

PHILIPPINE AIRLINES, INC., PETITIONER, VERSUS. NATIONAL LABOR RELATIONS COMMISSION, LABOR ARBITER MANUEL ASUNCION; MANUEL PARENAS, DANIEL GACO. RODOLFO SIARON, ALFREDO C. MONTIL...

G.R. NO. 125792. November 09, 1998

Ponente: PANGANIBAN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-125792/>

PANGANIBAN, J.:

In legitimate job contracting, an independent contractor undertakes to perform work on its own account, under its own responsibility and according to its own manner and method, free from the control and direction of the principal. No employment relationship arises between its employees and the principal. Consequently, the said employees can claim separation pay only from the independent contractor, and not from the principal.

The Case

These principles are used by the Court in granting this special civil action for certiorari, seeking to nullify the July 13, 1994 Decision and the June 27, 1996 Resolution of the National Labor Relations Commission, which held Philippine Airlines, Inc. liable for separation pay.

In five separate complaints for separation pay^[1] filed by the individual private respondents against Philippine Airlines (PAL), Inc. (herein petitioner) and Stellar Industrial Services, Inc. (STELLAR, for brevity), Labor Arbiter Manuel P. Asuncion rendered on October 29, 1993 a Decision which held:^[2]

"WHEREFORE, premises considered, xxx PAL is hereby ordered to pay the following complainants separation pay at the rate of one month salary for every year of service, thus:

1.) Manuel F. Parnas

- P17,264.75

2.) Daniel Gaco

-37,982.45

3.) Rodolfo Siaron

-31,076.55

4.) Alfredo C. Montilla

-31,076.55

5.) Romulo S. Castro

- 27,623.60

- 6.) Elsa C. Castro
- 31,076.55
- 7.) Marcelo Paragas
- 44,888.35
- 8.) Romulo Parane
- 13,411.80
- 9.) Rafael Sanchez
- 31,076.55
- 10.) Inocencio Alcantara
- 51,794.25
- 11.) Reynaldo Paraiso
- 17,264.75
- 12.) Roberto Geronimo
- 58,700.15
- 13.) Nomer E. Pescante
- 24,170.65
- 14.) Benedicto Santos
- 55,247.20
- 15.) Alberto Tomas
- 20,717.70
- 16.) Bonifacio Bayeta, Jr.
- 27,623.60
- 17.) Danilo Rodriguez
- 27,623.60
- 18.) Carleto de la Cruz
- 44,888.35
- 19.) Rafael Bequio
- 20,717.70
- 20.) Eduardo Sitjar
- 20,717.70
- 21.) Ruben M. Tanseco

- 20,717.70

22.) Teodoro K. Discaya

- 44,888.35

23.) Ernesto Evardone

- 48,341.30

24.) Arnulfo Lavilla

- 10,358.85

25.) Glecerio Elabarin

- 27,623.60

26.) Marcelino Caneda

- 27,623.60

27.) Epifanio Galibo

- 20,717.70

28.) Benjamin Gandalaria

- 58,700.15

29.) Lino B. Dagohoy

- 27,623.60

30.) Avelino Mullet

- 27,623.60

31.) Jimmy M. Cordero

- 20,717.70

32.) Ivanhoe Magno

- 41,435.40

33.) Felix V. Catindoy

- 24,170.65

34.) Ruben Daluz

- 37,982.45

35.) Abenir R. Yarra

- 41,435.40

36.) Santiago Cortes Jr.

- 24,170.65

37.) Armando P. Lucido

- 24,170.65

38.) Alberto Montilla

- 34,529.50

39.) Renerio Capon

- 17,264.75

40.) Leonardo Barroso

- 6,905.90

41.) Ireneo Frondoza

- 62,153.10

42.) Dionesio Banares

- 24,170.65

43.) Marcelo Marzan

- 20,717.70

44.) Alfredo Sta. Maria

- 55,247.20

45.) Bernardo Mamaril

- 13,811.80

46.) Carlos Delloro

- 44,888.35

47.) Alcon de la Torre

- 24,170.65

48.) Florentino Pestijo

- 24,170.65

"The complaints of Edwin Pilapil, Pedro Bermas, and Orlando Orpiada against Stellar Industrial Services, Inc., are dismissed for lack of merit."

On appeal, the National Labor Relations Commission (NLRC)[3] affirmed the labor arbiter's Decision in this wise:[4]

"WHEREFORE, except insofar as Stellar Industrial Services, Inc. is held jointly and severally liable with Philippine Airlines for the payment of complainants' separation benefits, the Decision appealed from is hereby AFFIRMED."

However, acting on the Motions for Reconsideration separately filed by petitioner and STELLAR, the NLRC modified its earlier Decision and ruled:[5]

"WHEREFORE, our July 13, 1994 decision is hereby modified in that the separation pay adjudged in this case is hereby declared to be the sole liability of [Petitioner] Philippine Airlines, Inc."

The Facts

The undisputed facts of this case, as summarized by the solicitor general, are as follows:[6]

"Sometime in 1977, PAL, a local air carrier, entered into a service agreement with STELLAR, a domestic corporation engaged, among others, in the business of job contracting janitorial services (PAL and STELLAR's Agreement, Annex '1' of PAL's Position Paper, Annex "F", id.).

"Pursuant to their service agreement, which was impliedly renewed year after year, STELLAR hired workers to perform janitorial and maintenance services for PAL. Among those employed were [Complainants] Manuel Parnas, Daniel Gaco, Rodolfo Siaron, Alfredo C. Montilla, Romulo S. Castro, Elsa C. Castro, Marcelo Paragas, Romulo Parane, Rafael Sanchez, Inocencio [Alcantara], Reynaldo Paraiso, Roberto Geronimo, Nomer E. Pescante, Benedicto Santos, Alberto Tomas, Bonifacio Bayeta, Jr., Danilo Rodriguez, Carleto dela Cruz, Rafael Bequio, Eduardo Sitjar, Ruben Tanseco, Teodoro K. Discaya, Ernesto Evardone, Arnulfo Lavilla, Glicerio Elabarin, Marcelino Caneda, Epifanio Galibo, Benjamin Gandelaria, Lino B. Dahohoy, Avelino Mullet, Jimmy M. Cordero, Ivanhoe Magino, Felix B. Catindoy, Ruben Daluz, Abenir Yara, Santiago Co[r]tez, Jr., Armando P. Lucido, Alberto Montilla, Renerio Capon, Leonardo Barrozo, Ireneo Frondoza, Dionesio Banares, Marcelo Marzon, Alfredo Sta. Maria, Bernardo Mamaril, Carlos Delloro, Aldon dela Torre and Florentino Pestido, who were assigned at PAL's various premises under the supervision of STELLAR's supervisors/foremen and timekeepers. The workers were also furnished by STELLAR with janitorial supplies, such as vacuum cleaner and polisher (Please see Manuel Parnas' Contract of Employment with STELLAR, Annex '1' of Annex 'E', id.; STELLAR's Position Paper, pp. 2-5, supra; TSN, May 20, 1993, pp. 15-16 and 19-20).

"On December 31, 1990, the service agreement between PAL and STELLAR expired. PAL then called for [the] bidding of its janitorial requirements. This notwithstanding, STELLAR exerted efforts to maintain its janitorial contract with PAL which, in the meantime, allowed Manuel Parnas and others to work at the PAL's premises (STELLAR's Position Paper, pp. 2-5, supra, and Memorandum of Appeal, Annex 'H', pp. 3-4, id.; Carlos Callanga's Affidavit, p. 2, pp. 156-160 Records; Annex '2' of STELLAR's Position Paper, supra; PAL's Memorandum of Appeal, p. 2, Annex 'G', Petition).

"Subsequently, in a letter dated October 31, 1990, PAL formally informed STELLAR that the service agreement between them would no longer be renewed effective November 16, 1991, since PAL's janitorial requirements were bidden to three other job contractors (Annex '2' of STELLAR's Position Paper, supra; PAL's Memorandum of Appeal, p. 2, supra).

"Alleging that they were illegally dismissed, the aforementioned individual private respondents filed, from January to June 1992, five complaints against PAL and STELLAR for illegal dismissal and for payment of separation pay (Annexes 'C', 'C-1' to 'C-19', id.)."

The Ruling of Respondent Commission

In its Decision affirming the ruling of the labor arbiter, Respondent Commission held petitioner, as an indirect employer, jointly and severally liable with STELLAR for separation pay. First, the individual private respondents' work, although not directly related to the business of petitioner, was necessary and desirable for the maintenance of the petitioner's premises and airplanes. Second, the individual private respondents were retained for thirteen long years, despite the fact that the contract, which petitioner had entered into with STELLAR in 1977, was only for one year.

On reconsideration, the NLRC modified its earlier Decision by absolving STELLAR of liability, thereby making PAL solely responsible for the award decreed by the labor arbiter. It held that, first, petitioner was the employer of

the individual private respondents, for it engaged in labor-only contracting with STELLAR. This was shown by the failure of petitioner to refute the factual finding that it continued to employ the individual private respondents after the expiration of the service contract on December 31, 1990. Second, the individual private respondents' admission in their Complaint that they were employees of STELLAR was not conclusive, as the existence of an employer-employee relation was a question of law that could not be the subject of stipulation. Respondent Commission concluded that their dismissal was without just and valid cause. Because they were no longer seeking reinstatement, petitioner was liable for separation pay.

Hence, this petition.[7] When required by the Court to comment on behalf of Respondent Commission, the solicitor general manifested his disagreement with the assailed Decision and Resolution. Thus, Respondent Commission, in compliance with the February 5, 1997 Resolution of this Court,[8] filed its own Comment.

The Issues

In its Memorandum,[9]petitioner imputes grave abuse of discretion to Respondent Commission in this wise:[10]

"(a) [I]n holding that the janitorial service agreement with STELLAR was a labor-only arrangement;

"(b) [I]n holding that PAL continued with the services of the individual respondents after November 16, 1991, when the janitorial agreement with STELLAR expired; and

"(c) [I]n holding PAL liable for payment of separation pay to the individual respondents."

The petition raises two main issues. First, whether the individual private respondents are regular employees of PAL. Second, whether petitioner is liable to them for separation pay. The resolution of the first issue involves a determination of (1) whether petitioner was a labor-only contractor; and (2) whether the individual private respondents became regular employees of PAL because they were allowed to continue working for petitioner after the expiration of the service contract.

The Court's Ruling

The petition is meritorious.

First Issue: No Employer-Employee Relation Between Complainants and Petitioner

Janitorial Service Agreement Is Not Labor-Only Contracting

Prohibited labor-only contracting is defined in Article 106 of the Labor Code as follows:

"ART. 106. Contractor or subcontractor."xxx

x x x x x x x x

"There is 'labor-only' contracting where the person supplying workers to an employer does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, and the workers recruited and placed by such persons are performing activities which are directly related to the principal business of such employer. In such cases, the person or intermediary shall be considered merely as an agent of the employer who shall be responsible to the workers in the same manner and extent as if the latter were directly employed by him."

This definition covers any person who undertakes to supply workers to an employer, where such person:

"(1) Does not have substantial capital or investment in the form of tools, equipment, [machinery], work premises and other materials; and

"(2) The workers recruited and placed by such person are performing activities which are directly related to the principal business or operations of the employer in which workers are habitually employed." [11]

On the other hand, permissible job contracting requires the following conditions:

"(1) The contractor carries on an independent business and undertakes the contract work on his own account under his own responsibility according to his own manner and method, free from the control and direction of his employer or principal in all matters connected with the performance of the work except as to the results thereof; and

"(2) The contractor has substantial capital or investment in the form of tools, equipment, [machinery], work premises, and other materials which are necessary in the conduct of his business." [12]

Applying the foregoing provisions to the present case, the Court finds no basis for holding that PAL engaged in labor-only contracting. The true nature of the individual private respondents' employment is evident from the service agreement between petitioner and STELLAR, which we reproduce hereunder:

"1. The CONTRACTOR [STELLAR] undertakes to provide the following cleaning and janitorial maintenance services.

Daily Routine:

- (a) Dusting and/or damp-wiping of other vertical and horizontal surfaces that require daily attention;
- (b) Sweeping and mopping of floors;
- (c) Polishing and spot-scrubbing of [illegible];
- (d) Dusting, damp-wiping and polishing of [furniture], counters, xxx and other office fixtures;
- (e) Emptying and cleaning of ash trays;
- (f) Cleaning and disinfecting of toilets and washrooms;
- (g) Cleaning of inside windows, glasses, surfaces, [partitions], etc.;
- (h) On-the-job supervision.

"2. The CONTRACTOR shall provide sufficient personnel, equipments [sic], supplies, and materials to carry out the undertakings; specified in the preceding paragraph, except that water and electricity consumption shall be for the account of the OWNER. The CONTRACTOR expressly represents that to adequately and suitably comply with the undertakings under paragraph 1 of this Agreement, the CONTRACTOR shall assign at least eight (8) employees, six (6) days a week except Legal Holidays, to the OWNER's premises to perform the work undertaken by the CONTRACTOR under this Agreement. To comply with such minimum requirements, the CONTRACTOR shall at all times be ready with relievers and/or replacements to ensure continuous and uninterrupted work in case of absences of each assigned employee.

"(3) The equipment, materials and supplies to be used by the CONTRACTOR in connection with its aforesaid undertakings shall be of high quality and shall not cause any damage to OWNER's premises and properties or cause any injury or annoyance to the persons working or present in the premises. The OWNER shall place at the disposal of the CONTRACTOR a suitable storage space with lock and key for the safekeeping of the cleaning equipment and materials which the xxx CONTRACTOR shall use in connection with its undertakings in xxx Agreement.

"4. The CONTRACTOR warrants that the persons it shall employ to perform the work subject to this Agreement shall be honest, reliable, carefully screened, trained, cooperative, and in possession of health

certificates and police clearances; they will be neat, presentable in appearance, attired in identifying uniforms and provided with identification cards. The uniforms and identification cards shall be at the expense of the CONTRACTOR.

"5. In consideration of the services to be rendered by the CONTRACTOR, the OWNER shall pay to the CONTRACTOR the sum of PESOS: THREE THOUSAND EIGHT HUNDRED FORTY (P3,840.00) per month in Philippine Currency, payable in two equal payments on the 15th and end of each month without necessity of demand. In the event that the minimum wage rate shall be increased by the operation of law, there shall be a corresponding automatic increase in the consideration of the contract price to be paid by the OWNER to the CONTRACTOR in consideration of the latter's services.

"6. In case the OWNER shall require the CONTRACTOR to perform the work provided under paragraph 1 hereof in excess of eight hours on: (1) any regular working day, the OWNER shall pay the CONTRACTOR an additional amount to be computed in the following manner:

x x x x x x x x

"7. It is agreed that no authority has been conferred upon the CONTRACTOR by the OWNER to hire any person on behalf of the latter and that each person employed or hired by the CONTRACTOR in carrying out its part of this Agreement shall be paid by the CONTRACTOR, and that no such person employed or hired shall be deemed [an] employee or agent of the OWNER.

"8. It is furthermore agreed that the CONTRACTOR shall select, engage and discharge its employees and shall have direct xxx control [of their] services. The CONTRACTOR shall likewise have absolute prerogative to determine the rate of wages or salaries of the employees.

"9. It is further agreed that the CONTRACTOR shall comply with all the requirements of laws, decrees, municipal ordinances, and regulations including but not limited to payment of State Insurance Fund, Medicare contributions, SSS contributions, and the Withholding Taxes of its employees.

"10. This agreement shall be for a period of one (1) year from May 1, 1977 to April 30, 1978 and [illegible]."

The foregoing agreement clearly indicates that an employee-employer relation existed between the individual private respondents and STELLAR, not PAL. The provisions of the agreement demonstrate that STELLAR possessed these earmarks of an employer: (1) the power of selection and engagement of employees (Stipulation Nos. 1, 4, 7 and 8), (2) the payment of wages (Stipulation Nos. 5, 6, 7 and 8), (3) the power of dismissal, and (4) the power to control the employee's conduct (Stipulation No. 8).[13]

Aside from these stipulations in the service agreement, other pieces of evidence support the conclusion that STELLAR, not PAL, was the employer of the individual private respondents. A contract of employment[14] existed between STELLAR and the individual private respondents, proving that it was said corporation which hired them. It was also STELLAR which dismissed them, as evidenced by Complainant Parenas' termination letter, which was signed by Carlos P. Callanga, vice president for operations and comptroller of STELLAR.[15] Likewise, they worked under STELLAR's own supervisors, Rodel Pagsulingan, Napoleon Parungao and Renato Topacio.[16] STELLAR even had its own collective bargaining agreement with its employees, including the individual private respondents.[17] Moreover, PAL had no power of control and dismissal over them.

In fact, STELLAR claims that it falls under the definition of an independent job contractor. Thus, it alleges that it has sufficient capital in the form of tools and equipment, like vacuum cleaners and polishers, and substantial capitalization as proven by its financial statements.[18] Further, STELLAR has clients other than petitioner, like San Miguel Corporation, Hongkong and Shanghai Bank, Eveready, Benguet Management Corporation and Japan Airlines.[19]

All these circumstances establish that STELLAR undertook said contract on its account, under its own responsibility, according to its own manner and method, and free from the control and direction of the petitioner. Where the control of the principal is limited only to the result of the work, independent job contracting exists.[20] The janitorial service agreement between petitioner and STELLAR is definitely a case of permissible job contracting.

Extension of Service Contract is
Not a Source of Employer-Employee
Relation

Respondent NLRC found that petitioner was the individual private respondents' employer, based primarily on the continued engagement of the employees after the expiration of the service contract. It ruled:[21]

"Our taking cognizance of the fact that PAL, despite the expiration of its contract with Stellar on December 31, 1990 continued with the service of some of the complainants 'as late as 1991', should have been enough notice for them to refute this fact come [the] xxx motion for reconsideration.

"But again, perusing PAL's motion for reconsideration, we note that xxx it never refuted the finding below that it continued employing the complainants after its service contract with Stellar expired. We thus cannot but hold on to our view that PAL should be answerable to the separation pay awarded below not only for its engaging in a labor-only contract with Stellar but more importantly for its continued employment of complainants after its service contract with Stellar (the argued employer of complainants) expired."

In its Comment,[22] NLRC, citing Loadstar Shipping Co., Inc. v. Gallo,[23] defended its position on the ground that judicial review by this Court does not include appreciation of the evidence, but is confined only to issues of jurisdiction or grave abuse of discretion.

In trying to support this finding, the individual respondents presented, on the other hand, an entirely different theory -- that petitioner, by allowing them to continue working after the expiration of the service agreement, became their successor-employer. In their Memorandum,[24] they argue:

"xxx [T]he records and evidence show that the janitorial service contract between PAL and Stellar expired on December 31, 1990, and not on November 16, 1991 [as stated in the October 31, 1990 letter of the petitioner].

xxx xxx xxx

"As a consequence of petitioner's letter and upon knowledge of the termination of [the] janitorial service contract, respondent Stellar formally notified each of the [complainants] that their individual employment contract likewise be terminated effective November 16, 1991. Furthermore, it has been expressly and uniformly stated in each of [complainants'] employment contract that their services would last upon the termination of the janitorial service contract between PAL and Stellar which was of course supposedly on December 31, 1990. By working up to the time of the final termination which is November 16, 1991, from December 31, 1990, private respondents became direct employees of PAL.

xxx xxx xxx

"Petitioner's continued employment of [complainants] inspite of the expiration of the janitorial contract is an implied absorption to the point of making them its regular employees and making illegal their subsequent termination from service. xxxx As held by the Supreme Court, employees absorbed by [a] successor employer enjoy the continuity of their employment status and their rights and privileges (International Container Terminal Services, Inc. vs. NLRC, G.R. N[o]. 982950-99, April 10, 1996, citing the case of Sumandi vs. Leogardo, et al., G.R. N[o]. 67635, January 17, 1985). xxx."[25]

Both contentions are untenable. First, while the issue of labor-only contracting may involve some factual considerations, the existence of an employer-employee relation is nonetheless a question of law.[26] Thus, it falls squarely within the ambit of this Court's judicial review. Second, individual private respondents' invocation of the successor-employer doctrine is not warranted. This doctrine involves a transfer of ownership of the business to a new employer. Where the change of ownership is in bad faith or is used to defeat the rights of labor, the successor-employer is deemed to have absorbed the employees and is held liable for the transgressions of his or her predecessor.[27] Petitioner, however did not become the successor-employer of the individual private respondents when the service contract expired. There was no transfer of the business of STELLAR in this particular case. The separate undertakings of petitioner and STELLAR continued even after the expiration of the service contract and the dismissal of individual private respondents.

Indeed, we agree with the solicitor general's explanation of this matter:[28]

"xxx What actually happened was that PAL and STELLAR impliedly renewed, as they had previously done before, their service agreement until PAL's janitorial requirements were bidden to other job contractors. This explains why the individual private respondents remained working at PAL's premises even after December 31, 1990."

From the foregoing disquisition, it is evident that petitioner was engaged in permissible job contracting and that the individual private respondents, for the entire duration of their employ, were employees not of petitioner but of STELLAR. In legitimate job contracting, no employer-employee relation exists between the principal and the job contractor's employees. The principal is responsible to the job contractor's employees only for the proper payment of wages.[29] But in labor-only contracting, an employer-employee relation is created by law between the principal and the labor-only contractor's employees, such that the former is responsible to such employees, as if he or she had directly employed them.[30] Besides, the Court has already taken judicial notice of the general practice adopted in several government and private institutions of securing janitorial services on an independent contractor basis.[31]

Second Issue:

STELLAR Is Liable for Separation Pay

Short of expressly admitting to be the employer of the individual private respondents, STELLAR avers that the former were project employees, whose employment was coterminous with the service agreement,[32] as evidenced by the following stipulations in their contract:[33]

"1. The EMPLOYER hereby contracts the services of the EMPLOYEE to work as Janitor-CPD at the project of the EMPLOYER with PAL.

2. It is expressly agreed and understood that the work of the EMPLOYEE shall last only during and shall in no case extend beyond the period fixed for the duration of the contract between the EMPLOYER and PAL covering the project to which the EMPLOYEE is assigned as specified in the second 'WHEREAS' hereof. Upon the expiration of said contract the employment of the said employee is deemed automatically terminated without further notice."

In order to avoid liability for separation pay, STELLAR argues that it terminated the services of the individual private respondents for a just and valid cause: the completion of a specific project. Thus, they are not entitled to separation pay.

The Court is not convinced. The position of STELLAR that individual private respondents were its project employees is totally unfounded. A regular employee is distinguished from a project employee by the fact that the latter is employed to carry out a specific project or undertaking, the duration or scope of which was specified at

the time the employees were engaged.[34] A "project" has reference to a particular job or undertaking that may or may not be within the regular or usual business of the employer.[35] In either case, the project must be distinct, separate and identifiable from the main business of the employer, and its duration must be determined or determinable.

In the case at bar, despite the protestations of STELLAR, the service agreement was not a project because its duration was not determined or determinable. While the service agreement may have had a specific term, STELLAR disregarded it, repeatedly renewed the service agreement, and continued hiring the individual private respondents for thirteen consecutive years. Had STELLAR won the bidding, the alleged "project" would have never ended. In any event, the aforesaid stipulations in the employment contract are not included in Articles 282 and 283 of the Labor Code as valid causes for the dismissal of employees.

Again, we must emphasize that the main business of STELLAR is the supply of manpower to perform janitorial services for its clients, and the individual private respondents were janitors engaged to perform activities that were necessary and desirable to STELLAR's enterprise.[36] In this case, we hold that the individual private respondents were STELLAR's regular employees, and there was no valid cause for their dismissal.

WHEREFORE, the petition is hereby GRANTED. The assailed Decision and Resolution are SET ASIDE insofar as they held PAL liable for separation pay. The July 13, 1994 Decision is however reinstated insofar as it ORDERED STELLAR liable for such award.

SO ORDERED.

Davide, Jr. (Chairman), Vitug and Quisumbing, JJ., concur.
Bellosillo, J., on official business abroad.

[1] These claims were docketed as Case Nos. NLRC-NCR 00-01-00489-92, 00-05-02819-92, 00-06-03382-92, 00-06-03391-92 and 00-06-03074-92.

[2] Labor Arbiter's Decision, p. 9; Rollo, p. 28.

[3] First Division, composed of Comm. Vicente S.E. Veloso, ponente; Pres. Comm. Bartolome S. Carale, and Comm. Alberto R. Quimpo, member.

[4] NLRC Decision, p. 8; Rollo, p. 129.

[5] NLRC Resolution, p. 14, Rollo, p. 43.

[6] Manifestation and Motion (In Lieu of Comment), pp. 2-5; Rollo, pp. 236-239. This was signed by former Solicitor General Silvestre H. Bello III, Asst. Solicitor General Magdangal M. de Leon and Associate Solicitor Eric O. Panga.

[7] This case was deemed submitted for decision upon receipt by this Court of the individual private respondents' Memorandum on March 6, 1998.

[8] Rollo, p. 253.

[9] Signed by Attys. Jose C. Blanco and Paulino D. Ungos Jr. of the PAL Labor Affairs Department.

[10] Rollo, p. 104.

[11] Sec. 9, Rule VIII, Book III of the Implementing Rules of the Labor Code.

[12] Sec. 8, Rule VIII, Book III of the Implementing Rules.

[13] Sandigan Savings & Loan Bank, Inc. v. National Labor Relations Commission, 254 SCRA 126, 133, February 26, 1996; Philippine Airlines, Inc. v. National Labor Relations Commission, 263 SCRA 638, 654, October 28, 1996; Encyclopaedia Britannica (Philippines), Inc. v. National Labor Relations Commission, 264 SCRA 1, 6-7, November 4, 1996.

[14] Annex "1" of Petition, Rollo, p. 82.

[15] Records, p. 163.

[16] Memorandum for STELLAR, p. 7; Rollo, p. 328, signed by Atty. Ma. Carmela C. Lajom of Belo, Gozon, Elma, Parel, Asuncion & Lucila.

[17] Ibid., p. 9; Id., p. 330.

[18] Annexes "A," "B," and "C" of the Supplemental Motion for Reconsideration of STELLAR; Records, pp. 601-612.

[19] TSN, May 20, 1993, pp. 21 and 23.

[20] Sandigan v. NLRC, supra, p. 135.

[21] NLRC Resolution, pp. 12-13; Rollo, pp. 41-42.

[22] Signed by Renaldo O. Hernandez, Attorney IV, NLRC, Legal and Enforcement Division.

[23] 229 SCRA 654, 659-660, February 4, 1994.

[24] Signed by Atty. Isidro G. Pasana.

[25] Complainants' Memorandum, pp. 4-6; Rollo, pp. 344-346.

[26] PCI Automation Center, Inc. v. National Labor Relations Commission, 252 SCRA 493, 506, January 29, 1996.

[27] International Container Terminal Services, Inc. v. National Labor Relations Commission, 256 SCRA 124, 132-133, April 10, 1996; Cruz v. Philippine Association of Free Labor Unions (PAFLU), 42 SCRA 68, 77-78, October 29, 1971; Majestic and Republic Theaters Employees' Association v. Court of Industrial Relations, 4 SCRA 457, 461-462, February 28, 1962; San Felipe Neri School of Mandaluyong, Inc. v. National Labor Relations Commission, 201 SCRA 478, 485-486, September 11, 1991; Central Azucarera del Danao v. Court of Appeals, 137 SCRA 295, 306, June 29, 1985; and Marina Port Services, Inc. v. Cresencio Iniego et al., 181 SCRA 304, 307, January 22, 1990.

[28] Manifestation and Motion, pp. 11-12; Rollo, pp. 245-246.

[29] PCI v. NLRC, supra, p. 504.

[30] Ibid.

[31] Kimberly Independent Labor Union v. Drilon, 185 SCRA 205, 190, May 9, 1990; and Rhone-Poulenc Agrochemicals Philippines, Inc. v. National Labor Relations Commission, 217 SCRA 249, 259, January 19, 1993.

[32] Memorandum for STELLAR, pp. 12-15; Rollo, pp. 333-335.

[33] Annex "1" of the Petition, Rollo, p. 82.

[34] *Cosmos Bottling Corporation v. National Labor Relations Commission*, 255 SCRA 358, 364, March 29, 1996.

[35] *Ibid.*, pp. 364-365; *ALU-TUCP v. National Labor Relations Commission*, 234 SCRA 678, 686-687, August 2, 1994; and *Raycor Aircontrol Systems, Inc. v. National Labor Relations Commission*, 261 SCRA 589, 606, September 9, 1996.

[36] Art. 280, Labor Code.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.