RECENT JURISPRUDENCE ON LABOR LAW*

INTRODUCTION

This article is a survey of recent cases decided by the Supreme Court across the following sub-fields of Labor Law: work-related injury, termination of employment, employer-employee relations, and labor relations. All these cases were decided in 2021 and 2022.

I. LABOR STANDARDS

A. *Oceanmarine Resources Corp. v. Nedic*[1]

This case clarified that, prospectively, Article 1711 of the Civil Code can no longer be used against employers to claim indemnity for work-related injury or death, as it has been repealed by Title II, Book IV of the Labor Code.

Romeo Ellao was a company driver for Oceanmarine. He drove other employees to various banks to withdraw money for the employer. While driving, he was shot dead by two unidentified motorcycle-riding assailants, who then took the bag of money in the vehicle and then escaped.[2]

Jenny Rose G. Nedic was Ellao's common-law spouse and the mother of their minor son. She sent a demand letter to Oceanmarine through her counsel, claiming damages by way of loss of future income. After the claim was denied, Nedic filed a complaint with the Regional Trial Court (RTC) based on Article 1711 of the Civil Code, which makes owners

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This Article is part of a series published by the Journal, providing updates in jurisprudence across the eight identified fields of law. The other articles focus on civil law, political law, taxation, criminal law, mercantile law, remedial law, and judicial ethics.

1 [Hereinafter "*Oceanmarine Res. Corp.*"], G.R. No. 236263, July 19, 2022 (Zalameda, *J.*).

2 *Id.* at 2. This pinpoint citation refers to the copy of this decision uploaded to the Supreme Court Website.

of enterprises and employers liable to pay compensation for the death of their employees, should the case arise out of and in the course of employment.[3]

The RTC dismissed Nedic's complaint, but the Court of Appeals (CA) reversed the decision, citing *Candano Shipping Lines, Inc. v. Sugata-on*.[4] To note, the Supreme Court in *Candano* held that two alternative remedies are available to an employee in case of death or personal injury: (1) that under the Workmen's Compensation Act, and (2) those under the provisions of the Civil Code. Generally, after choosing one remedy and accepting the compensation under such, the choice shall exclude the other. By way of exception, the other remedy may be availed in the presence of supervening facts or developments occurring after opting for the first remedy.[5] In *Candano*, the Court cited *Floresca v. Philex Mining Co*.,[6] which explained that the employee is allowed to choose either of the two remedies because the compensation provided by the Workmen's Compensation Act is separate and distinct from the award of damages under the Civil Code.[7]

In this case, the Court, through Associate Justice Rodil V. Zalameda, partly granted Nedic's petition. Clarifying the *Floresca* ruling, the Court explained that while Article 1711 of the Civil Code makes the employer directly liable for the payment of compensation in case of work-related injuries or death, without fault on the part of the employer, Title II, Book IV of the Labor Code[8] shifted the liability to the State Insurance Fund. The Court further noted that the Labor Code was enacted much later than Article 1711 of the Civil Code, and that labor law is a special law which covers employee compensation for work-related injury or death.[9]

Thus, claims for compensation for work-related injury or death—notwithstanding the presence of negligence on the part of the employer—are governed by Title II, Book IV of the Labor Code. However, a claim for damages under the Civil Code provisions on quasi-delicts may still be filed, provided that the causal relationship between the act or negligence of the employer and the injury or death of the worker is established.[10]

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[3] *Id.* at 2–3.
[4] [Hereinafter "*Candano*"], G.R. No. 163212, 518 SCRA 221, Mar. 13, 2007.
[5] *Id.* at 230.
[6] [Hereinafter "*Floresca*"], G.R. No. 30642, 136 SCRA 141, Apr. 30, 1985.
[7] *Id.* at 155–56.
[8] LAB. CODE, bk. IV, tit. II. Employees Compensation and State Insurance Fund.
[9] *Oceanmarine Res. Corp.*, G.R. No. 236263, at 25.
[10] *Id.* at 26.

While a claim for damages under Article 1711 of the Civil Code no longer has a statutory basis as the same is already impliedly repealed by the Labor Code, the Court still granted the claim for loss of earning capacity. Observed that its ruling in *Candano* had seemingly revived this provision and validated its continued effectivity, the Court "cannot fault litigants for relying on such pronouncement, even if it is inconsistent with the laws then controlling."[11]

Although *Candano* would now be abandoned by the Court insofar as it sanctions the filing of an action for work-related compensation under Article 1711 of the Civil Code, it was still the prevailing doctrine when Nedic filed the action. Hence, the abandonment of *Candano* should only be applied prospectively.[12] The Court thus established the guidelines for claiming compensation for work-related injury or death, in relation to the application and subsequent abandonment of *Candano*:

> (1) For actions filed prior to the finality of *Candano* on 06 August 2007, Article 1711 of the Civil Code shall be considered to have been impliedly repealed by Title II, Book IV of the Labor Code. Thus, Article 1711 of the Civil Code cannot sustain any action for, or award of, indemnity. *Candano* was not yet a binding precedent at the time these actions were filed. In *Candano*'s absence, there is no legal basis to give effect to a repealed provision of the Civil Code.
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> (2) For actions filed during the applicability of *Candano*, *i.e.*, from its finality on 06 August 2007 until the finality of this Decision, Article 1711 of the Civil Code shall be given effect based on the *Candano* ruling.
>
> (3) For actions filed after the finality of this Decision, Article 1711 of the Civil Code shall not be given any effect since Article 1711 has been repealed by the Labor Code. Thus, Article 1711 of the Civil Code can no longer be used against employers to claim indemnity for work-related injury or death.[13]

Ultimately, the Court held that indemnity for loss of earning capacity may be awarded for Romeo's death in the course of employment based on Article 1711 of the Civil Code, since it was filed before the abandonment of *Candano*.

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[11] *Id.* at 31.
[12] *Id.* at 30.
[13] *Id.* at 31.

The Court still upheld the *Floresca* ruling despite its misapplication of certain provisions and principles, which was revealed upon the Court's reexamination.[14] The case established that the choice of action of employees and their heirs should be selective, and not cumulative or exclusive. Employees or their heirs have the choice between an action for damages under the Civil Code or a claim for compensation under the Labor Code. Upon the election of a remedy, the claimants shall be deemed to have waived the other remedy, unless the election of the first remedy was due to ignorance or mistake of fact, or when there are supervening facts or developments after opting for the first remedy.[15]

B. *Dela Cruz-Cagampan v. One Network Bank, Inc.*[16]

In this case, the Supreme Court stated that even if a bank must observe high standards of diligence, this would not justify the enforcement of an arbitrary employment rule that directs the immediate dismissal of an employee who marries a co-worker.

Catherine Dela Cruz-Cagampan was hired by One Network Bank, Inc. as an Accounting Specialist on June 11, 2004. On May 1, 2006, her employer implemented what it called an "Exogamy Policy." The policy required that in case two employees marry each other either through church or civil court rites, one of them must immediately terminate their employment after marriage. The policy expressly exempted employees already married to each other by the end of April 2006.[17]

On October 31, 2009, Catherine married her co-worker, Audie Angelo A. Cagampan. The couple requested that they be allowed to continue working in the bank just like other married couples who were permitted to do so. They even suggested that the husband be transferred to other bank branches. However, their request was denied by the Head of Human Resources. Thus, Catherine was terminated from employment.[18]

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[14] *Id.* at 32–34.

[15] *Id.* at 41.

[16] [Hereinafter "*Dela Cruz-Cagampan*"], G.R. No. 217414, June 22, 2022 (Leonen, *J.*).

[17] *Id.* at 2. This pinpoint citation refers to the copy of this decision uploaded to the Supreme Court Website.

[18] *Id.*

The Labor Arbiter (LA) ruled that Catherine was illegally dismissed. This was affirmed by the National Labor Relations Commission (NLRC). However, the CA reversed the NLRC decision and held that Catherine was validly dismissed. It found that the Exogamy Policy is a valid exercise of management prerogative and that it is a *bona fide* occupational qualification. The CA explained that the employer bank is called to observe the highest degree of diligence in handling its affairs. The policy is thus necessary to ensure the protection of clients' information, and to reduce risks from married co-employees enjoying privileged communication. However, because One Network Bank, Inc. failed to observe procedural due process in the termination of its employee, it was ordered to pay nominal damages in favor of Catherine.[19]

The Supreme Court, through Senior Associate Justice Marvic M.V.F. Leonen, reversed the CA decision and ultimately held that Catherine was illegally dismissed and must therefore be reinstated.[20] Relying on the 1987 Constitution, the Supreme Court noted that the State is mandated to "afford full protection to labor […] and promote full employment and equality of employment opportunities for all."[21] Moreover, the Magna Carta of Women includes the commitment of the State to eliminate discrimination against women and to ensure their right to freely choose a spouse.[22] Furthermore, Article 136 of the Labor Code itself provides that a woman employee cannot be dismissed or prejudiced against by mere reason of her marriage. The Court also cited its earlier holding in *Star Paper Corp. v. Simbol,*[23] stating that a *bona fide* occupational qualification requires the concurrence of two elements: "(1) that the employment qualification is reasonably related to the essential operation of the job involved; and, (2) that there is a factual basis for believing that all or substantially all persons meeting the qualification would be unable to properly perform the duties of the job."[24]

In this case, the Court found that the employer failed to discharge its burden of establishing by substantial evidence the reasonable necessity for the policy. First, the Court found that the Respondents failed to show a reasonable business necessity that would merit the implementation of the "Exogamy Policy." In effect, the policy unduly discouraged all employees from marrying their co-employees. However, as found by the NLRC, there

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[19] *Id.* at 3–5.
[20] *Id.* at 6.
[21] CONST. art. XIII, § 3.
[22] Rep. Act No. 9710 (2009), § 19(b). The Magna Carta of Women.
[23] G.R. No. 164774, 487 SCRA 228, Apr. 12, 2006.
[24] *Id.* at 242–43.

was no iota of proof supporting the employer's assertions that a marriage of co-workers to each other would affect the climate of trust and security of its clients or that it would place the bank's funds at risk for embezzlement.[25]

Agreeing with the petitioners, the Court explained that indeed One Network Bank, Inc. could have taken actions other than simply dismissing Catherine. Alleged risks could have been avoided by transferring either spouse to a different branch or by assigning them to a different role. Stronger confidentiality measures could also have been implemented so as not to impinge on the employees' right to security of tenure.[26]

Second, the Court found no factual basis to say that marriage among co-workers would render them unable to perform their duties such that their dismissal would be warranted. Furthermore, the policy leaves management wide discretion to dismiss employees arbitrarily, as in the case of Catherine.[27]

C. *Tiangco v. ABS-CBN Broadcasting Corp.*[28]

In this case, the Court highlighted that "there is no inflexible rule to determine if a person is an employee or an independent contractor" and that "the characterization of the relationship must be made based on the particular circumstances of each case." Still, the right to control remains the dominant factor in determining whether one is an employee or an independent contractor—which differentiated a public affairs show host from television crew members.[29] However, when one is an independent contractor, it would be inconsistent for the company to place them under suspension without pay absent such a stipulation in their agreement.[30]

ABS-CBN Corp. ("ABS-CBN") entered into the May 1994 Agreement with Mel & Jay Management and Development Corp. ("MJMDC") to have Carmela C. Tiangco, better known as Mel Tiangco, as an exclusive talent for radio and television, subject to certain stipulations. In the said agreement, one of the stipulations provides that Tiangco shall abide

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[25] *Dela Cruz-Cagampan*, G.R. No. 217414, at 11–12.

[26] *Id.* at 12.

[27] *Id.* at 12–13.

[28] [Hereinafter "*Tiangco*"] G.R. No. 200434, Dec. 6, 2021 (Zalameda, *J.*).

[29] *Id.* at 18. This pinpoint citation refers to the copy of this decision uploaded to the Supreme Court Website.

[30] *Id.* at 20.

by ABS-CBN's rules, regulations, and standards of performance for its talents.[31]

Later, ABS-CBN issued a Memorandum directing its talents and regular employees to refrain from making commercial appearances, citing the "clear […] need to protect the integrity and credibility of the news and public affairs programs."[32] Tiangco allegedly violated this Memorandum when she appeared in a commercial for Tide laundry detergent that aired in December 1995, leading to her suspension and eventual dismissal.[33]

Tiangco claimed that she had secured ABS-CBN's verbal approval for her to appear in the commercial. This was denied by ABS-CBN. Tiangco eventually filed a complaint against ABS-CBN and its officers for illegal dismissal, illegal suspension, and other claims such as rescinding the Agreement at their instance. ABS-CBN answered that there was no basis for the rescission as Tiangco was an independent contractor. Furthermore, ABS-CBN argued that Tiangco's suspension for her violation of the subject contract did not amount to constructive dismissal.[34]

The LA ruled in favor of Tiangco.[35] However, this was vacated and set aside by the NLRC after ABS-CBN filed a manifestation informing them of the Supreme Court's decision in the case of *Sonza v. ABS-CBN Broadcasting Corp.*[36] involving Tiangco's co-host, Jay Sonza. The NLRC explained that the agreement between Sonza and ABS-CBN had provisions that were identical to those of the Agreement between Tiangco and ABS-CBN. Following this, the case was referred to the Philippine Mediation Center–CA wherein Tiangco and ABS-CBN executed a Partial Settlement Agreement.[37]

In the Partial Settlement Agreement, Tiangco was awarded salaries from her period of suspension, 13th-month pay, travel allowance, a refund of her contributions to the Employees Stock Ownership Program ("ESOP"), and signing bonus. The CA approved the Partial Settlement Agreement and rendered a Decision finding that the remaining issue in the petition was already moot and academic.[38]

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[31] *Id.* at 2–4.
[32] *Id.* at 4.
[33] *Id.* at 4–5.
[34] *Id.*
[35] *Id.* at 5.
[36] [Hereinafter "*Sonza*"], G.R. No. 138051, 431 SCRA 583, June 10, 2004.
[37] *Tiangco*, G.R. No. 200434, at 6–8.
[38] *Id.* at 8.

Tiangco was not satisfied with the Decision, so she filed a Rule 45 petition before the Supreme Court. She averred that, based on the monetary award by the LA, her claims for separation pay, moral damages, and attorney's fees remain unsatisfied and therefore continue to be contested.[39]

The Court, through Associate Justice Zalameda, explained that her claims for separation pay, moral damages, and attorney's fees were hinged on the ascertainment of her employment relationship with ABS-CBN. As such, the Court applied the four-fold test in determining the existence of an employer-employee relationship which are: (1) selection and engagement of the employee, (2) payment of wages, (3) power of dismissal, and (4) the employer's power to control the employee as to the means and methods by which the work is accomplished.[40]

As to the first element, the Court differentiated employees from independent contractors through the peculiarity of the skills and talents of the latter. Independent contractors often present skills, expertise, and statuses that are not commonly possessed by ordinary employees.[41] However, Tiangco acknowledged that she was hired by reason of her peculiar talents, skills, personality, and celebrity status.[42]

As to the second element, the Court explained that the fees and benefits that independent contractors receive result from negotiations with their principals. Due to their elevated status compared to ordinary employees, independent contractors have the power to bargain for scales of fees higher than those of ordinary employees.[43] This was the case for Tiangco, who was given yearly talent fees exceeding PHP 400,000 on top of a signing bonus in the form of PHP 500,000 worth of ABS-CBN stocks.[44]

As to the third element, employees may be terminated by their employers for just causes, as provided by Article 297 of the Labor Code.[45] Tiangco argued that her three-month suspension without pay was proof that ABS-CBN had this power of discipline over her. However, the Court noted

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[39] *Id.* at 8–9.
[40] *Id.* at 19.
[41] *Id.* at 12, *citing Sonza*, 431 SCRA 583, 595.
[42] *Id.* at 19.
[43] *Id.* at 13, *citing Sonza*, 431 SCRA at 596.
[44] *Id.* at 19.
[45] *Id.* at 13–14, *citing Sonza*, 431 SCRA at 597.

that the suspension was actually improper because nothing in the agreement with MJMDC allowed ABS-CBN to do so.[46]

As to the final and most important element in determining the existence of an employment relationship, the Court highlighted that the employer must control the manner by which the latter performed their job. The Court also emphasized that the ascertaining an individual's relationship with the person hiring them using the "control" analysis yields the most conclusive result.[47] Here, the Court noted that Tiangco herself admitted that she was not under the control of ABS-CBN in her role as co-host of "Mel & Jay." While she argued that the manner of performing her newscasting job for "TV Patrol" was "100% under the sole and exclusive control" of the company, this was not established.[48]

Ultimately, the Court determined Tiangco to be an independent contractor because: (1) she had unique skills and talents; (2) she was paid beyond the salary scale of an ordinary employee; (3) she could not be dismissed by ABS-CBN through means outside of those stipulated in their agreement; and (4) she was given the flexibility to do her job as a talent of ABS-CBN.[49] The Court stressed:

> Possession of unique skills, expertise, or talent is a persuasive element of an independent contractor. It becomes conclusive if it is established that the worker performed the work according to their own manner and method and free from the principal's control except to the result.[50]

As mentioned, ABS-CBN's suspension of Tiangco was improper because it had no power to suspend her under their contract—the tie that bound the parties. After she violated one of the provisions of the Agreement, it should have been terminated altogether as stipulated. However, this was rectified through the payment of Tiangco's salaries from the point of her suspension, as provided in the Partial Settlement Agreement.[51]

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[46] *Id.* at 19–20.
[47] *Id.* at 18.
[48] *Id.* at 21.
[49] *Id.* at 19–20.
[50] *Id.* at 22.
[51] *Id.* at 20.

D. *Ditiangkin v. Lazada E-Services Philippines, Inc.*[52]

Amid the boom in online shopping, this landmark case tackled the employment status of five delivery riders who were directly hired but were treated as independent contractors by electronic commerce operator Lazada E-Services Philippines, Inc. ("Lazada"). Here, the Supreme Court found that the riders satisfy both the four-fold and the economic dependence tests.[53]

In February 2016, the five petitioners signed an Independent Contractor Agreement when they were hired as delivery riders by Lazada. However, in January 2017, they were removed from their usual routes and were informed that they would no longer receive new assignments. Thus, the riders filed a complaint against Lazada before the NLRC for illegal dismissal, payment of monetary claims, and damages.[54]

The riders argued that they were regular employees of Lazada, as the means and methods of carrying out their work were subject to the discretion and control of the latter. However, Lazada maintained that the riders were not regular employees but were independent contractors. It alleged that it was not a common carrier, as it merely facilitated the sale of goods between its sellers and buyers, and coordinated with an independent transportation service.[55]

The LA ruled in favor of Lazada, holding that the riders were not regular employees as explicitly stated in the Contract signed by the riders. This was affirmed by the NLRC, which, upon applying the four-fold test, found that Lazada did not exercise control over the riders' means and methods in performing their services. The riders were found to be independent contractors.[56]

In deciding the case, the Court, through Senior Associate Justice Leonen, employed the two-tiered test to determine the existence of an employer-employee relationship: (1) the four-fold test and (2) the economic dependence test. Under the four-fold test, the following factors must be proven to establish an employer-employee relationship: (a) the employer's selection and engagement of the employee; (b) the payment of wages; (c) the

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[52] [Hereinafter "*Ditiangkin*"], G.R. No. 246892, Sept. 21, 2022 (Leonen, *J.*).

[53] *Id.* at 19. This pinpoint citation refers to the copy of this decision uploaded to the Supreme Court Website.

[54] *Id.* at 2.

[55] *Id.* at 2–3.

[56] *Id.* at 3–4.

power to dismiss; and (d) the power to control the employee's conduct. Among these, the most significant factor is the power of control.[57]

Should the first test be insufficient, the economic dependence test is employed. This test examines the worker's dependence on the alleged employer for his continued employment in that line of business, considering the "economic realities of the employment […] to get a comprehensive view of the true classification of the worker."[58] Thus, the said employer-employee relationship depends on the circumstances of the whole economic activity, which includes:

> (1) [T]he extent to which the services performed are an integral part of the employer's business; (2) the extent of the worker's investment in equipment and facilities; (3) the nature and degree of control exercised by the employer; (4) the worker's opportunity for profit and loss; (5) the amount of initiative, skill, judgment or foresight required for the success of the claimed independent enterprise; (6) the permanency and duration of the relationship between the worker and the employer; and (7) the degree of dependency of the worker upon the employer for his continued employment in that line of business.[59]

The Court ruled that an employer-employee relationship existed between the petitioner riders and Lazada, as the former passed both the four-fold and economic dependence tests.[60]

First, the riders were directly engaged by Lazada, with their signed Contracts as proof. Second, they receive a stipulated daily salary of PHP 1,200 from Lazada. Third, Lazada had the power to immediately dismiss the riders should there be a breach of material provisions of the Contract. Finally, Lazada exercised control over the means and methods of the performance of the petitioner riders' work, as evidenced by their Contract and in the way their work is carried out. They were required to accomplish a route sheet keeping track of the arrival, departure, and unloading time of the items, to pay a penalty for lost items, and to submit trip tickets and incident reports to Lazada. Such control further extends to the profit or loss the riders incurred given their set daily wage, and to the time of the riders, as they may be called on demand by the company.[61]

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[57] *Id.* at 15.

[58] *Id.* at 16.

[59] *Id.*, *citing* Francisco v. Nat'l Lab. Rel. Comm'n, G.R. No. 170087, 500 SCRA 690, 698–99, Aug. 31, 2006.

[60] *Id.* at 19.

[61] *Id.* at 19–21.

Though it may be argued that such instructions did not indicate control as these were just general guidelines, the Court's perusal of the business of Lazada in relation to the services provided by the riders confirms such employer-employee relationship. The Court held that the services performed by petitioners are integral to Lazada's business, as the business model implemented by the said company clearly integrates the delivery of items in the services it offers. Simply put, Lazada is not just a platform where buyers and sellers transact; they also offer the delivery of the purchased items from the seller to the buyer.[62]

With respect to the second test, petitioner riders were found to be economically dependent on Lazada for their livelihood as they were directly hired by the latter.[63] The Court emphasized that the LA and the NLRC erred in rejecting the existence of the employer-employee relationship just because the Independent Contractor Agreement stated that there was none. This contract must be read in accordance with the social policy of according full protection to labor, regardless of what is provided therein, consistent with the constitutional recognition that labor is a primary social economic force.[64]

The Court disregarded the one-year fixed term of the contracts. Even though this was not invoked by Lazada, the Court explained that the fixed-term employment enunciated in *Brent School, Inc. v. Zamora*[65] could not apply in the case of the riders, who were not shown to have bargaining power on account of a special skill or the market force. The Court also noted that the one-year fixed term was not shown to be "an essential and natural appurtenance to their work as riders."[66] As such, the Court ordered Lazada to reinstate the petitioner riders to their former positions and to pay their full backwages, overtime pay, 13th-month pay, and other benefits and privileges from the time they were dismissed.[67]

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[62] *Id.* at 20.
[63] *Id.* at 21.
[64] *Id.* at 21–22.
[65] 181 SCRA 702 (1990).
[66] *Ditiangkin*, G.R. No. 246892, at 21.
[67] *Id.* at 22.

II. LABOR RELATIONS

A. *Asian Institute of Management Faculty Association v. Asian Institute of Management*[68]

In this case, the Supreme Court held that "[f]aculty members are not managerial employees who are disqualified from forming or joining a labor organization" and that "the legitimacy of labor organizations cannot be collaterally attacked in a petition for certification election."[69]

The Asian Institute of Management ("AIM") was an unorganized establishment since 1968 until its faculty members formed and formally organized the AIM Faculty Association ("AFA") on October 14, 2004. Eventually, AFA was issued a Certificate of Registration by the Department of Labor and Employment (DOLE), which recognized it as a legitimate labor organization. This registration was opposed by AIM, arguing that faculty members are managerial employees.[70]

AFA filed a Petition for Certification Election before the DOLE-National Capital Region (DOLE-NCR) to determine the exclusive bargaining agent of AIM's faculty members. Meanwhile, AIM filed a petition to cancel AFA's Certificate of Registration. DOLE-NCR granted AIM's petition, and directed AFA to be delisted from the roster of legitimate labor organizations. AFA sought recourse from the Bureau of Labor Relations (BLR), which ruled in its favor. The BLR later issued a decision ordering AFA to remain in the said roster.[71]

Meanwhile, the Mediator-Arbiter initially denied the Petition for Certification Election after finding that AFA's members were managerial employees. The Secretary of Labor and Employment ("SOLE") reversed this ruling and instead held that AFA's members were not managerial employees; although they are assigned academic responsibilities and program administration duties, they are "mere functionaries with simple oversight functions and not business administrators in their own right."[72] The CA

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[68] [Hereinafter "*AIM Faculty Ass'n*"], G.R. No. 197089, Aug. 31, 2022 (Leonen, *J.*).

[69] *Id.* at 2. This pinpoint citation refers to the copy of this decision uploaded to the Supreme Court Website.

[70] *Id.* at 3.

[71] *Id.*

[72] *Id.* at 3–6.

granted AIM's Petition for *Certiorari* and held that the faculty members are managerial employees because they determine all faculty standards.[73]

The two cases were consolidated before the Court.

To determine whether AFA is a legitimate labor organization that may file a Petition for Certification Election, the Court, through Senior Associate Justice Leonen, first discussed the employment status of AIM's faculty members.

A managerial employee is defined as one "who is vested with powers or prerogatives to lay down and execute management policies and/or to hire, transfer, suspend, lay off, recall, discharge, assign[,] or discipline employees."[74] Managerial employees are "not eligible to join, assist or form any labor organization," unlike supervisory employees and rank-and-file employees.[75]

Although the Court has previously ruled that faculty members have a right to self-organization, AIM insisted on the peculiarities of its structure in terms of administration and faculty participation in seeking the cancellation of AFA's registration as a labor organization.[76]

Citing *University of the Philippines v. Ferrer-Calleja*,[77] the Court explained that "those teaching in the university with the rank of assistant professor or higher cannot be deemed high-level or managerial employees."[78] In the case of the UP professors who allegedly exercise policy-determining functions and managerial functions through departmental and college academic personnel committees, such are purely recommendatory in nature and are still subject to review, evaluation by the University Personnel Academic Committee, and the final approval of the Board of Regents.[79]

Similarly, some of AIM's faculty members carry out both administrative and policy-determining functions, but these are subject to the Board of Trustees' approval. Thus, the SOLE did not err in holding that the AIM's faculty members' exercise of their policy-making authority was only recommendatory in nature. Said faculty members are also not given full

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[73] *Id.* at 7–8.
[74] LAB CODE, art. 219(m).
[75] LAB CODE, art. 255.
[76] *AIM Faculty Ass'n*, G.R. No. 197089, at 14.
[77] [Hereinafter "*UP*"], G.R. No. 96189, 211 SCRA 451, July 14, 1992.
[78] *AIM Faculty Ass'n*, G.R. No. 197089, at 14.
[79] *Id.* at 14–17, *citing UP*, 211 SCRA 451, 459–64.

powers to run AIM's operations.[80] While AFA has admitted that some faculty members occupy managerial posts, the Court ruled that this was not a ground to deny the Petition for Certification Election. Whether a union is composed of managerial or supervisory employees is a factual issue which could best be resolved in inclusion-exclusion proceedings.[81]

Additionally, it has been established that the strict imposition of work hours on an employee is "uncharacteristic of a managerial employee."[82] Following this doctrine, the prescribed work hours for AIM's faculty members counter the CA's finding that they are managerial employees. Therefore, faculty members are not managerial employees who are disqualified from forming or joining a labor organization.[83]

Furthermore, the Court reiterated the rule that the legitimacy of a labor organization may not be collaterally attacked in a petition for certification election.[84] With the State's policy toward labor comes the Constitutional guarantee of workers' rights to self-organization.[85] Thus, Article 257 of the Labor Code also enshrines the workers' right to form, join, or assist labor organizations to collectively bargain and engage in lawful concerted activities for their aid and protection.[86]

Pursuant to Article 269 of the Labor Code, the choice of which labor organization to represent the workers is made through a petition for certification election, which shall be automatically conducted by the Mediator-Arbiter wherever the petition is filed for an unorganized establishment. Because AIM is undisputed to be an unorganized establishment, Article 269 applies. Given that the proceedings involved in a petition for certification election are non-adversarial and merely investigative, employers do not have any legal personality to participate in such proceedings. Hence, the Court held that AIM, as the employer, had no right to oppose AFA's Petition for Certification Election. The CA's denial of AFA's Petition was thus violative of the rule that a legitimate labor organization's legal personality cannot be collaterally attacked.[87] The Court

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[80] *Id.* at 17–21.

[81] *Id.* at 22–23.

[82] *Id.* at 24, *citing* Cathay Pacific Steel Corp. v. Ct. of Appeals, G.R. No. 164561, 500 SCRA 226, 238, Aug. 30, 2006.

[83] *Id.* at 25.

[84] *Id.* at 26.

[85] CONST. art. II, § 18.

[86] *AIM Faculty Ass'n*, G.R. No. 197089, at 26–28.

[87] *Id.* at 30–32.

also stressed that even if AIM's petition to cancel AFA's registration was still pending, this did not bar the conduct of certification elections.[88]

Finally, the Court ruled that the grounds to cancel the registration of a labor organization, as enumerated in Article 247 of the Labor Code,[89] are exclusive. If none of these grounds are proven to exist, its registration shall be sustained. As none of the exclusive grounds under Article 247 are present as grounds for the cancellation of AFA's registration as a legitimate labor organization, AFA's registration as a legitimate labor organization is sustained. This is rooted in the State policy of according primacy to the right to self-organization, collective bargaining negotiations, and peaceful concerted actions, all under the protective mantle of the Constitution.[90]

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[88] *Id.* at 33.

[89] The grounds are: (a) misrepresentation, false statement or fraud in connection with the adoption or ratification of the constitution and by-laws or amendments thereto, the minutes of ratification, and the list of members who took part in the ratification; (b) misrepresentation, false statements or fraud in connection with the election of officers, minutes of the election of officers, and the list of voters; and (c) voluntary dissolution by the members.

[90] *AIM Faculty Ass'n*, G.R. No. 197089, at 34–35.