

EDUARDO V. MACALINO, DANILO TOLENTINO, CRISANTO TABAGO, AND NOEL TAGARO, PETITIONERS, VS. COCA-COLA BEVERAGES PHILIPPINES, INC., MACSLINK PSV-SERVICES INC., AND THE REDSYSTEMS C...*G.R. Nos. 275357 & 275955, August 06, 2025*

Ponente: HERNANDO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-nos-275357/>**HERNANDO, J.:**

We resolve the instant Petition for Review on Certiorari[1] questioning the Decision[2] dated June 8, 2022 and the Resolution[3] dated July 31, 2024 of the Court of Appeals (CA) in CA-G.R. SP Nos. 163257 & 163397 which reversed and set aside the Decision[4] dated May 27, 2019, and the Resolution[5] dated August 30, 2019 of the National Labor Relations Commission (NLRC) in NLRC LAC No. 02-000725-19. The NLRC affirmed the Labor Arbiter's (LA) Decision[6] dated December 28, 2018 in NLRC Case No. RAB III No. 12-26817-17 finding petitioners Eduardo V. Macalino, Danilo Tolentino, Crisanto Tabago, and Noel Tagaro (Macalino, et al.), to be regular employees of respondent Coca-Cola Beverages Philippines, Inc. (Coca-Cola), and were thus, illegally dismissed by the latter.

Factual Antecedents

Coca-Cola Beverages Philippines, Inc. (Coca-Cola) is a domestic corporation organized and existing under Philippine laws and is engaged in the manufacture and distribution of carbonated drinks and other beverages for the domestic market.[7] Meanwhile, The Redsystems Company, Inc. (TRCI) is a corporation organized and operating under Philippine laws and is engaged "in the business of providing corporations, partnerships[,] and individuals with distribution and warehousing services for their materials and products, including the management and administrative services in relation thereto." [8]

In 2010, Coca-Cola and TRCI entered into a Service Agreement[9] and later a Service Level Agreement (SLA), [10] which was renewed annually, whereby TRCI undertook to provide distribution, delivery, hauling, fleet management, warehousing, and warehouse allied services to Coca-Cola, specifically at the latter's Tarlac City Plant/Sales Office and Meycuayan Bulacan Plant. [11]

On March 26, 2012, to comply with its undertakings under the SLA, TRCI entered into a Reliever Services Agreement[12] with Macslink-PSV Services, Inc. (Macslink) (then Perez, Sese, Villa & Co.,). Macslink is a corporation organized and operating under Philippine laws and its primary purpose is "[t]o provide management, consulting, business process outsourcing and other manpower[---]related services to private and institutional entities and organization [including][,] but not limited to the following: general management consulting services; review and design of organizational and business systems and processes; recruitment, training and local placement of temporary, contractual, emergency, seasonal, and regular employees, workers and technical staff and professionals; design, organize and conduct human resources trainings and seminars including public conferences and [fora]; [provide] shared manpower services such as payroll, disbursement, and in other areas of business and

operational processes."[13]

Specifically, Macslink was tapped by TRCI to provide the latter with reliever services such as delivery, hauling, hauling execution management, fleet management, and collection from delivery partners or outlets.[14] A Service Agreement[15] was also entered into between TRCI and Macslink whereby the latter was to provide TRCI with delivery services, messengerial services, and other clerical, checking and yard services until January 31, 2017.

Meanwhile, or on October 12, 2012, Coca-Cola and Macslink executed a Service Agreement,[16] which was also renewed annually until July 31, 2017,[17] whereby Macslink undertook to provide Coca-Cola with "warehouse crew operations"[18] including, among others, "pickers" who were tasked to prepare the products of Coca-Cola at the "picking area" by arranging and ensuring that the products are properly placed on the pallets before the same are loaded on board the trucks of TRCI for delivery to key account clients.[19]

Among the warehouse general crew or pickers assigned by Macslink to Coca-Cola's Tarlac City Plant/Sales Office were petitioners Macalino et al., and who were covered by Project Employment Contracts.[20] Unfortunately, Macslink experienced financial difficulties, and decided to permanently close its business and cease its operations effective May 31, 2017. Consequently, the warehouse general crew deployed by Macslink to Coca-Cola, including Macalino et al., were terminated effective May 31, 2017.[21]

As a result, 24 employees filed complaints for regularization and money claims. Of the 24 initial complainants, six amicably settled, while nine failed to sign the Position Paper. The other nine complainants, including Macalino et al., proceeded with their complaint for illegal dismissal, regularization, reinstatement, money claims, damages, and attorney's fees against Coca-Cola, TRCI, and Macslink before the LA docketed as NLRC Case No. RAB-III-12-26817-17.[22]

The complainants argued that they were assigned to Coca-Cola via TRCI, an in-house agency of Coca-Cola, for several years and were terminated from employment on May 31, 2017. They argued that they are considered regular employees of Coca-Cola since Macslink and TRCI are engaged in labor-only contracting and that the nature of their work is necessary and desirable to the business of Coca-Cola.[23]

On the other hand, Coca-Cola denied any employer-employee relationship between the company and the complainants; that complainants are employees of TRCI and Macslink since the service contracts it entered into with TRCI and Macslink are legitimate, they being legitimate job contractors duly registered with the Department of Labor and Employment (DOLE) and each having sufficient capital and investments; and that complainants' position as "pickers" is not necessary and desirable to Coca-Cola's main business of manufacturing.[24]

Meanwhile, TRCI argued that it is a duly registered legitimate job contractor with substantial capital, necessary equipment, and manpower for the performance of its contracted services; that it had no employer-employee relationship with the complainants since they were directly deployed by Macslink to Coca-Cola and that they do not appear in any of its records as its employees.[25]

Ruling of the Labor Arbiter

On December 28, 2018, the LA issued a Decision[26] in favor of the complainants, the fallo of which reads:

WHEREFORE, premises considered, this Office finds that complainants Eduardo V. Macalino, Danilo Tolentino, Axel Pangilinan, Leonardo Santos, Jr., Crisanto Tabago, Noel Tagaro, Gerald Balmores, Gerome Balmores, and R-Jay Vidad were ILLEGALLY DISMISSED from their employment.

In view of their illegal dismissal, herein complainants Eduardo V. Macalino, Danilo Tolentino, Axel Pangilinan, Leonardo Santos, Jr., Crisanto Tabago, Noel Tagaro, Gerald Balmores, Gerome Balmores, and

R-Jay Vidad who are REGULAR EMPLOYEES of respondent Coca Cola FEMSA Phils. Inc. are entitled to be reinstated with full backwages without loss of seniority rights and other benefits due to regular employees of respondent Coca Cola.

Respondent Coca Cola FEMSA Phils., Inc. is hereby ordered to immediately reinstate complainants Eduardo V. Macalino, Danilo Tolentino, Axel Pangilinan, Leonardo Santos, Jr., Crisanto Tabago, Noel Tagaro, Gerald Balmores, Gerome Balmores, and R-Jay Vidad to their former position or equivalent position and is hereby directed to submit a report of compliance within [10] calendar days from receipt of this Decision.

Further, respondent Coca Cola FEMSA Phils. Inc. is ORDERED to pay complainants Eduardo V. Macalino, Danilo Tolentino, Axel Pangilinan, Leonardo Santos, Jr., Crisanto Tabago, Noel Tagaro, and R-Jay Vidad the following: Backwages – [PHP] 208,429.67

Service Incentive Leave

Eduardo Macalino – [PHP] 18,806.67

Danilo Tolentino – [PHP] 21,820.28

Axel Pangilinan – [PHP] 5,576.78

Leonardo Sa[n]tos, Jr. – [PHP] 3,867.50

Crisanto Tabago – [PHP] 19,706.05

Noel Tagaro – [PHP] 5,676.88

R-Jay Vidad – [PHP] 6,521.67

13[th] Month pay – [PHP] 23,107.93

Moral damages – [PHP] 50,000.00

Exemplary damages – [PHP] 50,000.00

Attorney's fees

While in the case of complainants Gerald Balmores and Gerome Balmores, herein Coca Cola FEMSA Phils. Inc. is ORDERED to pay them the following:

Backwages – [PHP] 208,429.67

13[th] month pay – [PHP] 23, 107.93

Moral damages – [PHP] 50,000.00

Exemplary damages – [PHP] 50,000.00

Attorney's fees

The attached computation as prepared shall form an integral part of this Decision.

The illegal dismissal complaint with money claims of complainants Lawrence Lorin, Ryan Garcia, Crisanto Quizon, Menard Bugayong, Michale Galozo, and Roderick Estender is DISMISSED WITH PREJUDICE.

The illegal dismissal complaint with money claims of complainants Thomme John Edward Nebre Abagon, Danilo T. Corod, Jr., Mario V. Yñigo, Erol E. Santos, Rogel O. Nerona, Jamar Carillas, Rodel M. Austria, Rufino M. Austria, and Jimmy F. Paca, Jr. is DISMISSED WITHOUT PREJUDICE.

SO ORDERED.[27] (Emphasis in the original)

The LA found the complainants to be regular employees of Coca-Cola on the grounds that both TRCI and Macslink are engaged in labor-only contracting and that complainants' task as pickers are necessary and desirable to the business of Coca-Cola. Aggrieved, both Coca-Cola and TRCI appealed to the NLRC.

Ruling of the National Labor Relations Commission

Re TRCI's petition

In a Resolution[28] dated March 25, 2019, the NLRC dismissed TRCI's appeal for failure to pay the appeal bond. It ruled that TRCI failed to perfect its appeal in accordance with the 2011 NLRC Rules of Procedure, in relation to Article 223 (now Article 229) of the Labor Code. Particularly, the NLRC stated that since the LA Decision involved a monetary award, TRCI was required to post a cash or surety bond in the amount of PHP 545,051.03, representing the total amount awarded by the LA in favor of complainants to perfect its appeal. However, TRCI only paid the amount of PHP 520.00 for appeal and legal research fee. Thus, for nonpayment of the correct appeal bond, the appeal of TRCI was not perfected and the assailed LA Decision had become final and executory insofar as it is concerned.

TRCI moved for reconsideration but it was denied by the NLRC in its Resolution[29] dated May 31, 2019. TRCI then filed a certiorari petition before the CA. However, the CA dismissed TRCI's petition in a Resolution[30] dated November 7, 2019, for TRCI's failure to show that the NLRC committed grave abuse of discretion in denying TRCI's appeal. TRCI's motion for reconsideration was also denied by the CA in its Resolution[31] dated June 15, 2020. Thus, TRCI elevated the case to the Supreme Court through a petition for review on certiorari captioned, "The Redsystems Company, Inc. v. Eduardo V. Macalino, Danilo Tolentino, Axel Pangilinan, Leonardo Santos, Jr., Crisanto Tabago, Noel Tagaro, Gerald Balmores, and R-Jay Vidad" which was docketed as G.R. No. 252783.

Re Coca-Cola's petition

Meanwhile, the NLRC issued a Decision[32] dated May 27, 2019 likewise denying Coca-Cola's petition, the dispositive of which reads:

WHEREFORE, the Appeal filed by respondent Coca-Cola FEMSA Philippines, Inc. dated February 7, 2019 is hereby DENIED. The Decision dated December 28, 2018 rendered by Labor Arbiter Bernardita L. Carreon is AFFIRMED WITH MODIFICATION in that Respondents Coca-Cola Femsa Phils. Inc. and The Red Systems Services, Inc. are ORDERED to pay in solidum the judgment monetary award [to] complainants Eduardo V. Macalino, Danilo Tolentino, Axel Pangilinan, Leonardo Santos, Crisanto Tabago, Noel Tagaro, Gerald Balmores, Gerome Balmores, and R-Jay Vidad pursuant to Section 5 of Department Order No. 18-A and Article 109 of the Labor Code.

SO ORDERED.[33] (Emphasis in the original)

The NRLC affirmed the ruling of the LA finding the complainants to be regular employees of Coca-Cola; and that TRCI is a labor-only contractor and as such, is solidarily liable with Coca-Cola. Meanwhile, the other complainants (Axel Pangilinan, Leonardo Santos, Jr., Gerald Balmores, Gerome Balmores, and R-Jay Vidad) entered into a compromise agreement and settled all their claims against Coca-Cola.

Both TRCI and Coca-Cola moved for reconsideration but were denied by the NLRC in its Resolution[34] dated August 30, 2019. Dissatisfied, both Coca-Cola and TRCI filed their separate petitions for certiorari before the CA, which were docketed as CA-G.R. SP Nos. 163257 & 163397, respectively.

Ruling of the Court of Appeals

On June 8, 2022, the CA issued a consolidated Decision,[35] the dispositive of which reads:

WHEREFORE, the petition of The Redsystems Company, Inc. in CA G.R. SP No. 163397 is DENIED. On the other hand, the petition of Coca-Cola Beverages, Philippines, Inc. in CA G.R. SP No. 163257 is GRANTED.

The Decision promulgated on May 27, 2019 and the Resolution promulgated on August 30, 2019 of the National Labor Relations Commission, Sixth Division in NLRC LAC NO. 000725-19 (NLRC RAB III No. 12-26817-17) are SET ASIDE.

SO ORDERED.[36] (Emphasis in the original)

The CA dismissed TRCI's petition on the ground of forum shopping since TRCI had a pending case (G.R. No. 252783) before the Supreme Court which involves the same issue of whether it is a labor-only contractor.[37]

Meanwhile, in granting Coca-Cola's petition, the CA ruled that Macalino et al. were directly assigned by Macslink to Coca-Cola. According to the CA, Macalino et al. did not present any evidence to prove their claim that they were deployed by TRCI to Coca-Cola or that Macslink assigned them to Coca-Cola through TRCI.

Meanwhile, the CA held that Coca-Cola was able to present the Project Employment Contracts where it was provided that Macalino et al. were assigned as pickers, a position that was one of those contracted out by Coca-Cola to Macslink in their Service Agreements.[38] Likewise, Coca-Cola was able to prove that Macslink was a legitimate job contractor since it is duly registered with the DOLE as shown by its Certificate of Registration; that it was duly incorporated on October 12, 2011, with a paid-up capital of PHP 10,000,000.00; and that as per its 2016 General Information Sheet, its paid-up capital was PHP 35,000,000.00 as of 2015, and had total assets amounting to PHP 98,266,960.00[39].

The CA further held that Macalino et al. were employees of Macslink, not Coca-Cola, since pursuant to their Service Agreements, Macslink had the power of control over them as well as control on who to assign, hire or dismiss. It was also Macslink which had the obligation to pay the salaries and other statutory benefits of those assigned to Coca-Cola.

Macslink likewise had the power to control Macalino et al.'s work as to the means and methods, free from any direction from Coca-Cola.[40] In addition, the Project Employment Contracts of Macalino et al. identified Macslink as the hiring company while their identification cards all bear Macslink's letterhead. The complainants' payrolls, SSS and PhilHealth remittances also show that it was Macslink that paid their wages and other benefits. The Daily Time Records of the complainants were under Macslink's letterhead and their overtime authority form were approved by a supervisor of Macslink.[41] Thus, the CA held that the employer of the complainants was Macslink, not Coca-Cola.

In the meantime, or on September 21, 2022, the Supreme Court issued a Decision in G.R. No. 252783, dismissing TRCI's petition. The Court held that the posting of a bond, in the form of cash or surety, is required to perfect an appeal from a decision of the LA involving monetary awards, as provided by Article 229 of the Labor Code and the 2011 NLRC Rules of Procedure. Under the foregoing provisions, the amount of appeal bond must be equivalent to the amount of the monetary award of the LA and that an appeal may be perfected only upon the posting thereof. The Court further held that the requirement of appeal bond is a rule of jurisdiction and not merely of procedure; noncompliance with the requirement deprives the NLRC of its jurisdiction to entertain the appeal and renders the decision of the LA final and executory.

Meanwhile, Macalino et al. moved for reconsideration of the CA's June 8, 2022 Decision but the same was denied by the CA in a Resolution[42] dated July 31, 2024.

Hence, the present Petition where petitioners argue that the CA committed a reversible error when it overturned the LA and NLRC's findings that they were regular employees of Coca-Cola who were illegally dismissed.

Issues

- Whether TRCI or Macslink are labor-only contractors; consequently, whether there is employer-employee relationship between Coca-Cola and petitioners; and
- Whether petitioners were illegally dismissed by Coca-Cola/Macslink.

Our Ruling

Macslink and TRCI are labor-only contractors; thus, Coca-Cola, as the principal, is considered to be the employer of Macalino, et al.

Labor-only contracting refers to the arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job or work for a principal.[43] Under Section 5 of the DOLE Department Order (D.O.) No. 174, series of 2017, there is labor-only contracting when: (a) the contractor or subcontractor does not have substantial capital or does not have investment in tools, equipment, machineries, supervision and work premises and the employees are performing activities which are directly related to the main business of the principal; or (b) the contractor or subcontractor does not exercise the right of control over the work of the employees except as to the result thereto.

The Court held that there are two instances when a contractor or subcontractor is deemed to be engaged in labor-only contracting. In the first instance, there are two indicators: (1) the contractor or subcontractor does not have substantial capitalization or it does not have investment in tools, equipment, machineries, supervision and work premises; and (2) its employees are performing activities or jobs which are directly related and indispensable to the main business of the principal. In the second instance, the principal, not the contractor or subcontractor, exercises the power of control over the manner and method of the employees' work.[44]

In this case, both the LA and the NLRC agreed that TRCI and Macslink were labor-only contractors, and that Coca-Cola is deemed the principal and the employer of petitioners. Meanwhile, the CA took a different stance and agreed with Coca-Cola that Macslink was a legitimate contractor, and that petitioners were its employees.

In its appeal before the CA, Coca-Cola submitted the following evidence to prove that TRCI is a legitimate contractor: 1) TRCI's Certificate of Filing of Amended Articles of Incorporation[45] showing that it has PHP 10,000,000.00 authorized capital stock; 2) TRCI's Certificate of Registration[46] showing that it is duly registered with the DOLE; 3) Report on TRCI's Financial Statements[47] showing that it has paid-up capital stock of PHP 3,053,710,000.00, and total assets in the form of cash, receivables, property, and equipment, in the amount of PHP 4,249,361,980.00, as of December 31, 2015; 4) Affidavit of Mr. Rodel C. Padua,[48] Distributor Coordinator of TRCI; 5) Master Terms and Conditions of the Service Agreement between TRCI and Coca-Cola;[49] and the 6) SLA between TRCI and Coca-Cola.[50]

Meanwhile, to prove that Macslink was a legitimate contractor and had direct control and supervision over petitioners, Coca-Cola submitted the following: 1) Macslink's Certificate of Filing of Amended Articles of Incorporation[51] showing that it had PHP 50,000,000.00 increased authorized capital stock; 2) Macslink's Certificate of Registration[52] showing that it was duly registered with the DOLE;[53] 3) Report on Macslink's Audited Financial Statements[54] showing that it had paid-up capital stock of PHP 35,000,000.00, and total assets in the form of cash, receivables, property, and equipment, in the amount of PHP 98,266,960.00 as of December 31, 2015; 4) Macslink's List of Clients;[55] 5) the Reliever Services Agreement between TRCI and Macslink (then Perez, Sese, Villa & Co.);[56] 6) the Service Agreements[57] between TRCI and Macslink; 7) the Service Agreements[58] between Macslink and Coca-Cola; 8) the Joint Affidavit of Noel F. Sambilay[59] and Romuel P. Bullag,[60] Manager and Supervisor, respectively, at Macslink; 9) the Project Employment Contracts[61] between Macslink and petitioners; and 10) copies of the payroll records,[62] SSS,[63] Pag-Ibig,[64] and Philhealth[65] contributions made by Macslink.

It is settled that having a substantial capitalization does not easily equate to legitimate job contracting. Jurisprudence has established that this Court does not set an absolute figure for what it considers substantial capital for an independent job contractor, but it measures the same against the type of work which the contractor is obligated to perform for the principal.[66]

To recapitulate, Coca-Cola entered into several agreements[67] with TRCI for the latter to provide distribution, delivery, hauling, fleet management, warehousing, and warehouse allied services to Coca-Cola in its Tarlac City Plant/Sales Office and Meycauyan Bulacan Plant. In turn, TRCI also entered into several agreements[68] with Macslink for the latter to provide delivery, hauling, fleet management, and collection services from delivery partners or outlets, as well as messengerial services, and other clerical, checking and yard services to TRCI until January 31, 2017.

Meanwhile, Coca-Cola and Macslink executed a Service Agreement[69] which was renewed annually until July 31, 2017 where Macslink undertook to provide Coca-Cola with "warehouse crew operations" in its Tarlac City Plant/Sales Office which includes, among others, "pickers". Macslink and petitioners then executed Project Employment Contracts[70] where petitioners were engaged as "warehouse general crew" for a three-month period which could be renewed or terminated depending on the agreement of Coca-Cola and Macslink.

Based on the foregoing, it seems that Coca-Cola and Macslink had a separate and exclusive contract, which does not involve TRCI. A perusal of the contracts between Coca-Cola and Macslink as well as the project employment contracts of petitioners with Macslink, would show that it was Macslink that hired petitioners and directly supplied them to Coca-Cola, without any involvement of TRCI.

Nevertheless, the issue on whether TRCI is a labor-only contractor and whether it is solidarily liable to petitioners have already been resolved with finality by the LA and the NLRC. To recall, TRCI has already lost its appeal at the NLRC level for failure to file the appeal bond. The CA likewise dismissed its certiorari petition which was upheld by this Court in its Decision entitled, "The Redsystems Company, Inc. v. Eduardo V. Macalino, Danilo Tolentino, Axel Pangilinan, Leonardo Santos, Jr., Crisanto Tabago, Noel Tagaro, Gerald Balmores, and R-Jay Vidad," docketed as G.R. No. 252783, promulgated on September 21, 2022. Thus, insofar as TRCI is concerned, the finding that it is a labor-only contractor and is solidarily liable to petitioners is already final and conclusive.

With respect to Macslink, it is to be noted that it did not present any evidence to show that it possessed tools and equipment necessary in the performance of the agreements it entered into with Coca-Cola. Interestingly, the Report on Macslink's Audited Financial Statements shows that it had assets in the form of cash, property, and equipment in the amount of PHP 98,266,960.00 as of December 31, 2015. This casts doubt, however, on the claims that Macslink experienced "financial difficulties" which prompted it to close its business and terminate petitioners.

Aside from the Report on its Audited Financial Statements which alleged that it had sufficient assets, Macslink [did not present any concrete evidence showing that it had tools or equipment in the form of delivery trucks, crates, or any other buildings or machineries in the warehouse to enable petitioners to perform their tasks. As pointed out by petitioners, the warehouse, tools and equipment they were using in performing their tasks were all owned by Coca-Cola. Further, there was no showing that the delivery trucks that were necessary to fulfill the delivery operations were owned either by TRCI or Macslink.

The Court had held that a finding that a company has substantial capitalization does not automatically result to a finding that it is an independent job contractor.[71] The Court discussed in *San Miguel Corp. v. MAERC Integrated Services Inc.*,[72] citing *Vinoya v. National Labor Relations Commission*,[73] that it is not enough to show substantial capitalization or investment in the form of tools, equipment, machinery and work premises, etc.,

to be considered an independent contractor, thus:

In fact, jurisprudential holdings were to the effect that in determining the existence of an independent contractor relationship, several factors may be considered, such as, but not necessarily confined to, whether the contractor was carrying on an independent business; the nature and extent of the work; the skill required; the term and duration of the relationship; the right to assign the performance of specified pieces of work; the control and supervision of the workers; the power of the employer with respect to the hiring, firing and payment of the workers of the contractor; the control of the premises; the duty to supply premises, tools, appliances, materials and labor; and the mode, manner and terms of payment.[74] (Citation omitted)

Likewise, in the case of *DOLE Philippines Inc. v. Esteva*,^[75] this Court did not recognize the contractor therein as a legitimate job contractor, despite its paid-up capital of over PHP 4,000,000.00, in the absence of substantial investment in tools and equipment used in the services it was rendering. Similarly, We are not convinced that Macslink is a legitimate job contractor in the absence of proof that it has substantial investment in tools, equipment, machineries among others. Instead, it is a labor-only contractor that supplied manpower to Coca-Cola.

The Service Agreement between Macslink and Coca-Cola and the Project Employment Contracts were a scheme to prevent petitioners from attaining regular employment status

Coca-Cola posits that Macslink was the employer of petitioners since under their Service Agreements, it was solely the discretion of Macslink on how the employees were screened, selected and hired; that each of the employees deployed to Coca-Cola had a separate project employment contract with Macslink; and that it was solely Macslink who paid the wages and law--mandated benefits of the employees.^[76] In other words, it argues that the most significant determinant of an employer-employee relationship, i.e., the right to control, is absent. Likewise, the Service Agreements between Coca-Cola and Macslink expressly provide that there is no employer-employee relationship between petitioners and Coca-Cola.

However, it has been held that in deciding the question of control, the language of the contract is not determinative of the parties' relationship; rather, it is the totality of the facts and surrounding circumstances of each case.^[77]

Here, petitioners argue that they reported for work inside Coca-Cola's premises in its Tarlac City Plant/Sales Office; they were assigned as pickers, a job that is necessary and desirable to the usual business of Coca-Cola; that they were bodily searched by security guards of Coca-Cola; that they were required to work in accordance with the manning and shifting schedule of Coca-Cola plant officers and are working side by side with Coca-Cola regular employees.^[78]

A perusal of the Project Employment Contracts^[79] between petitioners and Macslink, which were attached by Coca-Cola in its appeal before the CA, reveals that petitioners were engaged as "warehouse general crew" or "project employees" for a three-month period or specifically, from August 1, 2016 to October 31, 2016.^[80] With no other document to show that they were employed in a different capacity, it is safe to assume that they were renewed as such and with the same designation until Macslink's termination of operations in 2017. While the contracts stated the specific date when the employment of petitioners would start and end, the other provisions also reveal that their engagement as such also depended on the effectivity of the contract between Macslink and Coca-Cola.^[81]

Article 295 of the Labor Code defines project employees as workers whose employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of their

engagement.[82] The Court has expounded on what the law means by a "project":

The "project" for the carrying out of which "project employees" are hired would ordinarily have some relationship to the usual business of the employer. Exceptionally, the "project" undertaking might not have an ordinary or normal relationship to the usual business of the employer. In this latter case, the determination of the scope and parameters of the "project" becomes fairly easy. It is unusual (but still conceivable) for a company to undertake a project which has absolutely no relationship to the usual business of the company; thus, for instance, it would be an unusual steel-making company which would undertake the breeding and production of fish or the cultivation of vegetables. From the viewpoint, however, of the legal characterization problem here presented to the Court, there should be no difficulty in designating the employees who are retained or hired for the purpose of undertaking fish culture or the production of vegetables as "project employees," as distinguished from ordinary or "regular employees," so long as the duration and scope of the project were determined or specified at the time of engagement of the "project employees." For, as is evident from the provisions of Article 280 [now Article 295] of the Labor Code, quoted earlier, the principal test for determining whether particular employees are properly characterized as "project employees" as distinguished from "regular employees," is whether or not the "project employees" were assigned to carry out a "specific project or undertaking," the duration (and scope) of which were specified at the time the employees were engaged for that project.

In the realm of business and industry, we note that "project" could refer to one or the other of at least [two] distinguishable types of activities. Firstly, a project could refer to a particular job or undertaking that is within the regular or usual business of the employer company, but which is distinct and separate, and identifiable as such, from the other undertakings of the company. Such job or undertaking begins and ends at determined or determinable times. The typical example of this first type of project is a particular construction job or project of a construction company. . . Employees who are hired for the carrying out of one of these separate projects, the scope and duration of which has been determined and made known to the employees at the time of employment, are properly treated as "project employees," and their services may be lawfully terminated at completion of the project.

The term "project" could also refer to, secondly, a particular job or undertaking that is not within the regular business of the corporation. Such a job or undertaking must also be identifiably separate and distinct from the ordinary or regular business operations of the employer. The job or undertaking also begins and ends at determined or determinable times. . .[83] (Emphasis supplied)

In the instant case, the task performed by petitioners as pickers is within the regular or usual business of Coca-Cola of manufacturing and distributing non-alcoholic carbonated drinks. A warehouse picker, also known as an order picker, is a worker who locates, retrieves, and prepares items for shipment in a warehouse or distribution center.[84] They are responsible for pulling all the products that make up an order and consolidating them for shipment; they also check to make sure that products are not damaged, update inventory, label the goods, and bring the order to the dispatch area, among other duties.[85] Clearly, as pickers, petitioners' task is within the regular or usual business of Coca-Cola products. The test, however, is whether the job they perform is clearly distinct and separate, and identifiable as such from the other undertakings of the company to properly designate petitioners as project employees.

We rule in the negative.

Indeed, the "project" being referred to by Macslink could pertain to its Service Agreement with Coca-Cola; in turn, the "project" referred to by Coca-Cola is the operation of its Tarlac Plant/Sales Office. However, these "projects" are not distinct, separate, or unusual since they make up, or are part of, the over-all business operations of Coca-Cola. To recall, Coca-Cola's primary purpose is not only manufacturing non-alcoholic carbonated drinks, but also, distribution and sale of these items to retailers or consumers within the Philippines.

Clearly, petitioners' tasks as pickers were essential or even indispensable to the day-to-day operations of Coca-Cola. The orderly and prompt distribution of Coca-Cola's products to its retailers and end-consumers would not be possible without pickers who inspect and transport the bottles from the warehouse to the picking area, inspect and arrange the same in their pallets, and ensure that they are complete or up to company standards before they are loaded into the delivery trucks. It cannot be denied that the arranging, segregating, and preparing for delivery of Coca-Cola's products are essential to the distribution and sale of these items. Simply put, petitioners' duties were reasonably connected to the very core business of Coca-Cola that without them, the latter's products would not reach the target market. Thus, petitioners were not merely "project employees" whose tasks are distinct, separate, or unusual but were indispensable employees who are part of the day-to-day operations of Coca-Cola.

Moreover, petitioners were continuously re-hired on a three-month period, performing the same tasks and in the same premises of Coca-Cola from 2012 to 2017. Indeed, their continuous re-hiring for the same task and in the same premises bolstered the indispensability of their work to Coca-Cola's operations.

The Court has already exhaustively explained in *Magsalin v. National Organization of Working Men*[86] that sales route helpers or *cargadores* or *pahinantes*, which are similar to the tasks of petitioners as pickers, are necessary and desirable to the business of Coca-Cola, and that their continuous rehiring indicate their indispensability, viz.:

Coca-Cola Bottlers Phils., Inc., is one of the leading and largest manufacturers of softdrinks in the country. Respondent workers have long been in the service of petitioner company. Respondent workers, when hired, would go with route [salespersons] on board delivery trucks and undertake the laborious task of loading and unloading softdrink products of petitioner company to its various delivery points.

Even while the language of law might have been more definitive, the clarity of its spirit and intent, i.e., to ensure a "regular" worker's security of tenure, however, can hardly be doubted. In determining whether an employment should be considered regular or non-regular, the applicable test is the reasonable connection between the particular activity performed by the employee in relation to the usual business or trade of the employer. The standard, supplied by the law itself, is whether the work undertaken is necessary or desirable in the usual business or trade of the employer, a fact that can be assessed by looking into the nature of the services rendered and its relation to the general scheme under which the business or trade is pursued in the usual course. It is distinguished from a specific undertaking that is divorced from the normal activities required in carrying on the particular business or trade. But, although the work to be performed is only for a specific project or seasonal, where a person thus engaged has been performing the job for at least one year, even if the performance is not continuous or is merely intermittent, the law deems the repeated and continuing need for its performance as being sufficient to indicate the necessity or desirability of that activity to the business or trade of the employer. The employment of such person is also then deemed to be regular with respect to such activity and while such activity exists.

The argument of petitioner that its usual business or trade is softdrink manufacturing and that the work assigned to respondent workers as sales route helpers so involves merely "postproduction activities," one which is not indispensable in the manufacture of its products, scarcely can be persuasive. If, as so argued by petitioner company, only those whose work are directly involved in the production of softdrinks may be held performing functions necessary and desirable in its usual business or trade, there would have then been no need for it to even maintain regular truck sales route helpers. The nature of the work performed must be viewed from a perspective of the business or trade in its entirety and not on a confined scope.

The repeated rehiring of respondent workers and the continuing need for their services clearly attest to the necessity or desirability of their services in the regular conduct of the business or trade of petitioner company. .
.[87](Emphasis supplied)

This has been applied in *Pacquing v. Coca-Cola Philippines, Inc.*,^[88] where the Court also ruled that the drivers, salespersons, and route helpers assigned to Coca-Cola's plants, sales offices, and company premises were its regular employees. The Court ruled therein that sales route helpers "were part of a complement of three personnel comprised of a driver, a [salesperson] and a regular route helper, for every delivery truck." As such, it would be absurd for the Court to hold those helpers as regular employees of Coca-Cola without giving the same status to its plant driver, including its segregator of soft drinks, whose work also had reasonable connection to Coca-Cola's business of distribution and sale of soft drinks and other beverage products.

In *Coca-Cola Bottlers Philippines, Inc. v. Agito*,^[89] the employees affected are sales representatives assigned at the Lagro Sales Office of Coca-Cola. The latter argued that it is not the employer of the workers but instead, they are employees of Interserve, a legitimate job contractor. In dismissing Coca-Cola's arguments, the Court held that respondent sales representatives therein were regular employees of Coca-Cola as their work constituted distribution and sale of its products and were likewise repeatedly rehired by Coca-Cola. Moreover, the Court also ruled that Interserve was engaged in labor-only contracting.

Similarly, the Court held in *Quintanar v. Coca-Cola Bottlers, Philippines, Inc.*^[90] that the petitioners hired as route helpers were regular employees of Coca-Cola. They were directly hired by Coca-Cola but were transferred to different contractors, one of which was Interserve. Citing the case of *Magsalin*, the Court reiterated the finding that "the repeated rehiring of respondent workers and the continuing need for their services clearly attest to the necessity or desirability of their services in the regular conduct of the business or trade of [Coca-Cola]."

This was later reiterated in *Lingat v. Coca-Cola Bottlers Philippines, Inc.*,^[91] that petitioners therein who were hired as plant driver, forklift operator, and segregator/mixer were regular employees of Coca-Cola since they perform tasks that are necessary and desirable to the business of Coca-Cola; moreover, they remained to be working for Coca-Cola from 1993 to 2005 despite having been transferred from one agency to another which established the necessity and the indispensability of their activities in Coca-Cola's business.

In the more recent case of *Luces v. Coca-Cola Bottlers Philippines, Inc.*,^[92] the petitioners were also hired as drivers, route helpers, forklift operators for Coca-Cola. The Court held that similar to the abovementioned cases, petitioners were hired by contractors who had warehouse management agreements, delivery agreements and service agreements with Coca-Cola. These contractors engaged by Coca-Cola were labor-only contractors and the workers were doing tasks that are directly related and indispensable to the business or trade of Coca-Cola, particularly in the aspect of distribution and sale of its products. Hence, the Court held that as such, the workers were considered regular employees of Coca-Cola.

Indeed, petitioners' tasks as pickers and their continuous re-hiring as such clearly show that they are necessary and desirable to the business and operations of Coca-Cola. As the Court held in *Coca-Cola Bottlers Phils., Inc. v. Dela Cruz*,^[93] the sales route helpers therein were doing tasks that are related to the distribution and sale of Coca-Cola's products, as petitioners herein, which is part of its usual business or trade, to wit:

In plainer terms, the contracted personnel (acting as sales route helpers) were only engaged in the marginal work of helping in the sale and distribution of company products; they only provided the muscle work that sale and distribution required and were thus necessarily under the company's control and supervision in doing these tasks.

Still another way of putting it is that the contractors were not independently selling and distributing company products, using their own equipment, means and methods of selling and distribution; they only supplied the manpower that helped the company in the handling of products for sale and distribution. In the context of D.O. 18-02, the contracting for sale and distribution as an independent and self-contained operation is a legitimate

contract, but the pure supply of manpower with the task of assisting in sales and distribution controlled by a principal falls within prohibited labor-only contracting.[94]

Given the foregoing, We rule that petitioners who are performing tasks indispensable to the usual business or trade of Coca-Cola are considered regular employees of the latter. TRCI and Macslink which are found to lack investment in tools, equipment, machineries, supervision and work premises, are considered engaged in labor-only contracting.

Under Section 7 of D.O. No. 174, series of 2017, a principal is deemed as the employer of the contractor's or subcontractor's employees upon a finding that the latter is a labor-only contractor.[95] Thus, as correctly found by the LA and the NLRC, Coca-Cola is the direct employer of petitioners and is thus liable for their claims.

Anent the issue on illegal dismissal, petitioners were "laid off" from their work instantaneously upon Macslink's termination of its operations on May 31, 2017. Since Coca-Cola is found to be the employer of petitioners, it has the burden of proving that petitioners were dismissed upon a just or authorized cause under the Labor Code.[96] However, Coca-Cola did not prove any just cause for petitioners' sudden dismissal, or that the closure of Macslink's business was necessary and authorized by the DOLE; instead, it argued that petitioners were not its employees, but of Macslink. Coca-Cola used as shield the contracts it entered into with Macslink to evade any liability to petitioners.

There can be no other conclusion therefore, but that Coca-Cola illegally dismissed petitioners. There's also no showing that petitioners were afforded due process when they were dismissed. Considering that petitioners were illegally terminated, Coca-Cola, TRCI, and Macslink are solidarily liable for the rightful claims of petitioners.

As the Court held, settled is the rule that an employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges, and to his full backwages, inclusive of allowances and to his other benefits or their monetary equivalent computed from the time his compensation was withheld up to the time of actual reinstatement. If reinstatement is not possible, however, the award of separation pay is proper.[97]

Backwages are granted on grounds of equity to workers for earnings lost due to their illegal dismissal from work. They are a reparation for the illegal dismissal of an employee based on earnings which the employee would have obtained, either by virtue of a lawful decree or order, as in the case of a wage increase under a wage order, or by rightful expectation, as in the case of one's salary or wage. The outstanding feature of backwages is thus the degree of assuredness to an employee that he would have had them as earnings had he not been illegally terminated from his employment.[98]

Here, petitioners were unjustly dismissed by Coca-Cola when they were told that they were no longer allowed to report for work on account of Macslink's closure effective May 31, 2017. Thus, petitioners have lost the earnings they should have been entitled to had they not been illegally dismissed. They are thus entitled to their full backwages inclusive of all allowances and other benefits including 13[th] month pay and service incentive leaves, from the time that they were illegally dismissed or on May 31, 2017, the effectivity of the closure of Macslink, until the finality of this Decision.

Moreover, since there has been considerable lapse of time since the inception of this case in 2017, for practical reasons and to serve the best interest of the parties, the Court deems it proper to award separation pay to petitioners, instead of reinstatement. Thus, petitioners are entitled to separation pay equivalent to one month's salary for every year of service from June 1, 2017 until the finality of this Decision.

Finally, since petitioners were compelled to litigate to protect their rights and interests, attorney's fees of 10% of

the monetary award is likewise awarded. The awards of moral and exemplary damages by the LA and NLRC, however, are deleted for lack of basis.

The legal interest of 6% per annum shall be imposed on all the monetary grants from the finality of the Decision until paid in full.

ACCORDINGLY, the petitions are GRANTED. The Decision dated June 8, 2022 and the Resolution dated July 31, 2024 of the Court of Appeals in CA-G.R. SP Nos. 163257 & 163397 are REVERSED and SET ASIDE. The Redsystems Company, Inc. and Macslink-PSV Services, Inc. are DECLARED to be labor-only contractors. Consequently, Coca-Cola Beverages Philippines, Inc. is CONSIDERED as the principal employer of petitioners Eduardo V. Macalino, Danilo Tolentino, Crisanto Tabago, and Noel Tagaro. The Redsystems Company, Inc., Macslink-PSV Services, Inc. and Coca-Cola Beverages Philippines, Inc. are HELD solidarily liable for the rightful claims of petitioners arising from their illegal dismissal.

Consequently, they are awarded the following:

- Full backwages, inclusive of all allowances and other benefits, from May 31, 2017 until finality of this Decision;
- Separation pay, in lieu of reinstatement, equivalent to one month of salary for every year of service with a fraction of a year of at least six months as one whole year from June 1, 2017 until finality of this Decision; and
- Attorney's fees equivalent to 10% of the monetary grants to them.

All monetary awards shall earn interest at the legal rate of six percent (6%) per annum from the finality of this Decision until fully paid.

Let this case be REMANDED to the Labor Arbiter a quo for a detailed computation of the monetary awards.

SO ORDERED.

Gesmundo, C.J. (Chairperson) and Rosario, J., concur.
Zalameda[*] and Marquez,[*] JJ., on official business.

[*] On official business.

[**] Now known as "Coca-Cola Europacific Aboitiz Philippines, Inc."

[1] Rollo, pp. 10-68 (sans annexes).

[2] Id. at 69-90. The June 8, 2022 Decision in CA-G.R. SP Nos. 163257 and 163397 was penned by Associate Justice Florencio M. Mamauag, Jr. and concurred in by Associate Justices Victoria Isabela A. Paredes and Mary Charlene V. Hernandez-Azura of the Fourteenth Division, Court of Appeals, Manila.

[3] Id. at 91-92. The July 31, 2024 Resolution in CA-G.R. SP Nos. 163257 and 163397 was penned by Associate Justice Florencio M. Mamauag, Jr. and concurred in by Associate Justices Zenaida T. Galapate--Laguilles and Mary Charlene V. Hernandez-Azura of the Special Former Fourteenth Division, Court of Appeals, Manila.

[4] Id. at 1656-1688. The May 27, 2019 Decision in NLRC LAC No. 02-000725-19 was penned by Commissioner Agnes Alexis A. Lucero-De Grano and concurred in by Presiding Commissioner Joseph Gerard E. Mabilog and Commissioner Isabel G. Panganiban-Ortiguerra of the Sixth Division, National Labor Relations Commission.

[5] Id. at 1688-1693. The August 30, 2019 in NLRC LAC No. 02-000725-19 Resolution was penned by Commissioner Agnes Alexis A. Lucero-De Grano and concurred in by Presiding Commissioner Joseph Gerard E. Mabilog and Commissioner Isabel G. Panganiban-Ortiguerra of the Sixth Division, National Labor Relations Commission.

[6] Id. at 1526-1543. The December 28, 2018 Decision in NLRC Case No. RAB III No. 12-26817-17 was penned by Labor Arbiter Ma. Bernardita L. Carreon, Regional Arbitration Branch III, National Labor Relations Commission, San Fernando, Pampanga.

[7] CA rollo (G.R. No. 163257), vol. 1, pp. 4-5.

[8] Id. at 71-82.

[9] Id. at 125-137.

[10] Id. at 138-165

[11] Id. at 5-6.

[12] Id. at 200-220.

[13] Id. at 166-172.

[14] Id. at 209-211.

[15] Id. at 224-237.

[16] Id. at 238-245.

[17] Id. at 246-278.

[18] Id. at 268-269.

[19] Id.; See rollo, p. 11.

[20] Id. at 289-307.

[21] Rollo, p. 71.

[22] Id.

[23] Id. at 72.

[24] Id.

[25] Id.

[26] Id. at 1526-1543.

[27] Id. at 1539-1541.

[28] Id. at 1588-1596.

[29] Id. at 1605-1608.

[30] Id. at 1611-1619.

[31] Id. at 1678-1679.

[32] Id. at 1656-1688.

[33] Id. at 1686-1687.

[34] Id. at 1688-1693.

[35] Id. at 69-90.

[36] Id. at 29.

[37] Id. at 78. The Supreme Court has promulgated its Decision on G.R. No. 252783 entitled, "The Red Systems Company, Inc. v. Macalino et al.," on September 21, 2022.

[38] Id. at 80.

[39] Id. at 84.

[40] Id. at 86-88.

[41] Id. at 88.

[42] Id. at 91-92.

[43] DOLE Department Order No. 17, series of 2017, Section 3(h).

[44] *Luces v. Coca-Cola Bottlers Phils., Inc.*, 891 Phil. 149, 166 (2020) [Per J. Carandang, First Division].

[45] CA rollo (G.R. No. 163257), vol. 1, pp. 71-82.

[46] Id. at 83.

[47] Id. at 84-124.

[48] Id. at 279-283.

[49] Id. at 125-137.

[50] Id. at 138-165.

[51] Id. at 166-172.

[52] Id. at 173.

[53] Id. at 174.

[54] Id. at 175-198.

[55] Id. at 199.

[56] Id. at 200-220.

[57] Id. at 224-237.

[58] Id. at 238-278.

[59] Id. at 284-286.

[60] Id. at 287-288.

[61] Id. at 289-307.

[62] Id. at 308-345.

[63] Id. at 346-351.

[64] Id. at 352-356.

[65] Id. at 357-363.

[66] Coca-Cola Bottlers Phils., Inc. v. Agito, 598 Phil. 909, 927 (2009) [Per J. Chico-Nazario, Third Division].

[67] CA rollo, pp. 125-165.

[68] Id. at 200-220; 224-237.

[69] Id. at 238-245.

[70] Id. at 289-307.

[71] Coca-Cola Bottlers Phils., Inc. v. Agito, 598 Phil. 909, 927 (2009) [Per J. Chico-Nazario, Third Division].

[72] 453 Phil. 543, 565 (2003) [Per J. Bellosillo, Second Division].

[73] 381 Phil. 460 (2000) [Per J. Kapunan, First Division].

[74] Id. at 475.

[75] 538 Phil. 817, 834 (2006) [Per J. Chico-Nazario, First Division].

[76] Rollo, pp. 268-278.

[77] San Miguel Corp. v. MAERC Integrated Services Inc., 453 Phil. 543, 559 (2003) [Per J. Bellosillo, Second Division].

[78] Rollo, p. 13.

[79] Id. at 289-307.

[80] Id.

[81] CA rollo, p. 289.

"[BISA NG KASUNDUAN

[. . .]

Batid ng Manggagawa na ang bisa ng Kasunduang ito ay nakabatay sa bisa ng proyekto sa pagitan ng Kumpanya at ng kliyente nito kung saan ang Manggagawa ay itatalaga para magtrabaho. Dahil dito, ang bisa ng Kasunduan ay maaring matapos ng maaga or ayon sa itinakdang panahon ng pagwawakas nito na sang-ayon sa tagal ng proyekto sa pagitan ng Kumpanya at ng kliyente nito.

[. . .]

Ang Kasunduang ito ay maari ring palawigin sa bisa ng isang kasulatan sa pagitan ng Kumpanya at ng kliyente nito at kung hindi, ito ay kusa at tuluyan ng mawawalan ng bisa.]"

[82] ART. 295. [280] Regular and Casual Employment. — The provisions of written agreement to the contrary notwithstanding and regardless of the oral agreement of the parties, an employment shall be deemed to be regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual

business or trade of the employer, except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or where the work or service to be performed is seasonal in nature and the employment is for the duration of the season.

[83] *ALU-TUCP v. National Labor Relations Commission*, 304 Phil. 844, 850-852 (1994) [Per J. Feliciano, En Banc].

[84] Available at <https://dictionary.cambridge.org/dictionary/english/order-picking> (last accessed on July 21, 2025).

[85] Available at <https://dictionary.cambridge.org/us/dictionary/english/picker> (last accessed on July 21, 2025).

[86] 451 Phil. 254, 261 (2003) [Per J. Vitug, First Division].

[87] *Id.* at 260-262.

[88] 567 Phil. 323, 328 (2008) [Per J. Austria-Martinez, Third Division].

[89] 598 Phil. 909, 926 (2009) [Per J. Chico-Nazario, Third Division].

[90] 788 Phil. 385, 403-404 (2016) [Per J. Mendoza, En Banc]

[91] 835 Phil. 617, 629 (2018) [Per J. Del Castillo, First Division].

[92] 891 Phil. 149, 167 (2020) [Per J. Carandang, First Division].

[93] 622 Phil. 886 (2009) [Per J. Brion, Second Division].

[94] *Id.* at 906.

[95] Section 7. When principal is deemed the direct employer of the contractor's or subcontractor's employees. — In the event that there is a finding that the contractor or subcontractor is engaged in labor-only contractor under Section 5 and other illicit forms of employment arrangements under Section 6 of these Rules, the principal shall be deemed the direct employer of the contractor's or subcontractor's employees.

[96] Article 282. Termination by employer. — An employer may terminate an employment for any of the following causes:

- a. Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
- b. Gross and habitual neglect by the employee of his duties;
- c. Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
- d. Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representatives; and
- e. Other causes analogous to the foregoing.

Article 283. Closure of establishment and reduction of personnel. — The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the workers and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor-saving devices or redundancy, the worker affected thereby shall be entitled to a separation

pay equivalent to at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole year.

Article 284. Disease as ground for termination. — An employer may terminate the services of an employee who has been found to be suffering from any disease and whose continued employment is prohibited by law or is prejudicial to his health as well as to the health of his co-employees: Provided, That he is paid separation pay equivalent to at least one (1) month salary or to one-half (1/2) month salary for every year of service, whichever is greater, a fraction of at least six (6) months being considered as one (1) whole year.

[97] ICT Marketing Services, Inc. v. Sales, 769 Phil. 498, 524 (2015) [Per J. Del Castillo, Second Division].

[98] Equitable Banking Corporation (EQUITABLE-PCI BANK) v. Sadac, 523 Phil. 781, 819 (2006) [Per J. Chico-Nazario, First Division] citing Paguio v. Philippine Long Distance Telephone Co., Inc., 441 Phil. 679, 690-691 (2002) [Per J. Mendoza, Second Division].

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