



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated **January 26, 2021** which reads as follows:*

“G.R. Nos. 207216 & 208154 – (OMNIWORX, INC., *petitioner* v. MARIO ODON, et al., *respondents*). – This is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court, as amended, assailing the Decision dated January 31, 2013² and the Resolution³ dated May 20, 2013 of the Court of Appeals (CA) in CA-G.R. SP Nos. 125275 and 125484. The assailed issuances affirmed the October 28, 2011 Decision⁴ and March 28, 2012 Resolution⁵ of the National Labor Relations Commission (NLRC) in NLRC LAC No. 12-003109-10 which, in turn, affirmed with modification the July 12, 2010 Decision⁶ of the Labor Arbiter (LA) in NLRC Case No. RAB-IV-07-00679-09-L finding merit in respondents’ complaint for illegal dismissal against petitioner.

Antecedents

Respondents Mario Odon (Odon), Paolo Magnaye (Magnaye) and Wilson Bulaclac (Bulaclac), (collectively, respondents) were hired by Standout Service Contracting Corporation (Standout), a manpower agency. Magnaye and Bulaclac were recruited on March 2002 and May 2002, respectively, while Odon was hired on May 2004. Upon hiring, respondents were immediately deployed at Takata Philippines Corporation (Takata), a corporation engaged in the business of manufacturing automotive safety products and

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¹ *Rollo*, pp. 12-60.

² *Id.* at 68-79; penned by Associate Justice Angelita A. Gacutan and concurred in by Associate Justices Fernanda Lampas Peralta and Francisco P. Acosta.

³ *Id.* at 81-83.

⁴ *Id.* at 152-171; penned by Commissioner Perlita B. Velasco and concurred in by Presiding Commissioner Gerardo C. Nograles.

⁵ *Id.* at 175-182.

⁶ *Id.* at 140-150; rendered by Labor Arbiter Edgar B. Bisana.

components such as airbags and seatbelts. Odon and Magnaye worked as maintenance helpers while Bulaclac was assigned as a forklift operator.

Upon the expiration of Takata's service contract with Standout, respondents were directed by Takata's Personnel and Administration Manager, Lily Galpo (Galpo), and Engineering Utilities and Facilities Manager, Glen Solis (Solis), to transfer to petitioner Omniworx, Inc. (Omniworx). Thereat, respondents were made to sign five-month contracts with Omniworx. In June and July 2009, respondents were no longer allowed to enter Takata's premises on the ground that their respective contracts with Omniworx had already expired. Thereafter, respondents filed separate complaints⁷ for illegal dismissal and other money claims with the arbitration branch of the NLRC.

On July 12, 2010, LA Edgar B. Bisana issued a Decision declaring respondents to have been illegally dismissed by Takata and Omniworx. The LA ruled that circumstances extant in the case show that an employer-employee existed between respondents and Takata. The claim of Omniworx that respondents were its employees and not Takata's is dubious and fraudulent, declared the LA. Thus, the LA disposed as follows:

WHEREFORE, PREMISES CONSIDERED, respondents are hereby declared guilty of illegal dismissal and ORDERED to reinstate complainants as regular workers to their former positions with respondent Takata Phils. Corporation and to pay jointly and severally full backwages from date of dismissal until actual reinstatement.

Annex "A" is the computation of the judgment award which forms part and parcel of this decision.

SO ORDERED.⁸

Omniworx and Takata filed separate appeals with the NLRC. Omniworx insisted that respondents were its project and/or fixed term employees whose respective contracts of employment had already expired, while Takata insisted that it merely engaged the services of Omniworx, the latter being a legitimate job contractor.

In its Decision dated October 28, 2011, the NLRC ruled that no employer-employee relationship existed between respondents and Takata. The labor tribunal also found that Omniworx is a legitimate

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⁷ Id. at 86-91.

⁸ Id. at 149.

job contractor with an authorized capital stock of ₱15,000,000.00 and with ₱6,000,000.00 as paid-up capital stock. Nevertheless, the NLRC decreed that respondents were regular workers, not project employees, who were dismissed by Omniworx without any legal justification. Thus:

WHEREFORE, the separate appeals of respondents Takata (Phils.) Corporation and Omniworx Inc. are hereby PARTLY GRANTED and the Decision promulgated on 12 July 2010 is AFFIRMED with the MODIFICATION that Omniworx Inc. is ordered to reinstate complainants and to pay their full backwages from the date of their dismissal up to their actual reinstatement and that the awards of moral and exemplary damages and attorney's fees are deleted.

Attached hereto is the computation of the complainants' backwages as of the date of this decision.

SO ORDERED.⁹

Omniworx and respondents sought a reconsideration of the above Decision, but the same were denied by the NLRC in its March 28, 2012 Resolution.

Aggrieved, Omniworx¹⁰ and respondents¹¹ then sought relief from the CA through separate petitions for *certiorari* under Rule 65.

In the herein assailed Decision dated January 31, 2013, the CA affirmed the issuances of the NLRC. The appellate court concluded that respondents failed to prove the existence of an employment relationship with Takata. On the other hand, as to the liability of Omniworx to respondents, the CA made the following disquisition:

Anent the liability of Omniworx for illegal dismissal, Omniworx argues that Complainants were claiming the same only as against Takata. However, it must be emphasized that Omniworx was impleaded and intervened in the case. It is Complainants' position that Takata is their real employer and Omniworx is merely a labor-only contractor. Thus, obviously, complainants will claim from Takata.

Omniworx's argument that NLRC, for the first time, ruled that it was guilty of illegal dismissal is untenable. Obviously, because the Labor Arbiter ruled that Omniworx was a labor-only contractor, its conclusion would necessarily be that Takata was the

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⁹ Id. at 170.

¹⁰ Id at 183-261.

¹¹ Id. at 262-299.

employer and the one liable for illegal dismissal. It is evident that Omniworx is merely trying to evade its liability which this Court cannot allow.

Upon careful perusal of the records, We affirm the NLRC's finding that Omniworx never refuted Complainants' claim that they already worked thereat for more than a year already. There was no denial that Complainants were asked to sign employment contracts, aside from the one presented by Takata and Omniworx, but were never given copies of the same.

Regular employment has been defined by Article 280 of the Labor Code, as amended, which reads:

Art. 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 engagement of the employee or where the work or services to be performed is seasonal in nature and employment is for the duration of the season.

An employment shall be deemed to be casual if it is not covered by the preceding paragraph. **Provided, That, any employee who has rendered at least one year of service, whether such service is continuous or broken, shall be considered a regular employee with respect to the activity in which he is employed and his employment shall continue while such activity exists.**

Therefore, there is no question that Complainants are regular employees of Omniworx and having been terminated without any just or authorized cause, Complainants are indeed illegally dismissed. They are, thus, entitled to reinstatement and full backwages from the date of their dismissal up to their actual reinstatement. (emphasis included)¹²

Ultimately, the CA disposed:

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¹² Id. at 77-78.

WHEREFORE, premises considered, the Petitions are hereby both DENIED. The Decision dated October 28, 2011 and Resolution dated March 28, 2012 of the National Labor Relations Commission are hereby AFFIRMED.

SO ORDERED.¹³

Omniworx's Motion for Partial Reconsideration¹⁴ and respondents' Motion for Reconsideration¹⁵ were denied by the CA in the herein assailed Resolution dated May 20, 2013.

Hence, the present recourse.

Issue

At the outset, We are guided by Our pronouncement in *Montoya v. Transmed Manila Corp./Mr. Ellena, et al.*,¹⁶ regarding the parameters of a Rule 45 petition for review on *certiorari* assailing the CA's Decision in a labor case,¹⁷ viz.:

In a Rule 45 review, we consider the correctness of the assailed CA decision, in contrast with the review for jurisdictional error that we undertake under Rule 65. Furthermore, Rule 45 limits us to the review of questions of law raised against the assailed CA decision. In ruling for legal correctness, we have to view the CA decision in the same context that the Petition for *Certiorari* it ruled upon was presented to it; we have to examine the CA decision from the prism of whether it correctly determined the presence or absence of grave abuse of discretion in the NLRC decision before it, not on the basis of whether the NLRC decision on the merits of the case was correct. In other words, we have to be keenly aware that the CA undertook a Rule 65 review, not a review on appeal, of the NLRC decision challenged before it. This is the approach that should be basic in a Rule 45 review of a CA ruling in a labor case. In question form, the question to ask is: Did the CA correctly determine whether the NLRC committed grave abuse of discretion in ruling on the case?¹⁸

In the same vein, the Court declared in *Nightowl Watchman & Security Agency, Inc. v. Lumahan*¹⁹ that:

In reviewing the legal correctness of the CA decision in a labor case (pursuant to Rule 65 of the Rules of Court), we examine

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¹³ Id. at 79.

¹⁴ Id. at 330-365.

¹⁵ Id. at 300-329.

¹⁶ 613 Phil. 696 (2009).

¹⁷ *Career Philippines Shipmanagement, Inc., et al. v. Serna*, 700 Phil. 1 (2012).

¹⁸ Id. at 707.

¹⁹ 771 Phil. 391 (2015).

the CA decision in the context of the remedy the CA addressed - the petition is a determination of the presence or the absence or presence of grave abuse of discretion in the NLRC decision before it, not on the basis of whether the NLRC decision is intrinsically correct on its merits. In other words, we have to be keenly aware that the CA undertook a Rule 65 review, not a review on appeal, of the challenged NLRC decision.²⁰

Succinctly, the Court is tasked to determine whether or not the CA committed a reversible error when it ruled that the NLRC did not commit grave abuse of discretion when it ruled that respondents were regular employees of Omniworx whom the latter had dismissed without any lawful cause.

Ruling of the Court

Omniworx admits that it employed respondents for a period exceeding one year and had treated them as regular employees.²¹ It, however, bewailed the finding that respondents were dismissed from employment. In denying the fact of respondents' dismissal, Omniworx even argued in its Position Paper before the LA that respondents' "respective contracts of employments (sic) with Omniworx have ended or expired."²²

Omniworx's reasoning is absurd. The excuse that an employee was not terminated and that his contract merely expired gravely violates said employee's right to security of tenure.

A regular employee is entitled to security of tenure. Under Article 279²³ of the Labor Code, the absence of a just or authorized cause for the termination of employment can make the dismissal of an employee illegal,²⁴ and in such cases, only after due process is observed.²⁵

The valid causes for termination are categorized into two groups: the just causes under Articles 282 of the Labor Code and the authorized causes under Articles 283 and 284 of the same Code. The

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²⁰ Id. at 402.

²¹ *Rollo*, p. 50.

²² Id. at 130.

²³ Article 279. *Security of Tenure*. — In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. 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 from him up to the time of his actual reinstatement.

²⁴ *Serrano v. NLRC*, 387 Phil. 345, 352-353 (2000).

²⁵ *Distribution & Control Products, Inc./Tiamsic v. Santos*, 813 Phil. 423, 432 (2017).

just causes are: (1) serious misconduct or willful disobedience of lawful orders in connection with the employee's work; (2) gross or habitual neglect of duties; (3) fraud or willful breach of trust; (4) commission of a crime or an offense against the person of the employer or his immediate family member or representative; and, analogous cases. The authorized causes are: (1) the installation of labor-saving devices; (2) redundancy; (3) retrenchment to prevent losses; and (4) closing or cessation of operations of the establishment or undertaking, unless the closing is for the purpose of circumventing the provisions of law. Article 284 provides that an employer would be authorized to terminate the services of an employee found to be suffering from any disease if the employee's continued employment is prohibited by law or is prejudicial to his health or to the health of his fellow employees.²⁶

Verily, expiration of contract does not fall under any of the above valid causes. Accordingly, the Court affirms the finding that respondents were illegally dismissed by Omniworx.

In line with Article 279 of the Labor Code, the Court also affirms the order of reinstatement, without loss of seniority rights, and the award of backwages in favor of respondents. In *Advan Motor, Inc. v. Veneracion*,²⁷ the Court held that:

The statutory intent on this matter is clearly discernible. Reinstatement restores the employee who was unjustly dismissed to the position from which he was removed, that is, to his *status quo ante* dismissal, while the grant of backwages allows the same employee to recover from the employer that which he had lost by way of wages as a result of his dismissal. These twin remedies reinstatement and payment of backwages - make the dismissed employee whole who can then look forward to continued employment. Thus do these two remedies give meaning and substance to the constitutional right of labor to security of tenure. The two forms of relief are distinct and separate, one from the other. Though the grant of reinstatement commonly carries with it an award of backwages, the inappropriateness or non-availability of one does not carry with it the inappropriateness or non-availability of the other

The payment of backwages is generally granted on the ground of equity. It is a form of relief that restores the income that was lost by reason of the unlawful dismissal; the grant thereof is intended to restore the earnings that would have accrued to the dismissed employee during the period of dismissal until it is

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²⁶ *Perpetual Help Credit Cooperative, Inc. v. Faburada*, 419 Phil. 147, 156-157 (2001).

²⁷ 848 Phil. 421 (2017) quoting from *Tomas Claudio Memorial College, Inc. v. Court of Appeals*, 467 Phil. 541 (2004).

determined that the termination of employment is for a just cause. It is not private compensation or damages but is awarded in furtherance and effectuation of the public objective of the Labor Code. Nor is it a redress of a private right but rather in the nature of a command to the employer to make public reparation for dismissing an employee either due to the former's unlawful act or bad faith.²⁸

All told, We find no reversible error on the part of the CA when it rendered the assailed Decision and Resolution.

In consonance with prevailing jurisprudence,²⁹ the total monetary award shall earn legal interest at the rate of six percent (6%) *per annum* computed from the finality of this Resolution until the same is fully paid.

WHEREFORE, the petition is **DENIED** for lack of merit. The Decision dated January 31, 2013 and the Resolution dated May 20, 2013 of the Court of Appeals in CA-G.R. SP Nos. 125275 and 125484 are hereby **AFFIRMED** with **MODIFICATION** in that interest at the rate of six percent (6%) *per annum* is hereby imposed on the total monetary award from the date of finality of this Resolution until its full satisfaction.

SO ORDERED.” *Peralta, C.J., no part; Inting, J., designated Additional Member per Raffle dated December 14, 2020.*

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court
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²⁸ Id. at 435.

²⁹ *Nacar v. Gallery Frames*, 716 Phil. 267, 283 (2013).



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