

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE SOCIAL SECURITY COMMISSION AND SOCIAL SECURITY SYSTEM, PETITIONERS, VS. ASIAPRO COOPERATIVE, RESPONDENT.**

*G.R. No. 172101. November 23, 2007*

Ponente: CHICO-NAZARIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-172101/>

---

**CHICO-NAZARIO, J.:**

Before this Court is a Petition for Review on Certiorari under Rule 45 of the 1997 Revised Rules of Civil Procedure seeking to annul and set aside the Decision[1] and Resolution[2] of the Court of Appeals in CA-G.R. SP No. 87236, dated 5 January 2006 and 20 March 2006, respectively, which annulled and set aside the Orders of the Social Security Commission (SSC) in SSC Case No. 6-15507-03, dated 17 February 2004[3] and 16 September 2004,[4] respectively, thereby dismissing the petition-complaint dated 12 June 2003 filed by herein petitioner Social Security System (SSS) against herein respondent.

Herein petitioner Republic of the Philippines is represented by the SSC, a quasi-judicial body authorized by law to resolve disputes arising under Republic Act No. 1161, as amended by Republic Act No. 8282.[5] Petitioner SSS is a government corporation created by virtue of Republic Act No. 1161, as amended. On the other hand, herein respondent Asiapro Cooperative (Asiapro) is a multi-purpose cooperative created pursuant to Republic Act No. 6938[6] and duly registered with the Cooperative Development Authority (CDA) on 23 November 1999 with Registration Certificate No. 0-623-2460.[7]

The antecedents of this case are as follows:

Respondent Asiapro, as a cooperative, is composed of owners-members. Under its by-laws, owners-members are of two categories, to wit: (1) regular member, who is entitled to all the rights and privileges of membership; and (2) associate member, who has no right to vote and be voted upon and shall be entitled only to such rights and privileges provided in its by-laws.[8] Its primary objectives are to provide savings and credit facilities and to develop other livelihood services for its owners-members. In the discharge of the aforesaid primary objectives, respondent cooperative entered into several Service Contracts[9] with Stanfilco - a division of DOLE Philippines, Inc. and a company based in Bukidnon. The owners-members do not receive compensation or wages from the respondent cooperative. Instead, they receive a share in the service surplus[10] which the respondent cooperative earns from different areas of trade it engages in, such as the income derived from the said Service Contracts with Stanfilco. The owners-members get their income from the service surplus generated by the quality and amount of services they rendered, which is determined by the Board of Directors of the respondent cooperative.

In order to enjoy the benefits under the Social Security Law of 1997, the owners-members of the respondent cooperative, who were assigned to Stanfilco requested the services of the latter to register them with petitioner SSS as self-employed and to remit their contributions as such. Also, to comply with Section 19-A of Republic Act No. 1161, as amended by Republic Act No. 8282, the SSS contributions of the said owners-members were equal to the share of both the employer and the employee.

On 26 September 2002, however, petitioner SSS through its Vice-President for Mindanao Division, Atty. Eddie A. Jara, sent a letter[11] to the respondent cooperative, addressed to its Chief Executive Officer (CEO) and General Manager Leo G. Parma, informing the latter that based on the Service Contracts it executed with Stanfilco, respondent cooperative is actually a manpower contractor supplying employees to Stanfilco and for that reason, it is an employer of its owners-members working with Stanfilco. Thus, respondent cooperative should register itself with petitioner SSS as an employer and make the corresponding report and remittance of premium contributions in accordance with the Social Security Law of 1997. On 9 October 2002,[12] respondent cooperative, through its counsel, sent a reply to petitioner SSS's letter asserting that it is not an employer because its owners-members are the cooperative itself; hence, it cannot be its own employer. Again, on 21 October 2002,[13] petitioner SSS sent a letter to respondent cooperative ordering the latter to register as an employer and report its owners-members as employees for compulsory coverage with the petitioner SSS. Respondent cooperative continuously ignored the demand of petitioner SSS.

Accordingly, petitioner SSS, on 12 June 2003, filed a Petition[14] before petitioner SSC against the respondent cooperative and Stanfilco praying that the respondent cooperative or, in the alternative, Stanfilco be directed to register as an employer and to report respondent cooperative's owners-members as covered employees under the compulsory coverage of SSS and to remit the necessary contributions in accordance with the Social Security Law of 1997. The same was docketed as SSC Case No. 6-15507-03. Respondent cooperative filed its Answer with Motion to Dismiss alleging that no employer-employee relationship exists between it and its owners-members, thus, petitioner SSC has no jurisdiction over the respondent cooperative. Stanfilco, on the other hand, filed an Answer with Cross-claim against the respondent cooperative.

On 17 February 2004, petitioner SSC issued an Order denying the Motion to Dismiss filed by the respondent cooperative. The respondent cooperative moved for the reconsideration of the said Order, but it was likewise denied in another Order issued by the SSC dated 16 September 2004.

Intending to appeal the above Orders, respondent cooperative filed a Motion for Extension of Time to File a Petition for Review before the Court of Appeals. Subsequently, respondent cooperative filed a Manifestation stating that it was no longer filing a Petition for Review. In its place, respondent cooperative filed a Petition for Certiorari before the Court of Appeals, docketed as CA-G.R. SP No. 87236, with the following assignment of errors:

- The Orders dated 17 February 2004 and 16 September 2004 of [herein petitioner] SSC were issued with grave abuse of discretion amounting to a (sic) lack or excess of jurisdiction in that:
- [Petitioner] SSC arbitrarily proceeded with the case as if it has jurisdiction over the petition a quo, considering that it failed to first resolve the issue of the existence of an employer-employee relationship between [respondent] cooperative and its owners-members.
- While indeed, the [petitioner] SSC has jurisdiction over all disputes arising under the SSS Law with respect to coverage, benefits, contributions, and related matters, it is respectfully submitted that [petitioner] SSC may only assume jurisdiction in cases where there is no dispute as to the existence of an employer-employee relationship.
- Contrary to the holding of the [petitioner] SSC, the legal issue of employer-employee relationship raised in [respondent's] Motion to Dismiss can be preliminarily resolved through summary hearings prior to the hearing on the merits. However, any inquiry beyond a preliminary determination, as what [petitioner SSC] wants to accomplish, would be to encroach on the jurisdiction of the National Labor Relations Commission [NLRC], which is the more competent body clothed with power to resolve issues relating to the existence of an employment relationship.

- At any rate, the [petitioner] SSC has no jurisdiction to take cognizance of the petition a quo.
- [Respondent] is not an employer within the contemplation of the Labor Law but is a multi-purpose cooperative created pursuant to Republic Act No. 6938 and composed of owners-members, not employees.
- The rights and obligations of the owners-members of [respondent] cooperative are derived from their Membership Agreements, the Cooperatives By-Laws, and Republic Act No. 6938, and not from any contract of employment or from the Labor Laws. Moreover, said owners-members enjoy rights that are not consistent with being mere employees of a company, such as the right to participate and vote in decision-making for the cooperative.
- As found by the Bureau of Internal Revenue [BIR], the owners-members of [respondent] cooperative are not paid any compensation income.[15] (Emphasis supplied.)

On 5 January 2006, the Court of Appeals rendered a Decision granting the petition filed by the respondent cooperative. The decretal portion of the Decision reads:

WHEREFORE, the petition is GRANTED. The assailed Orders dated [17 February 2004] and [16 September 2004], are ANNULLED and SET ASIDE and a new one is entered DISMISSING the petition-complaint dated [12 June 2003] of [herein petitioner] Social Security System.[16]

Aggrieved by the aforesaid Decision, petitioner SSS moved for a reconsideration, but it was denied by the appellate court in its Resolution dated 20 March 2006.

Hence, this Petition.

In its Memorandum, petitioners raise the issue of whether or not the Court of Appeals erred in not finding that the SSC has jurisdiction over the subject matter and it has a valid basis in denying respondent's Motion to Dismiss. The said issue is supported by the following arguments:

- The [petitioner SSC] has jurisdiction over the petition-complaint filed before it by the [petitioner SSS] under R.A. No. 8282.
- Respondent [cooperative] is estopped from questioning the jurisdiction of petitioner SSC after invoking its jurisdiction by filing an [A]nswer with [M]otion to [D]ismiss before it.
- The [petitioner SSC] did not act with grave abuse of discretion in denying respondent [cooperative's] [M]otion to [D]ismiss.
- The existence of an employer-employee relationship is a question of fact where presentation of evidence is necessary.
- There is an employer-employee relationship between [respondent cooperative] and its [owners-members].

Petitioners claim that SSC has jurisdiction over the petition-complaint filed before it by petitioner SSS as it involved an issue of whether or not a worker is entitled to compulsory coverage under the SSS Law. Petitioners avow that Section 5 of Republic Act No. 1161, as amended by Republic Act No. 8282, expressly confers upon petitioner SSC the power to settle disputes on compulsory coverage, benefits, contributions and penalties thereon or any other matter related thereto. Likewise, Section 9 of the same law clearly provides that SSS coverage is compulsory upon all employees. Thus, when petitioner SSS filed a petition-complaint against the respondent cooperative and Stanfilco before the petitioner SSC for the compulsory coverage of respondent cooperative's owners-members as well as for collection of unpaid SSS contributions, it was very obvious that the subject matter of the aforesaid petition-complaint was within the expertise and jurisdiction of the SSC.

Petitioners similarly assert that granting *arguendo* that there is a prior need to determine the existence of an employer-employee relationship between the respondent cooperative and its owners-members, said issue does not preclude petitioner SSC from taking cognizance of the aforesaid petition-complaint. Considering that the principal relief sought in the said petition-complaint has to be resolved by reference to the Social Security Law and not to the Labor Code or other labor relations statutes, therefore, jurisdiction over the same solely belongs to petitioner SSC.

Petitioners further claim that the denial of the respondent cooperative's Motion to Dismiss grounded on the alleged lack of employer-employee relationship does not constitute grave abuse of discretion on the part of petitioner SSC because the latter has the authority and power to deny the same. Moreover, the existence of an employer-employee relationship is a question of fact where presentation of evidence is necessary. Petitioners also maintain that the respondent cooperative is already estopped from assailing the jurisdiction of the petitioner SSC because it has already filed its Answer before it, thus, respondent cooperative has already submitted itself to the jurisdiction of the petitioner SSC.

Finally, petitioners contend that there is an employer-employee relationship between the respondent cooperative and its owners-members. The respondent cooperative is the employer of its owners-members considering that it undertook to provide services to Stanfilco, the performance of which is under the full and sole control of the respondent cooperative.

On the other hand, respondent cooperative alleges that its owners-members own the cooperative, thus, no employer-employee relationship can arise between them. The persons of the employer and the employee are merged in the owners-members themselves. Likewise, respondent cooperative's owners-members even requested the respondent cooperative to register them with the petitioner SSS as self-employed individuals. Hence, petitioner SSC has no jurisdiction over the petition-complaint filed before it by petitioner SSS.

Respondent cooperative further avers that the Court of Appeals correctly ruled that petitioner SSC acted with grave abuse of discretion when it assumed jurisdiction over the petition-complaint without determining first if there was an employer-employee relationship between the respondent cooperative and its owners-members. Respondent cooperative claims that the question of whether an employer-employee relationship exists between it and its owners-members is a legal and not a factual issue as the facts are undisputed and need only to be interpreted by the applicable law and jurisprudence.

Lastly, respondent cooperative asserts that it cannot be considered estopped from assailing the jurisdiction of petitioner SSC simply because it filed an Answer with Motion to Dismiss, especially where the issue of jurisdiction is raised at the very first instance and where the only relief being sought is the dismissal of the petition-complaint for lack of jurisdiction.

From the foregoing arguments of the parties, the issues may be summarized into:

- Whether the petitioner SSC has jurisdiction over the petition-complaint filed before it by petitioner SSS against the respondent cooperative.
- Whether the respondent cooperative is estopped from assailing the jurisdiction of petitioner SSC since it had already filed an Answer with Motion to Dismiss before the said body.

Petitioner SSC's jurisdiction is clearly stated in Section 5 of Republic Act No. 8282 as well as in Section 1, Rule III of the 1997 SSS Revised Rules of Procedure.

Section 5 of Republic Act No. 8282 provides:

SEC. 5. Settlement of Disputes. – (a) Any dispute arising under this Act with respect to coverage, benefits, contributions and penalties thereon or any other matter related thereto, shall be cognizable by the Commission, x x x. (Emphasis supplied.)

Similarly, Section 1, Rule III of the 1997 SSS Revised Rules of Procedure states:

Section 1. Jurisdiction. – Any dispute arising under the Social Security Act with respect to coverage, entitlement of benefits, collection and settlement of contributions and penalties thereon, or any other matter related thereto, shall be cognizable by the Commission after the SSS through its President, Manager or Officer-in-charge of the Department/Branch/Representative Office concerned had first taken action thereon in writing. (Emphasis supplied.)

It is clear then from the aforesaid provisions that any issue regarding the compulsory coverage of the SSS is well within the exclusive domain of the petitioner SSC. It is important to note, though, that the mandatory coverage under the SSS Law is premised on the existence of an employer-employee relationship<sup>[17]</sup> except in cases of compulsory coverage of the self-employed.

It is axiomatic that the allegations in the complaint, not the defenses set up in the Answer or in the Motion to Dismiss, determine which court has jurisdiction over an action; otherwise, the question of jurisdiction would depend almost entirely upon the defendant.<sup>[18]</sup> Moreover, it is well-settled that once jurisdiction is acquired by the court, it remains with it until the full termination of the case.<sup>[19]</sup> The said principle may be applied even to quasi-judicial bodies.

In this case, the petition-complaint filed by the petitioner SSS before the petitioner SSC against the respondent cooperative and Stanfilco alleges that the owners-members of the respondent cooperative are subject to the compulsory coverage of the SSS because they are employees of the respondent cooperative. Consequently, the respondent cooperative being the employer of its owners-members must register as employer and report its owners-members as covered members of the SSS and remit the necessary premium contributions in accordance with the Social Security Law of 1997. Accordingly, based on the aforesaid allegations in the petition-complaint filed before the petitioner SSC, the case clearly falls within its jurisdiction. Although the Answer with Motion to Dismiss filed by the respondent cooperative challenged the jurisdiction of the petitioner SSC on the alleged lack of employer-employee relationship between itself and its owners-members, the same is not enough to deprive the petitioner SSC of its jurisdiction over the petition-complaint filed before it. Thus, the petitioner SSC cannot be faulted for initially assuming jurisdiction over the petition-complaint of the petitioner SSS.

Nonetheless, since the existence of an employer-employee relationship between the respondent cooperative and its owners-members was put in issue and considering that the compulsory coverage of the SSS Law is predicated on the existence of such relationship, it behooves the petitioner SSC to determine if there is really an employer-employee relationship that exists between the respondent cooperative and its owners-members.

The question on the existence of an employer-employee relationship is not within the exclusive jurisdiction of the National Labor Relations Commission (NLRC). Article 217 of the Labor Code enumerating the jurisdiction of the Labor Arbiters and the NLRC provides that:

ART. 217. JURISDICTION OF LABOR ARBITERS AND THE COMMISSION. - (a) x x x.

x x x x

- Except claims for Employees Compensation, Social Security, Medicare and maternity benefits, all other claims, arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00) regardless of whether accompanied

with a claim for reinstatement.[20]

Although the aforesaid provision speaks merely of claims for Social Security, it would necessarily include issues on the coverage thereof, because claims are undeniably rooted in the coverage by the system. Hence, the question on the existence of an employer-employee relationship for the purpose of determining the coverage of the Social Security System is explicitly excluded from the jurisdiction of the NLRC and falls within the jurisdiction of the SSC which is primarily charged with the duty of settling disputes arising under the Social Security Law of 1997.

On the basis thereof, considering that the petition-complaint of the petitioner SSS involved the issue of compulsory coverage of the owners-members of the respondent cooperative, this Court agrees with the petitioner SSC when it declared in its Order dated 17 February 2004 that as an incident to the issue of compulsory coverage, it may inquire into the presence or absence of an employer-employee relationship without need of waiting for a prior pronouncement or submitting the issue to the NLRC for prior determination. Since both the petitioner SSC and the NLRC are independent bodies and their jurisdiction are well-defined by the separate statutes creating them, petitioner SSC has the authority to inquire into the relationship existing between the worker and the person or entity to whom he renders service to determine if the employment, indeed, is one that is excepted by the Social Security Law of 1997 from compulsory coverage.[21]

Even before the petitioner SSC could make a determination of the existence of an employer-employee relationship, however, the respondent cooperative already elevated the Order of the petitioner SSC, denying its Motion to Dismiss, to the Court of Appeals by filing a Petition for Certiorari. As a consequence thereof, the petitioner SSC became a party to the said Petition for Certiorari pursuant to Section 5(b)[22] of Republic Act No. 8282. The appellate court ruled in favor of the respondent cooperative by declaring that the petitioner SSC has no jurisdiction over the petition-complaint filed before it because there was no employer-employee relationship between the respondent cooperative and its owners-members. Resultantly, the petitioners SSS and SSC, representing the Republic of the Philippines, filed a Petition for Review before this Court.

Although as a rule, in the exercise of the Supreme Court's power of review, the Court is not a trier of facts and the findings of fact of the Court of Appeals are conclusive and binding on the Court,[23] said rule is not without exceptions. There are several recognized exceptions[24] in which factual issues may be resolved by this Court. One of these exceptions finds application in this present case which is, when the findings of fact are conflicting. There are, indeed, conflicting findings espoused by the petitioner SSC and the appellate court relative to the existence of employer-employee relationship between the respondent cooperative and its owners-members, which necessitates a departure from the oft-repeated rule that factual issues may not be the subject of appeals to this Court.

In determining the existence of an employer-employee relationship, the following elements are considered: (1) the selection and engagement of the workers; (2) the payment of wages by whatever means; (3) the power of dismissal; and (4) the power to control the worker's conduct, with the latter assuming primacy in the overall consideration.[25] The most important element is the employer's control of the employee's conduct, not only as to the result of the work to be done, but also as to the means and methods to accomplish.[26] The power of control refers to the existence of the power and not necessarily to the actual exercise thereof. It is not essential for the employer to actually supervise the performance of duties of the employee; it is enough that the employer has the right to wield that power.[27] All the aforesaid elements are present in this case.

First. It is expressly provided in the Service Contracts that it is the respondent cooperative which has the exclusive discretion in the selection and engagement of the owners-members as well as its team leaders who will be assigned at Stanfilco.[28] Second. Wages are defined as "remuneration or earnings, however designated, capable

of being expressed in terms of money, whether fixed or ascertained, on a time, task, piece or commission basis, or other method of calculating the same, which is payable by an employer to an employee under a written or unwritten contract of employment for work done or to be done, or for service rendered or to be rendered.”[29] In this case, the weekly stipends or the so-called shares in the service surplus given by the respondent cooperative to its owners-members were in reality wages, as the same were equivalent to an amount not lower than that prescribed by existing labor laws, rules and regulations, including the wage order applicable to the area and industry; or the same shall not be lower than the prevailing rates of wages.[30] It cannot be doubted then that those stipends or shares in the service surplus are indeed wages, because these are given to the owners-members as compensation in rendering services to respondent cooperative’s client, Stanfilco. Third. It is also stated in the above-mentioned Service Contracts that it is the respondent cooperative which has the power to investigate, discipline and remove the owners-members and its team leaders who were rendering services at Stanfilco.[31] Fourth. As earlier opined, of the four elements of the employer-employee relationship, the “control test” is the most important. In the case at bar, it is the respondent cooperative which has the sole control over the manner and means of performing the services under the Service Contracts with Stanfilco as well as the means and methods of work.[32] Also, the respondent cooperative is solely and entirely responsible for its owners-members, team leaders and other representatives at Stanfilco.[33] All these clearly prove that, indeed, there is an employer-employee relationship between the respondent cooperative and its owners-members.

It is true that the Service Contracts executed between the respondent cooperative and Stanfilco expressly provide that there shall be no employer-employee relationship between the respondent cooperative and its owners-members.[34] This Court, however, cannot give the said provision force and effect.

As previously pointed out by this Court, an employee-employer relationship actually exists between the respondent cooperative and its owners-members. The four elements in the four-fold test for the existence of an employment relationship have been complied with. The respondent cooperative must not be allowed to deny its employment relationship with its owners-members by invoking the questionable Service Contracts provision, when in actuality, it does exist. The existence of an employer-employee relationship cannot be negated by expressly repudiating it in a contract, when the terms and surrounding circumstances show otherwise. The employment status of a person is defined and prescribed by law and not by what the parties say it should be.[35]

It is settled that the contracting parties may establish such stipulations, clauses, terms and conditions as they want, and their agreement would have the force of law between them. However, the agreed terms and conditions must not be contrary to law, morals, customs, public policy or public order.[36] The Service Contract provision in question must be struck down for being contrary to law and public policy since it is apparently being used by the respondent cooperative merely to circumvent the compulsory coverage of its employees, who are also its owners-members, by the Social Security Law.

This Court is not unmindful of the pronouncement it made in *Cooperative Rural Bank of Davao City, Inc. v. Ferrer-Calleja*[37] wherein it held that:

A cooperative, therefore, is by its nature different from an ordinary business concern, being run either by persons, partnerships, or corporations. Its owners and/or members are the ones who run and operate the business while the others are its employees x x x.

An employee therefore of such a cooperative who is a member and co-owner thereof cannot invoke the right to collective bargaining for certainly an owner cannot bargain with himself or his co-owners. In the opinion of August 14, 1981 of the Solicitor General he correctly opined that employees of cooperatives who are themselves members of the cooperative have no right to form or join labor organizations for purposes of collective bargaining for being themselves co-owners of the cooperative.

However, in so far as it involves cooperatives with employees who are not members or co-owners thereof, certainly such employees are entitled to exercise the rights of all workers to organization, collective bargaining, negotiations and others as are enshrined in the Constitution and existing laws of the country.

The situation in the aforesaid case is very much different from the present case. The declaration made by the Court in the aforesaid case was made in the context of whether an employee who is also an owner-member of a cooperative can exercise the right to bargain collectively with the employer who is the cooperative wherein he is an owner-member. Obviously, an owner-member cannot bargain collectively with the cooperative of which he is also the owner because an owner cannot bargain with himself. In the instant case, there is no issue regarding an owner-member's right to bargain collectively with the cooperative. The question involved here is whether an employer-employee relationship can exist between the cooperative and an owner-member. In fact, a closer look at Cooperative Rural Bank of Davao City, Inc. will show that it actually recognized that an owner-member of a cooperative can be its own employee.

It bears stressing, too, that a cooperative acquires juridical personality upon its registration with the Cooperative Development Authority.[38] It has its Board of Directors, which directs and supervises its business; meaning, its Board of Directors is the one in charge in the conduct and management of its affairs.[39] With that, a cooperative can be likened to a corporation with a personality separate and distinct from its owners-members. Consequently, an owner-member of a cooperative can be an employee of the latter and an employer-employee relationship can exist between them.

In the present case, it is not disputed that the respondent cooperative had registered itself with the Cooperative Development Authority, as evidenced by its Certificate of Registration No. 0-623-2460.[40] In its by-laws,[41] its Board of Directors directs, controls, and supervises the business and manages the property of the respondent cooperative. Clearly then, the management of the affairs of the respondent cooperative is vested in its Board of Directors and not in its owners-members as a whole. Therefore, it is completely logical that the respondent cooperative, as a juridical person represented by its Board of Directors, can enter into an employment with its owners-members.

In sum, having declared that there is an employer-employee relationship between the respondent cooperative and its owners-member, we conclude that the petitioner SSC has jurisdiction over the petition-complaint filed before it by the petitioner SSS. This being our conclusion, it is no longer necessary to discuss the issue of whether the respondent cooperative was estopped from assailing the jurisdiction of the petitioner SSC when it filed its Answer with Motion to Dismiss.

WHEREFORE, premises considered, the instant Petition is hereby GRANTED. The Decision and the Resolution of the Court of Appeals in CA-G.R. SP No. 87236, dated 5 January 2006 and 20 March 2006, respectively, are hereby REVERSED and SET ASIDE. The Orders of the petitioner SSC dated 17 February 2004 and 16 September 2004 are hereby REINSTATED. The petitioner SSC is hereby DIRECTED to continue hearing the petition-complaint filed before it by the petitioner SSS as regards the compulsory coverage of the respondent cooperative and its owners-members. No costs.

### **SO ORDERED.**

Ynares-Santiago, (Chairperson), Austria-Martinez, Azcuna, and Reyes, JJ., concur.

---

[1] Penned by Associate Justice Juan Q. Enriquez, Jr. with Associate Justices Godardo A. Jacinto and Vicente Q. Roxas, concurring; rollo, pp. 63-74.

[2] Id. at 61-62.

[3] Penned by Commissioner Sergio R. Ortiz-Luis, Jr.; id. at 116-119.

[4] Id. at 146-149.

[5] Otherwise known as “Social Security Act of 1997,” which was approved on 1 May 1997.

[6] Otherwise known as “Cooperative Code of the Philippines,” which was enacted on 10 March 1990.

[7] CA rollo, p. 63.

[8] Section 2, Asiapro Cooperative Amended By-Laws, CA rollo, p. 68.

[9] Id. at 126-130, 444-449.

[10] It represents the amount given to respondent cooperative’s owners-members for rendering services to the client of respondent cooperative, like Stanfilco. Such amount shall not be lower than the prevailing rates of wages.

[11] Rollo, pp. 75-76.

[12] Id. at 82-86.

[13] Id. at 87-88.

[14] Id. at 89-97.

[15] Rollo, pp. 66-68.

[16] Id. at 74.

[17] *Social Security System v. Court of Appeals*, 401 Phil. 132, 141 (2000).

[18] *Abacus Securities Corporation v. Ampil*, G.R. No. 160016, 27 February 2006, 483 SCRA 315, 339.

[19] *Philrock, Inc. v. Construction Industry Arbitration Commission*, 412 Phil. 236, 246 (2001).

[20] Article 217(a)(6) of the Labor Code of the Philippines.

[21] Rollo, p. 117.

[22] SEC. 5. Settlement of Disputes. – (a) x x x.

(b) x x x. The Commission shall be deemed to be a party to any judicial action involving any such decision, and may be represented by an attorney employed by the Commission, by the Solicitor General or any public prosecutor.

[23] *Almendrala v. Ngo*, G.R. No. 142408, 30 September 2005, 471 SCRA 311, 322.

[24] Recognized exceptions to this rule are: (1) when the findings are grounded entirely on speculation, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on misapprehension of facts; (5) when the findings of fact are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellee and the appellant; (7) when the findings are contrary to the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner’s main and reply briefs are not disputed by the respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or (11) when the Court of Appeals manifestly overlooked certain relevant

facts not disputed by the parties, which, if properly considered, would justify a different conclusion (*Langkaan Realty Development, Inc. v. United Coconut Planters Bank*, 400 Phil. 1349, 1356 (2000); *Nokom v. National Labor Relations Commissions*, 390 Phil. 1228, 1243 (2000); *Commissioner of Internal Revenue v. Embroidery and Garments Industries (Phils.), Inc.*, 364 Phil. 541, 546-547 (1999); *Sta. Maria v. Court of Appeals*, 349 Phil. 275, 282-283 (1998); *Almendrala v. Ngo*, G.R. No. 142408, 30 September 2005, 471 SCRA 311, 322.)

[25] *Jo v. National Labor Relations Commission*, 381 Phil. 428, 435 (2000).

[26] *Chavez v. National Labor Relations Commission*, G.R. No. 146530, 17 January 2005, 448 SCRA 478, 490.

[27] *Jo v. National Labor Relations Commission*, supra note 25.

[28] 7. SELECTION, ENGAGEMENT, DISCHARGE. The Cooperative shall have the exclusive discretion in the acceptance, engagement, investigation and discipline and removal of its owner-members and team leaders. (Service Contract, CA rollo, p. 458).

[29] ART. 97(f) of the Labor Code.

[30] 4. COOPERATIVE'S RESPONSIBILITIES. The Cooperative shall have the following responsibilities:

x x x x.

4.3. The Cooperative shall pay the share of the service surplus due to its owner-members assigned to the Client x x x. However, the amount of the share of the service surplus of the owner-members x x x shall be in an amount not lower than existing labor laws, rules and regulations, including the wage order applicable to the area and industry. x x x. (CA rollo, pp. 457-458).

[31] *Id.*

[32] 1. SCOPE OF SERVICE. x x x.

x x x. The Cooperative shall have sole control over the manner and means of performing the subject services under this Contract and shall complete the services in accordance with its own means and methods of work, in keeping with the Client's standards. (*Id.* at 456).

[33] 3. RELATIONSHIP OF THE PARTIES. x x x. The Cooperative shall be solely and entirely responsible for its owner-members, team leaders and other representatives. (*Id.* at 457).

[34] 3. RELATIONSHIP OF THE PARTIES. It is hereby agreed that there shall be no employer-employee relationship between the Cooperative and its owners-members x x x. (*Id.*).

[35] *Chavez v. National Labor Relations Commission*, supra note 26 at 493; *Lopez v. Metropolitan Waterworks and Sewerage System*, G.R. No. 154472, 30 June 2005, 462 SCRA 428, 445-446.

[36] Art. 1306, Civil Code of the Philippines; *Philippine National Bank v. Cabansag*, G.R. No. 157010, 21 June 2005, 460 SCRA 514, 533.

[37] G.R. No. L-77951, 26 September 1988, 165 SCRA 725, 732-733.

[38] ART. 16. Registration. - A cooperative formed or organized under this Code acquires juridical personality from the date the Cooperative Development Authority issues a certificate of registration under its official seal. x x x. (Republic Act No. 6938).

[39] ART. 38. Composition of the Board of Directors. - The conduct and management of the affairs of a cooperative shall be vested in a board of directors x x x.

ART. 39. Powers of the Board of Directors. - The board of directors shall direct and supervise the business, manage the property of the cooperative and may, by resolution, exercise all such powers of the cooperative as are not reserved for the general assembly under this Code and the by-laws. (Id.).

[40] CA rollo, p. 63.

[41] Id. at 68-78.

**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.