-renewal of their contracts without entitling them to separation pay.
6. **Court of Appeals Ruling**: The petitioners further elevated their grievances to the Court of Appeals, which upheld the NLRC's decision, recognizing the contracts as fixed-term and denying claims of regular employment status and claims for separation pay and damages.

Issues:

1. **Nature of Employment**: Whether the petitioners were fixed-period employees or regular employees with entitlement to security of tenure.
2. **Illegal Dismissal**: Whether the non-renewal of their contracts constituted illegal dismissal.
3. **Entitlement to Remedies**: Whether the petitioners were entitled to reinstatement with back wages or separation pay, along with damages and attorney's fees.
4. **Bad Faith and Malice**: Whether respondents acted in bad faith and with malice towards the petitioners.

Court's Decision:

The Supreme Court ruled that:

1. **Regular Employment**: The petitioners were deemed regular employees. The court found that the contracts' repeated yearly renewal, the essential nature of their medical duties at LSGI, and LSGI's control over their work collectively signified regular employment rather than fixed-term status.
2. **Invalid Fixed-Term Employment**: The court held that the continuous renewal of the contracts and control exercised by LSGI made the fixed-term classification invalid.
3. **Illegal Dismissal**: Petitioners were illegally dismissed as their non-renewal was not for just or authorized causes; they were terminated contrary to their right to security of tenure.
4. **Entitlement to Remedies**: The employees were entitled to separation pay and full back wages from the time they were denied their job after the school year 2004. The case was remanded to the NLRC for computation of these awards.
5. **Bad Faith and Malice**: The decision did not explicitly address claims of bad faith and malice against respondents, focusing on the wrongful classification and subsequent illegal dismissal.

Doctrine:

- **Nature and Control of Employment**: The repeated renewal of contracts and the control exercised by the employer constitute regular employment.
- **Security of Tenure**: Regular employees may only be dismissed for just and authorized causes.
- **Fixed-Term Contracts**: These are valid only when voluntarily entered into and

negotiated on equal footing without moral dominance.

Class Notes:

- **Employee Classification**: Regular employees perform activities necessary and desirable to the employer's usual business and have tenure protection.
- **Security of Tenure**: Article 280 - Employees engaged in necessary activities are regular; repeated contract renewals imply regular employment.
- **Case Law Reference**: Brent School doctrine on fixed-term employment requires mutual and voluntary agreement.

Historical Background:

The case arose due to evolving employment patterns and the school's administrative restructure to hire full-time health professionals. It highlighted how long-standing contractual employment relationships should align with statutory definitions and protections for employees, reflecting both the legal context and practical implications of employee classifications in educational institutions.