

Title: Calamba Medical Center, Inc. vs. National Labor Relations Commission, Ronaldo Lanzas, and Merceditha Lanzas

Facts:

- In March 1992 and August 1995, Dr. Ronaldo Lanzas and Dr. Merceditha Lanzas began their engagements with Calamba Medical Center as resident physicians on 24-hour shifts, twice a week. They were each paid a monthly retainer fee of P4,800, along with a share in fees from outpatient treatments and surgeries. The hospital's medical director, Dr. Raul Desipeda, managed their schedules. They held ID cards, had taxes deducted, and were SSS contributors, indicating regular employment.
- On March 7, 1998, Dr. Meluz Trinidad intercepted Dr. Ronaldo Lanzas's phone call discussing patient admissions. Following this, Dr. Desipeda issued Dr. Lanzas a preventive suspension memo related to acts "inimical to the hospital's interest."
- Dr. Merceditha received no similar memo but was informed her absence from the schedule was a cost-cutting measure. On March 20, 1998, Dr. Lanzas filed a complaint for illegal suspension; his wife later filed for illegal dismissal.
- Both complaints were routed through mediation-arbitration at the NLRC after a labor dispute at the hospital resulted in a strike (certified by DOLE Secretary for arbitration on April 21, with a return-to-work order).
- Despite a directive by Dr. Desipeda following the labor secretary's order, Dr. Lanzas was terminated on April 25, 1998, for not complying with the return-to-work order and for purported union involvement. Dr. Lanzas amended his complaint to include illegal dismissal, while Dr. Merceditha's complaint was independently lodged.
- The case was initially dismissed by the Labor Arbiter on jurisdictional grounds. This was reversed upon appeal to the NLRC, which found an employer-employee relationship and illegal dismissal. The awards for damages were set, including moral and exemplary damages for both doctors.
- The appellate court, upon further appeal by the hospital, initially overturned the NLRC decision before reinstating it upon the Lanzas' reconsideration motion, modifying the damages.

Issues:

1. Whether there existed an employer-employee relationship between Drs. Lanzas and Calamba Medical Center.
2. Whether the termination of Drs. Lanzas was lawful.

Court's Decision:

1. Employer-Employee Relationship: The Supreme Court affirmed the existence of an employer-employee relationship based on the control test. The hospital dictated work schedules and supervised emergency or operating room procedures, satisfying the control element. The retainers and fee-sharing mirrored additional compensation akin to commission-based wages under the Labor Code.
2. Unlawful Termination: The Supreme Court held that both Drs. Lanzas were illegally dismissed. Dr. Ronaldo's termination lacked substantial evidence of participating in a strike. Dr. Merceditha's termination was solely based on her marital association, not constitutive of just cause under the Labor Code.

Doctrine:

- The case reiterated the "control test," essential for establishing employer-employee relationships, pivotal in determining if an entity controls both the means and processes of work performance.
- Substance over form in employment relationships supersedes labels like "retainers," focusing on actual working conditions and obligations.

Class Notes:

- Elements of Employer-Employee Relationship: Selection, payment of wages, power of dismissal, control over work.
- Article 97(f) defines wages and captures fee-sharing scenarios as wages, validating the hospital's control (Labor Code perspective).
- Form and procedural due process are critical in employment terminations, mandating notice and opportunity to be heard (Labor Code, Article 282 causes of termination).

Historical Background:

The case arises from the context of labor disputes involving resident physicians in private hospitals and contributes to the ongoing legal evolution of hospital-resident physician employment dynamics, highlighting the increasing importance of labor rights enforcement amid institutional-power imbalances.