RECENT DEVELOPMENTS IN PHILIPPINE WORK LAW*

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ABSTRACT

This is a survey of recent developments in Philippine work law covering the period from July 2023 to December 2024. In this survey, we examine seven cases decided by the Supreme Court and two statutes passed by Congress, touching on topics such as quitclaims, rights against illegal dismissal across worker categories, check-off provisions, and emerging worker rights—including the codification of seafarers' rights and obligations which is currently the subject of constitutional inquiry. By grouping and analyzing these developments around the themes of social justice, security of tenure, management prerogative, self-organization, and the protection of local and overseas workers, we highlight how the continuing narrative of Philippine work law reinforces the core constitutional principles that grant full protection to labor and the rights of workers.

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I. INTRODUCTION

This Article presents select cases and statutes from July 2023 to December 2024 and provides a brief survey of recent developments in Philippine work law.

We begin from a simple premise: one way to understand contemporary Philippine work law is by following the narrative of core progressive principles designed to protect workers, as enshrined in the Philippine Constitution. Elsewhere, Efren II R. Resurreccion has described these as "pillars of the Philippine Labor Constitution."[1] Narratives such as this play a crucial role in understanding how the State's rules and concepts shape its constitutional discourse.[2] By exploring the development of Philippine Work Law around the principles of social justice, security of tenure, management prerogative, self-organization, and the protection of

[1] *See* Efren II R. Resurreccion, *Defining Private-Sector Contractualization and Reimagining the Pillars of the Philippine Labor Constitution*, 97 PHIL. L. J. 62 (2023).

[2] N.W. Barber, *What is Constitutional Ideology?* 22 INTL. J. CONST. LAW 653, 653 (2024).

workers: local and overseas, this Article aims to provide insight into this narrative.

II. SOCIAL JUSTICE

Found at the philosophical core of the 1987 Constitution,[3] the principle of social justice lays out the legal backdrop for animating the constitutional, statutory, and jurisprudential protections available to Philippine workers.[4] It is most strikingly observed through rules recognizing "(a) the interpretation of doubts of law, contracts, and evidence in equipoise in favor of labor in a manner that [complements] more specific worker rights; and (b) the treatment of labor as a protected social class."[5] But the backdrop provided by this principle is vast—with space to cast more sprawling landscapes of worker protection. Despite not being expressly invoked in recent Supreme Court decisions on quitclaims and compromise agreements, the influence of the principle of social justice in the resolution of these disputes is undeniable.

A. Quitclaims Procured Through Deceit are Void

Naldo Jr. v. Corporate Protection Services, Phils., Inc.,[6] involves a dispute between an employer and seven workers. The workers initiated a request for assistance through the Single-Entry Approach ("SEnA"), questioning the underpayment of their wages and other benefits, including overtime pay, service incentive leave pay, holiday pay, SSS, PhilHealth, and Pag-IBIG contributions. At the first conciliation-mediation conference, the employer offered to pay the workers their trust fund savings and cash bonds. The workers rejected this offer, seeking full payment of their monetary claims. At the second conciliation-mediation conference, the employer asked the workers to submit signed resignation letters before checks purporting to

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[3] 5 RECORD CONST. COMM'N 109, 1010 (Oct 15, 1986). This refers to comments made by Commission President Cecilia Muñoz Palma; 2 RECORD CONST. COMM'N 46, 606 (Aug. 2, 1986). This refers to Commissioner Ma. Teresa F. Nieva's Sponsorship Speech.

[4] *See* CONST. art. II, § 18; CONST. art. XIII, § 3; LAB. CODE, art. 4. *See also* Reyes v. Rural Bank of San Rafael Inc., 921 Phil. 670, 682–83 (2022).

[5] Resurreccion, *supra* note 1, at 74. For (a), *see* CIVIL CODE, arts. 1700–02; LAB. CODE, art. 4; Hubilla v. HSY Marketing Ltd., Co., G.R. No. 207354, 850 SCRA 372, Jan. 10, 2018; For (b), *see* Serrano v. Gallant, G.R. No. 167614, 582 SCRA 254, Mar. 24, 2009; Pascua v. Bankwise, G.R. No. 191460, 853 SCRA 446, Jan. 31, 2018; Central Bank (now Bangko Sentral ng Pilipinas) Employees Ass'n, Inc. v. Bangko Sentral ng Pilipinas, G.R. No. 148208, 446 SCRA 299, Dec. 15, 2004.

[6] [hereinafter "*Naldo Jr.*"], G.R. No. 243139, slip op., Apr. 3, 2024.

cover all their money claims will be distributed to them. Relying on their employer's assurance, the workers agreed and submitted signed resignation letters, as well as antedated quitclaims. However, upon receipt of the checks, the workers realized that they were given the very same checks that they rejected during the first conciliation-mediation conference. The workers insisted on returning the checks but were convinced by their employer that the checks for other money claims were still being processed and would follow—but those checks did not come. The workers were also prevented from reporting to work as they had supposedly resigned.

The Labor Arbiter dismissed the complaints for lack of merit, holding that the workers voluntarily signed the letters of resignation and quitclaims. The National Labor Relations Commission (NLRC) reversed the Labor Arbiter's decision, finding that the workers had no intention to resign and that the quitclaims were invalid, but that there was merely miscommunication about the payment of the money claims, prompting the NLRC to remand the case to the Labor Arbiter. The Court of Appeals dismissed the petitions for certiorari of both parties, finding that the NLRC did not commit grave abuse of discretion in issuing its rulings. The workers elevated the case to the Supreme Court on a petition for review on certiorari.

On resolving the question of whether the quitclaims signed by the workers before the SEnA are valid and binding, the Supreme Court outlined the rules on quitclaims in relation to worker benefits. Case law looks with disfavor upon releases, waivers, and quitclaims, especially when their execution results in the circumvention of proper legal procedures and the evasion or payment of a workers' legitimate claims.[7] The case of *Land and Housing Development Corp. v. Esquillo*[8] clarifies that quitclaims do not estop workers from pursuing their claims arising from unfair labor practices of the employer for the basic reason that such quitclaims are contrary to public policy and therefore null and void.[9] However, not all quitclaims are invalid. The validity of a quitclaim rests on showing that the following three requirements are met: (a) there is no fraud or deceit on the part of any parties; (b) the consideration for the quitclaim is credible and reasonable; and (c) the contract is not contrary to law, public order, public policy, morals or good customs, or prejudicial to a third person with a right recognized by law.[10]

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[7] *Id.* slip op. at 10-11.

[8] G.R. No. 152012, 471 SCRA 488, Sept. 30, 2005.

[9] *Naldo Jr.*, G.R. No. 243139, slip op. at 10, *citing* Land and Housing Dev. Corp. v. Esquillo, 471 SCRA 488, Sept. 30, 2005.

[10] *Id.* slip op. at 11, *citing* F.F. Cruz & Co., Inc. v. Galandez, 856 Phil. 160, 162 (2019).

Further, it is the employer's burden to prove that (x) the quitclaim constitutes a credible and reasonable settlement of what an employee is entitled to recover and (y) that the one accomplishing it has done so voluntarily and with a full understanding of its import.[11]

In this case, the Supreme Court found that the workers signed with the honest belief, based on assurances made by their employer, that they would be paid their money claims in full. Hence, regardless of whether the quitclaims were executed before or after the workers received the checks, the quitclaims were void because the employer had used fraud and/or deceit in tricking the workers into signing them. Accordingly, quitclaims will not operate to bar the workers from seeking their legitimate claims against the employer. Finally, the Court also found that the workers were constructively dismissed by their employer.

B. Compromise Agreements, Scrutinized as Quitclaims, May be Declared Void if Unconscionably Low

Abad v. San Roque Metals Inc.,[12] involves a dispute over compromise agreements signed between an employer and 12 workers. The case originated from a successful claim of illegal dismissal by 35 workers against two employers, San Roque Metal, Inc. ("SRMI") and Prudential Custom Brokerage Services, Inc. ("PCBSI"). After the finality of judgment in the illegal dismissal case, 12 of the original 35 workers entered into separate but similarly worded compromise agreements that indicated that the worker agreed to receive a settlement amount and employment with the employer as the "full, complete, and final satisfaction of [their] labor complaint against SRMI and PCBSI."[13] The workers signed the compromise agreements before the Executive Labor Arbiter ("ELA") who wrote a note on the final page of each compromise agreement stating: "without prejudice to the outcome of the pre-execution conference/proceedings."

The ELA ruled that the amounts stated in the compromise agreement cannot be considered as full payments, but rather, only as advances on whatever monetary awards are due to the workers by virtue of the final judgment. The NLRC denied the employer's appeal, emphasizing, among other things, that "the ELA's note created an ambiguity in petitioners' understanding of the compromise agreements [and that] the amounts agreed

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[11] *Id.*

[12] [Hereinafter "*Abad*"], G.R. No. 255368, slip op., May 29, 2024.

[13] *Id.* slip op. at 3.

on, ranging from 5.20% to 23.42% of the monetary awards they were entitled to receive based on the computation in the final judgment, were not reasonable." The Court of Appeals found grave abuse of discretion in the NLRC's act of invalidating the compromise agreement, considering the amounts stated in such document as full payment. The Court of Appeals held that each of the workers voluntarily signed the compromise agreement and acknowledged that they understood its import before they signed.

The Supreme Court reversed the Court of Appeals and clarified that the NLRC was correct in closely scrutinizing the compromise agreements because they were also quitclaims which the law looks upon with disfavor. Quoting *Inter-Orient Maritime Incorporated v. Candava*,[14] the Supreme Court emphasized that "[compromise agreements/quitclaims] are largely ineffective to bar recovery of the full measure of a worker's rights, and the acceptance of benefits therefrom does not amount to estoppel."[15] In this case, the Supreme Court lists four requirements for the validity of a quitclaim: (a) the employee executes a deed of quitclaim voluntarily; (b) there is no fraud or deceit on the part of any of the parties; (c) the consideration of the quitclaim is credible and reasonable; and (d) the contract is not contrary to law, public order, public policy, morals or good customs, or prejudicial to a third person with a right recognized by law.[16]

The Supreme Court found the NLRC was correct in finding that (with a range of 5.20% to 23.42% of what the workers were entitled to receive under the final judgment) the considerations for these compromise agreements were not reasonable, even when coupled with the workers' continued employment with the employer. Courts determine the reasonableness of a settlement amount on a case-by-case basis, and there is no exact percentage that determines the reasonableness of monetary consideration in quitclaims and compromise agreements. However, previous decisions provide guidance on rates that have been found to be unreasonable, examples of which include: 6.25%,[17] 11.17%,[18] 30.76,[19] and 37% of what the employees were legally entitled to.[20] Accordingly, the

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[14] 712 Phil. 628 (2013).

[15] *Abad*, G.R. No. 255368, slip op. at 7, *citing* Inter-Orient Maritime, Inc. v. Candava, 712 Phil. 628 (2013).

[16] *Id.*

[17] Cadalin v. Ct. of Appeals, 593 Phil. 170 (2008).

[18] Galicia v. Nat'l Lab. Rel. Comm'n, 342 Phil. 342 (1997).

[19] Castillon vs. Magsaysay Mitsui Osk Marine, Inc., 872 Phil. 92 (2020).

[20] R&E Transport vs. Latag, 467 Phil. 355 (2007).

Supreme Court agreed with the NLRC that the amounts stated in the compromise agreements were not reasonable, and therefore invalid.

III. SECURITY OF TENURE

Security of tenure is a fundamental component of Philippine work law. It ensures that, as a rule, workers are entitled to job security and cannot be dismissed by an employer except for just or authorized causes.[21] While the right to security of tenure for regular employees is clear from the text of the Labor Code,[22] the constitutional guarantee of security of tenure "does not distinguish as to the kind of worker who is entitled to be protected in this right[.]"[23] Case law has undisputably recognized that the protection granted by constitutional principle of security of tenure expands to the different categories of workers.[24] Recent Supreme Court decisions explore how the guarantee of security of tenure protects the rights of probationary employees and demands close scrutiny of allegations that workers are categorized as individual independent contractors.[25]

A. On Probationary Employees' Right to Security of Tenure

C.P. Reyes Hospital v. Barbosa,[26] involves a probationary worker's claim against her employer for illegal dismissal seeking reinstatement, full backwages, and the award of moral and exemplary damages and attorney's fees. The worker was hired in September 2013 and signed a six-month probationary contract. She was to train as a staff nurse for the first two months, as ward head nurse and supervisor for the next two months, and finally, as training supervisor the last two months. The probationary contract required the worker to receive an 80% (satisfactory) rating during the probationary period and failure to do so may warrant termination of employment.

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[21] CONST. art. XIII, § 3; LAB. CODE, art. 294-299; Dep't of Lab. & Employment (DOLE) Dept. Order No. 147-15 (2015).

[22] LAB. CODE, art. 294.

[23] Lopez v. Javier, G.R. 102874, 252 SCRA 68, 76, Jan. 22, 1996.

[24] Resurreccion, *supra* note 1, at 81–82.

[25] Case law uses the term "independent contractor", but this Article uses the term "individual independent contractor" to emphasize that this is the type of "independent contractor" that does not involve a trilateral relationship between a principal, job contractor, and job contractor's employee.

[26] [Hereinafter "*C.P. Reyes Hospital*"], G.R. No. 228357, slip op., Apr. 16, 2024.

In October 2013, she was told that she would not be made training supervisor as the ICU head nurse had also applied for the position and was supposedly more qualified than her. On November 27, 2013, she received a Notice to Explain concerning absences on November 4, 7, and 8, and was told on the same day that she will not be made a regular employee, for which she provided a response. Her employment was formally terminated on November 29, 2013. It is noted that while the worker received passing marks from her evaluators, it was recorded that she "lacked initiative, demonstrated poor time management, needed improvement with documentation[,] and more familiarization with common nursing procedure."[27] The Labor Arbiter ruled that the worker was illegally dismissed, awarding backwages and separation pay. The NLRC reversed and dismissed the complaint for lack of merit. The Court of Appeals reversed the NLRC, reinstating the Labor Arbiter's decision, with modifications on (a) granting separation pay in lieu of reinstatement; (b) awarding backwages computed from the time of illegal dismissal on November 29, 2013 up to the finality of the Decision; and (c) legal interest at the rate of 6% per annum computed from November 29, 2013 until fully paid.

The Supreme Court explained that there are two ways to terminate the employment of a probationary employee: (a) for failure to meet the standards of regularization in accordance with reasonable standards made known to the worker at the time of engagement; and (b) for just and authorized causes.

A worker dismissed on the ground of failure to qualify is required to have been apprised of what they need to accomplish and how they need to perform their job, failing which, they would not be regularized. There are only two exceptions to this rule requiring the communication of reasonable standards: (a) in occupations that are self-descriptive in nature such as maids, cooks, drivers or messengers[28] or (b) in relation to basic knowledge or common sense.[29] The Court found that neither of these exceptions applied to this case.

In evaluating the validity of the termination for failure to qualify, a comparison was made on the weight given to the numerical results of the worker's evaluations versus the explanations of the evaluators. Here, the Supreme Court found that the evaluations were comprehensive enough to

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[27] *Id.* slip op. at 4.

[28] *Id.* slip op. at 10, *citing* Moral v. Momentum Properties Mgmt. Corp., 848 Phil. 621, 636 (2019), *citing* Abbott Laboratories, Philippines v. Alcaraz, 714 Phil. 510, 552 (2013).

[29] *Id.* citing Aberdeen Court, Inc. v. Agustin, Jr., 495 Phil. 706, 716-717 (2005)

include even the concerns raised against the worker, for which the worker still received passing marks (i.e., 81.68% on the first month and 82.59% on the second month). A valid termination of a probationary worker requires that "dissatisfaction on the part of the employer must be real and in good faith, not feigned to circumvent the contract or the law; and […] there must be no unlawful discrimination in the dismissal."[30] The fact that the evaluators saw it fit to give the worker satisfactory marks despite any misgivings they have about performance led the Court to conclude that the employer's dissatisfaction is not genuine.

If a probationary employee is to be terminated for just cause, the "two-notice rule" must be complied with. The Supreme Court found that while the worker was given adequate notice for absences made on November 4, 7, and 8, 2013, the worker gave satisfactory explanations for her absences on those dates, indicating that termination on those grounds would be inappropriate. However, her notice of termination claimed that she was absent for 12 out of the 72 days worked. For these other absences, no "first notice/notice to explain" was served. This claim of absenteeism was not supported by the records. Thus, termination on this ground was found to be both procedurally and substantively defective.

Finally, this case also resolves the conflicting reckoning periods in computing backwages for illegally dismissed probationary employees. The first string of cases starting from 1995 grants probationary employees with backwages up to the finality of its Decision.[31] In a second string of cases beginning in 2008, the most relevant of which is the Robinsons Galleria case of 2011,[32] the Supreme Court introduced a different position limiting that the backwages must be computed only up to the end of the probationary employment contract.[33] Resolving this conflict, the Supreme Court emphasized that the Constitution does not distinguish between regular and probationary employees in guaranteeing the right to security of tenure.[34]

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[30] *Id.* slip op. at 12, *citing* Tamson's Enterprises, Inc. v. Ct. of Appeals, 676 Phil 384 (2011).

[31] Lopez v. Hon. Javier, 322 Phil. 70 (1996); Cebu Marine Beach Resort v. Nat'l Lab. Rel. Comm'n, 460 Phil. 301 (2003); SHS Perforated Materials, Inc. v. Diaz, 647 Phil. 580 (2010).

[32] Robinsons Galleria/Robinsons Supermarket Corp. v. Ranchez [hereinafter "*Robinsons Galleria*"], 655 Phil. 133 (2011).

[33] Woodridge School v. Pe Benito, 591 Phil. 154 (2008); Magis Young Achievers' Learning Center v. Manalo, 598 Phil. 886 (2009); *Robinsons Galleria*, 655 Phil. 133 (2011).

[34] *See C.P. Reyes Hospital,* G.R. No. 228357 (Gesmundo, *C.J.*, *concurring*); *See also C.P. Reyes Hospital,* G.R. No. 228357 (Leonen, *J.*, *separate opinion*). Justice Leonen goes even further in recognizing the influence of the constitutional protection of labor and the constitutional

Accordingly, it clarifies that in line with the constitutional and statutory guarantees in favor of labor:

> [I]llegally dismissed probationary employees, like regular employees, are *entitled to backwages up to their actual reinstatement*. In case reinstatement is proven to be infeasible due to strained relations between the employer and the employee and other analogous causes, *backwages shall be computed from the time compensation was withheld up to the finality of the Decision*.[35]

Justices Caguioa and Lazaro-Javier registered their dissent on these points. Justice Caguioa's view (as joined by Justices Hernando, Zalameda, and J.Y. Lopez) is that since the security of tenure enjoyed by probationary employees is limited—such that they cannot earn wages beyond the probationary period without actually qualifying for regularization—there is no reason to extend backwages beyond such period.[36] On the other hand, Justice Lazaro-Javier's position is that the backwages should correspond to the life of the employment relationship. Therefore, treating probationary employees similarly with fixed-term employees, they should be entitled to backwages only for the unexpired portion of their employment.[37]

To this, the majority points out that the lapse of the probationary employment without regularization *does not, and should not, by itself,* sever the employment relationship, especially considering how under Article 296 of the Labor Code, a probationary employee that is "allowed to work after" the probationary period shall be considered a regular employee—a change of status from probationary to regular that happens *ipso facto*. To truly sever the employer-employee relationship, the lapse of the period must be coupled by a showing that the probationary employee was validly dismissed. "The Court will not permit an employer to prematurely unshackle itself from the employment relationship and its monetary consequences by the mere expedient of illegally terminating a probationary employee."[38]

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guarantee of security of tenure by arguing that the two-notice rule should also be applied for probationary employees in case their dismissal is on the ground of failure to qualify as a regular employee.

[35] *C.P. Reyes Hospital,* G.R. No. 228357, slip op. at 20.

[36] *Id.* slip op. at 22.

[37] *Id.*

[38] *Id.* slip op. at 23.

B. Security of Tenure Demands Rigorous Review of Claims as Independent Contractor

Escauriaga, et al., v. Fitness First, Phil., Inc.,[39] involves claims of illegal dismissal, regularization, and other money claims by seven workers, originally classified by their employer as individual independent contractors. The workers were first hired as "fitness trainers" who sold and marketed the employer's physical health training programs and packages, conducted training sessions with clients using the employer's equipment, and were paid fixed monthly salaries, 13th month pay, and commissions. On different dates, they were reclassified as "freelance trainers". With the reclassification, their receipt of standard employment benefits (i.e., 13th month pay, overtime pay, holiday pay, and rest day pay) were discontinued. They were allowed to work on their own time so long as they trained clients for a minimum of 90 hours per month and PHP 80,000.00 worth of physical training program or package. Failure to meet the quota was subject to disciplinary action.

On March 2017, the workers were required by the employer to register their freelance business as required by BIR Regulation No. 4-2014, with a promise of a 3% increase in commission upon compliance, and a 20% deduction in commission and termination/non-renewal of their contract for non-compliance. Believing that they were regular employees, the workers did not comply.

The Labor Arbiter declared that the workers were individual independent contractors on the following grounds (a) they were selected based on their expertise; (b) they voluntarily signed the freelance agreement and were paid on commission basis; (c) they were not required to report to work on a fixed schedule, controlled the time and manner they conducted training with their clients, and they took responsibility to remit their contributions to SSS and pay their required income taxes; and (d) the parties may terminate the agreement with or without cause. The NLRC affirmed the Labor Arbiter's decision. The NLRC decision lapsed into finality on April 12, 2019.

The workers ultimately filed a Petition for Relief from Judgment which was dismissed by the NLRC. The Court of Appeals affirmed the dismissal of the Petition for Relief from Judgment, and on the substantive issues held that there was no employer-employee relationship. This was

[39] G.R. No. 266552, slip op., Jan. 22, 2024.

reversed by the Supreme Court, finding that the workers were not individual independent contractors:

> An [individual] independent contractor is one who carries on a distinct and independent business and undertakes to perform the job, work, or service on one's own account and under one's own responsibility according to one's own manner and method, free from the control and direction of the principal in all matters connected with the performance of the work except as to the results thereof. The independent contractor consists of individuals who possess unique skills and talents which set them apart from ordinary employees and whose means and methods of work are free from the control of the employer […]
>
> An independent contractor enjoys independence and freedom from the control and supervision of his or her principal as opposed to an employee who is subject to the employer's power to control the means and methods by which the employee's work is to be performed and accomplished. [40]

The Supreme Court's disposition in this case sought to give meaning to the right to security of tenure guaranteed under Section 3, Article XIII of the 1987 Constitution. In resolving the issue, the Supreme Court scrutinized the facts under a two-tiered test: (1) the four-fold test and (2) the economic dependence test. Evaluating hiring as the first element of the four-fold test, the Supreme Court did not find sufficient the employer's claim that the workers were engaged based on their talents and skills. When such fact was read together with their repeated engagement under successive one-year terms, it suggested an effort to circumvent the workers' security of tenure.[41] On wages, the fact that they were paid in commissions did not convince the Court as this is a form of payment specifically covered by the Labor Code. On firing, the Supreme Court noted two key points: (a) the employer held the power to dismiss the freelance personal trainer if it became apparent that the latter was unqualified or unfit to discharge his or her duties and (b) failure by a freelance personal trainer to comply with monthly minimum performance standards was a ground for termination.

Applying the control test, the Supreme Court found that the workers did not perform their tasks at their own pleasure as a manner they saw fit. The workers performed tasks necessary and desirable to the employers'

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[40] *Id.* slip op. at 12, *citing* Orozco v. Ct. of Appeals, 584 Phil. 35 (2008); Paragele v. GMA Network, Inc., 877 Phil. 140 (2020).

[41] *Id.* slip op. at 13, *citing* Dumpit-Murillo v. Ct. of Appeals, 551 Phil 725 (2007).

principal business of providing health programs/packages. To ensure quality of services, the workers were required to attend all educational training sessions offered by the employer. The employer also tracked their performance. Even when assessing the later Freelance Personal Trainer Agreements, it is clear that the workers were bound to abide by the employer's minimum performance standards, they were required to guarantee monthly sales and conduct physical training programs/packages for a definite minim number of hours, and that it is only the employer that had the right to unilaterally revise the Minimum Performance Standards even without notice.

Applying the economic dependence test, case law requires an evaluation of the whole economic activity to determine the relationship between employer and employee, looking at factors such as: "(1) the 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."[42] One key consideration raised by the Supreme Court on this point is on exclusivity: the fact that the workers were wholly dependent on the employer for this line of business given the Freelance Personal Trainer Agreement required them to sell only the employer's products and prohibited them from providing training outside of the club.

As regular employees, the workers were found entitled to be reinstated with full backwages computed from the time of dismissal up to the time of actual reinstatement, including their salary for holiday pay and other labor benefits withheld.

IV. MANAGEMENT PREROGATIVE

The labor section in the Constitution's Article XIII, Section 3, is closed out by a principle that recognizes the employer's broad freedom and prerogative to regulate its business through "the right of enterprises to

[42] *Id.* slip op. at 18, *citing* Francisco v. Nat'l Lab. Rel. Comm'n, 532 Phil. 399 (2006).

reasonable returns on investments, and to expansion and growth."[43] However, as part of the same sentence, such clause must be read hand-in-hand with the preceding clause which declares that "[t]he State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production[.]"[44] Justice De Leon elegantly articulated this delicate interaction between the rights of workers and the role of management prerogative in day-to-day work law as follows:

> An employer has a free reign and enjoys wide latitude of discretion to regulate all aspects of employment, including the prerogative to instill discipline in its employees and to impose penalties, including dismissal, upon erring employees. This is management prerogative, where the free will of management to conduct its own affairs to achieve its purpose takes form. The only criterion to guide the exercise of its management prerogative is that the policies, rules and regulations on work-related activities of the employees must always be fair and reasonable and the corresponding penalties, when prescribed, commensurate to the offense involved and to the degree of the infraction.[45]

A recent Supreme Court decision demonstrates how management prerogative recognizes the employer's right to mete out a fair punishment for a worker's misconduct.

A. Disciplining Employees for Profane Chats Using Company Resources During Office Hours

Perez v. JP Morgan Case Bank N.A.-Philippine Global Service Center,[46] involves a case for illegal dismissal filed by a worker who was a customer service representative under the employer's Human Resources Department. In May 2014, the worker received a notice to explain accusing him of using the employer's private chatroom for employees to talk about agents, supervisors, and other colleagues using indecent, profane, and disrespectful language with other employees. In response, he admitted to responding in the chatroom but denied using profane and abusive language. In June 2014, the worker was called to an interview where he admitted knowing that obscenity was prohibited under the company's code of conduct and identified his responses in the chatroom. He also admitted to having access

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[43] CONST. art. XIII, § 3.

[44] Art. XIII, § 3.

[45] St. Michael's Inst. v. Santos, G.R. No. 145280, 371 SCRA 383, 391, Dec. 31, 2001.

[46] [Hereafter "*Perez*"] G.R. No. 256939, 949 Phil. 172 (2023).

to employee information and having sent emails to his personal email address, denying that he sent any confidential information. In July 2014, a second administrative hearing was held where the worker vehemently denied using profane and obscene language in the chatroom. On August 19, 2014, a notice to explain was sent to the worker, ordering him to explain the charges of possible violation of the Company's Guidelines on Workplace Behavior, particularly on general conduct and decorum. While the worker denied the charges, he admitted that he was guilty of using company resources improperly. On August 27, 2014, an administrative conference was held where the worker was given the chance to raise his defense. On October 24, 2014, the worker received a Notice of Resolution that the company decided to terminate his employment effective October 23, 2014, for violating the Guidelines on Workplace Behavior. In December 2014, the worker signed a release, waiver, and quitclaim with confidentiality undertaking. In March 2018, the worker filed a complaint for illegal dismissal with claims for separation pay in lieu of reinstatement, backwages, damages, and attorney's fees.

The Labor Arbiter ruled in favor of the worker, granting separation pay, backwages, and attorney's fees, finding that since the chatroom snapshots were edited, the deplorable statements could not be imputed to the worker, who was only proven to have responded "hahaha" and "up down up down left right left right" to his officemate's remarks. The Labor Arbiter did not find this to be unbecoming behavior that merited dismissal and found no basis to determine if the contents of the emails forwarded were confidential or proprietary information. However, the Labor Arbiter recognized that the terms used in the conversations appeal to prurient thoughts of the participants and exemplify abrasive sexual demeanor deserving of dismissal.

On appeal, the NLRC upheld the Labor Arbiter's decision. The Court of Appeals reversed the rulings of the NLRC, finding that it ignored the evidence in record resulting in a gross misapprehension of the facts. The Court of Appeals found that the worker clearly participated in lewd conversation with coworkers using company resources during office hours and sent an official communication by his manager to his personal email address without any authorization and justification.

The Supreme Court affirmed the decision of the Court of Appeals. In illegal dismissal cases, the employer has the burden of proof to show compliance with substantive and procedural due process. This burden was discharged by the employer. The just cause for terminating the worker's

employment was serious misconduct[47] based on the worker's violation of the provisions in its Guidelines on Workplace Behavior concerning (a) "[u]se or display of offensive, libelous, indecent, insulting, profane, abusive, disrespectful, discriminatory or derogatory language or conduct"[48] and (b) "[u]nauthorized sharing of confidential or proprietary company, client, supplier or employee information or material to any person who has no business need [sic] to know".[49]

On the first ground, the Court of Appeals held that the worker actively participated in profane conversation with coworkers using company resources during office hours. This included making reference to female employees and other colleagues using very obscene and offensive language such as "*send ko senyo pic namin habang dinidilaan ko tinggil niya*", "*kinain nyo ba puke nya*", "*halos luwa na dede*", "*sarap ikiskis yung ulo ng etits ko sa katawan nya*" among others.[50] It is further emphasized that the worker was an employee of the HR department who had been in office for more than six years and was expected to know the company policies. The worker himself admitted his wrongdoing as expressed in his written explanation.

On the second ground, there are varying findings between the Court of Appeals which ruled that based on the prevailing code of conduct provisions, the worker had forwarded an official communication from his manager without authorization and the labor tribunals which found that the violation of company rules was not sufficiently proven. The worker failed to convince the Supreme Court of the need to review the factual findings of the Court of Appeals. Notably, the worker admitted to forwarding company information to his personal email address, knowing that only his company-designated email should be used for company-related purposes.

"In return for the extensive obligations to the employee that the law imposes on the employer, the employer can lawfully and reasonably expect from its employee 'not only good performance, adequate work and diligence, but also good conduct and loyalty.'"[51] No employer is required to continue keeping employees whose continuance is harmful to the employer's interests. The Supreme Court found that based on these findings, it was within the employer's management prerogative to discipline its employee and impose

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[47] LAB. CODE, art. 297(a).
[48] *Perez,* 949 Phil. at 183.
[49] *Id.*
[50] *Id.* at 184.
[51] *Id.* at 189–90.

the appropriate penalty pursuant to the company rules. The worker's dismissal was valid.

V. SELF-ORGANIZATION

"Workers organized are strong."[52] The Philippine Constitution guarantees "the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law."[53] This guarantee recognizes the right of workers to make decisions and organize themselves to gain collective strength in the workplace through a union or workers' association—free from the interference of the employer. In a recent case, the Supreme Court emphasized that an employer's non-remittance of collected union member dues through a check-off provision is in the nature of employer interference that curtails the workers' right to self-organization.

A. Employer's Non-Remittance of Union-Member Dues under a Check-off Constitutes an Unfair Labor Practice

South Cotabato Integrated Port Services, Inc. v. Montefalco,[54] involves a dispute between a union and the employer. It was alleged by the former union president that the employer used to collect monthly dues from union members through a salary deduction, which was then remitted to the union. However, from August 2006 to February 2007, the employer withheld the collections despite demands from the union and a clarification issued by the DOLE Regional Director. By doing so, the former union president claims that the employer committed harassment against the union and interfered with its affairs. In response, the employer claims that since the union president was dismissed from employment on December 2007, he had no legal capacity to sue on behalf of the union and demand remittance of union dues, claiming that while the employer was willing to remit the collected union dues, it was not clear who was duly authorized from the union to receive such amount as the union had new officers.

The Med-Arbiter ruled that the collective bargaining agreement ("CBA") between the union and employer continued to have legal effect until

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[52] Guijarno v. Ct. Indus. Rel., G.R. No. 28791-93, 52 SCRA 307, 314, Aug. 27, 1973.

[53] CONST. art. XIII, § 3.

[54] [Hereinafter "*South Cotabato Integrated Port Services*"], G.R. No. 235569, 949 Phil. 1137 (2023).

February 11, 2007, but declared that the former union president was not a party-in-interest in the case because his dismissal from employment was upheld by the ELA and NLRC, and that the union failed to prove that he remained the union president. On appeal to the Bureau of Labor Relations ("BLR"), it was ruled that on jurisdiction, the case involves an intra-union dispute between two factions of the union: (a) the former union president's group and (b) a second faction. Hence, the issue does not involve an unfair labor practice ("ULP") but one that revolves around the question of which group has the right to receive the collected union dues. The Court of Appeals affirmed the BLR, finding that the case involved an intra-union dispute.

The Supreme Court ruled that the question of whether the Med-Arbiter properly acquired jurisdiction over this case depends on the allegations of the former union president in the petition. The Med-Arbiter is an officer in the DOLE Regional Office or BLR who is authorized to hear and decide representation cases, inter/intra-union disputes, and other labor relations disputes, except cases involving cancellation of union registration. An intra-union dispute refers to any conflict between and among union members.[55] A perusal of the petition before the Med-Arbiter shows that the cause of action arose from the employer's non-remittance of monthly dues collected from employees through a salary deduction by virtue of a check-off provision. The process of a check-off requires the deduction of dues from the employees' salaries and its remittance to the union. This assures the union of continuous funding, without which it would not be effective in discharging its duties and responsibilities as exclusive bargaining representative of its members. An allegation of unlawful withholding of fees collected through a check-off establishes a ULP, which generally refers to acts that violate the workers' right to self-organization. Article 259(a) of the Labor Code includes the following acts within the list of ULPs of employers "[t]o interfere with, restrain or coerce employees in the exercise of their right to self-organization" The Supreme Court has previously ruled in *Holy Cross of Davao College, Inc. v. Joaquin*[56] that an employer may be liable for ULP when it fails to deduct union dues and assessments from the employees' salaries by virtue of a check-off provision in the CBA, and that full compliance with this provision is vital to the union's role in advocating for the interests of the

[55] *See* DOLE Dept. Order No. 40-03 (2003) r. XI § 1, Amending the Implementing Rules of Book V of the Labor Code of the Philippines, *amended by* DOLE Dept. Order No. 40-F-03-08, Amending Rules I, V, VIII, IX, XI, XIV and XV of the Implementing Rules of Book V of the Labor Code of the Philippines.

[56] G.R. No. 110007, 263 SCRA 358, Oct. 18, 1996.

members of the bargaining unit.[57] Under Article 224 of the Labor Code, it is the Labor Arbiter that has jurisdiction over ULPs. The petition was dismissed.

VI. PROTECTION OF LABOR: LOCAL AND OVERSEAS

The Constitution demands that "[t]he State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all."[58] Domestic statutes and regulations clearly protect local workers. But more striking is the observation that these protections rightfully extend to the Overseas Filipino Workers (OFWs) who labor at considerable distances away from the shores of the homeland. Filipino employees are not stripped of the constitutional guarantee of security of tenure when they move to work in a different jurisdiction.[59] Even contractual choice of law provisions can be set aside as Philippine public policy considerations are deemed written into contracts of OFWs executed in the Philippines.[60] Recent developments show the emergence of novel and critical statutes and case law that improve our protection of workers, local and overseas.

A. Overseas: Dismissal on the Basis of HIV Status is Contrary to Public Policy

Bison Management Corporation v. AAA and Pernito[61] involves an illegal dismissal dispute between two workers, the domestic recruitment agency that placed them in the Kingdom of Saudi Arabia ("KSA") as OFWs, and the foreign recruitment agency. Worker A applied with the domestic recruitment agency in 2017, was hired as a cleaning laborer under a two-year contract and was deployed in KSA in October 2017. In January 2019, after working for 15 months, Worker A underwent routine medical examination and was found positive for HIV. On this basis, his foreign employer terminated his employment since under the laws of KSA, an HIV positive individual is

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[57] *South Cotabato Integrated Port Services*, 949 Phil, at 1147, *citing* Holy Cross of Davao College, Inc. v. Joaquin, G.R. No. 110007, 263 SCRA 358, 368-69, Oct. 18, 1996.

[58] CONST. art. XIII, § 3.

[59] Sameer Overseas Placement Agency, Inc. vs. Cabiles, G.R. No. 170139, 732 SCRA 22, 42, Aug. 05, 2014.

[60] Saudi Arabian Airlines (Saudia) v. Rebesencio [hereinafter "*Saudi Arabian Airlines*"], G.R. No. 198587, 746 SCRA 140, Jan. 14, 2015; Pakistan Intl Airlines Corporation v. Ople [hereinafter "*Pakistan International Airlines*"], 268 Phil. 92 (1990).

[61] G.R. No. 256540, Feb. 14, 2024.

considered unfit to work. He was repatriated to the Philippines in February 2019. Worker B applied with the domestic recruitment agency sometime in 2018, was hired as a restaurant worker under a two-year contract and was deployed in KSA. After working for around nine months, his employment was terminated supposedly because he had expressed interest in transferring to another employer. Worker B vehemently denied this imputation and claimed that he was actually terminated because his employer saw him and his co-workers conversing with each other during break time. He was repatriated to the Philippines in January 2019.

The Labor Arbiter dismissed the complaint for illegal dismissal but ruled that Worker A is entitled to his unpaid salary from January 26, 2019, to February 7, 2019, vacation leave pay, and attorney's fees. The Labor Arbiter's decision stated that the dismissal was pursuant to the policy of KSA which is a state prerogative that deserves respect, finding that the Philippine AIDS Prevention and Control Act of 1998 was a local law that should apply only within the Philippine jurisdiction and not KSA. Worker B was found to have voluntarily resigned from Saudi Arabia to join his family in Bahrain. The NLRC reversed the Labor Arbiter's decision and found that both workers were illegally dismissed. The Court of Appeals affirmed the NLRC, finding that following the principle of *lex loci contractus*, Worker A's contract was governed by Philippine law and that Republic Act No. 8504 categorically prohibits the use of a person's HIV+ condition as a ground for dismissal. As for Worker B, the Court of Appeals found that the employer failed to prove that the dismissal was valid. Affirming the State's promise to protect Filipino workers domestically and abroad under Section 3, Article XIII of the Constitution, the Supreme Court affirmed the Court of Appeals' decision.

As for Worker A, the Supreme Court affirmed that under the principle of *lex loci contractus*, Philippine laws govern overseas employment contracts.[62] This rule admits a narrow exception where foreign law shall govern, but only if four specific requirements concur: (1) that it is expressly stipulated in the overseas employment contract that a specific foreign law shall govern; (2) that the foreign law invoked must be proven before the courts pursuant to the Philippine rules on evidence; (3) that the foreign law stipulated in the overseas employment contract must not be contrary to law, morals, good customs, public order, or public policy of the Philippines; and (4) that the overseas employment contract must be processed through the

[62] *Id.* slip op. at 9, *citing* Industrial Personnel & Mgmt. Servs., Inc. v. De Vera, G.R. No. 205703, 785 SCRA 562, Mar. 07, 2016.

POEA.[63] Since only the first and fourth requisites are present, the exception cannot apply. In this case, the foreign law was not proven. While the domestic recruitment agency submitted various documents, rules, regulations, and articles, a copy of the purported foreign law was never presented. A foreign law is required to be proven by the party invoking it pursuant to the Rules of Court, and failure to do so activates the doctrine of processual presumption where the foreign law is deemed to be the same as Philippine law. However, even if it were undeniable that KSA does not allow persons who test positive for HIV to work in the country, Philippine law would still apply because such a restriction is contrary to the public policy of the Philippines.[64] In *Pakistan International Airlines*,[65] the Supreme Court applied the Labor Code despite express stipulations that (a) Pakistan law applies and (b) the employer may terminate the employee for any cause, ruling that the relationship between an OFW and the foreign employer is "much affected with public interest and that the otherwise applicable Philippine laws and regulations cannot be rendered illusory by the parties agreeing upon some other law to govern their relationship." The public policy is clear: Section 49(a) of Republic Act No. 11166 categorically treats the termination of employment on the basis of actual, perceived, or suspected HIV status as workplace discrimination. As the Court of Appeals correctly ruled, there was no valid cause to terminate Worker A. As for Worker B, both the NLRC and Court of Appeals found that the domestic recruitment agency failed to discharge its burden of proving that Worker B voluntarily resigned.

B. Overseas: The Magna Carta of Filipino Seafarers

It has been reported that about one in every four of the world's seafarers is Filipino.[66] In 2023, the Philippines deployed over 550,000 sea-based workers.[67] Republic Act No. 12021,[68] known as the Magna Carta of Filipino Seafarers, seeks to establish and codify the rights, obligations and worker protections of the country's domestic and overseas seafarers.[69] This

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[63] *Id.*

[64] *See Pakistan International Airlines,* 268 Phil. 92 (1990); *Saudi Arabian Airlines*, G.R. No. 198587, 746 SCRA 140, Jan. 14, 2015; Princess Talent Ctr. Prod., Inc. v. Masagca, G.R. No. 191310, 860 SCRA 602, Apr. 11, 2018.

[65] 268 Phil. 92 (1990).

[66] Michelle Abad, *What is the Magna Carta of Filipino Seafarers?*, RAPPLER, Sept. 24, 2024, at https://www.rappler.com/philippines/overseas-filipinos/things-to-know-magna-carta-seafarers.

[67] *Id.*

[68] Rep. Act No. 12021 (2024). Magna Carta of Filipino Seafarers.

[69] § 3(a).

statute covers Filipino seafarers "who are engaged, employed, or who work in any capacity on board a ship or vessel plying international waters, whether Philippine-registered or foreign-registered."[70]

At least 17 seafarers' rights are codified in the statute. Chief among them is the right to just terms and conditions of work which refers to the right to (a) a safe and secure workplace that complies with safety standards, (b) fair terms and conditions of employment, (c) decent working and living conditions on board a ship, and (d) appropriate medical care, (with additional diagnostic tests, welfare measures and other forms of health and social protection for overseas seafarers).[71] Other rights include (1) the right to self-organization and collective bargaining;[72] (2) the right to educational advancement and training at reasonable and affordable costs;[73] (3) the right to information;[74] (4) the right to information of a seafarer's family or next of kin;[75] (5) the right to safe passage and safe travel;[76] (6) the right to consultation;[77] (7) the right against discrimination;[78] (8) the right to be protected against all forms of harassment and bullying;[79] (9) the right to free legal representation;[80] (10) the right to an appropriate grievance mechanism;[81] (11) the right to immediate medical attention;[82] (12) the right to access to communication;[83] (13) the right to a record of employment or certificate of employment; [84](14) the right to a fair treatment in the event of a maritime accident;[85] (15) the right to a fair medical assessment;[86] and (16) the right to vote in national elections.[87] Protections are also in place to prevent gender-based discriminatory practices against women in the

[70] § 4.
[71] § 7.
[72] § 8.
[73] § 9.
[74] § 10.
[75] § 11.
[76] § 12.
[77] § 13.
[78] § 14.
[79] § 15.
[80] § 16.
[81] § 17.
[82] § 18.
[83] § 19.
[84] § 20.
[85] § 21.
[86] § 22.
[87] § 23.

maritime industry.[88] Along with these rights, correlative duties of seafarers are also enumerated in the statute.[89]

For overseas seafarers, they are entitled to standard employment contracts that require disclosure of specific information and terms detailed in the statute.[90] Standard worker benefits for overseas seafarers include (a) a minimum wage, which shall in no case be lower than the prevailing industry standard on ocean-going seafaring wage rates;[91] (b) normal working hours of eight hours a day with one rest day per week;[92] (c) leave benefits including annual leave (which at minimum is accrued as 3.5 calendar days per month of employment) and paid sick leave for as long as the seafarer is incapacitated to work until the seafarer joins the vessel;[93] as well as (d) social welfare benefits such as SSS, PhilHealth, Pag-IBIG, and benefits conferred by the Overseas Workers Welfare Administration and the Employees' Compensation and State Insurance Fund.[94] Provisions are also made for accommodation and recreational facilities, with requirements for sanitation, and food and catering.[95] Providing further protection, overseas seafarers may only be recruited through duly licensed manning agencies.[96]

One key improvement in the Magna Carta is the clarification introduced in Section 57. The Philippine Overseas Employment Agency's Standard Employment Contract has language that states: "[i]f a doctor appointed by the seafarer disagrees with the assessment, a third doctor may be agreed jointly between the Employer and the seafarer. The third doctor's decision shall be final and binding on both parties."[97] The lack of procedural guidelines and clarity of this provision has often been the source of dispute between seafarers and their employers.[98] Section 57 provides greater procedural clarity and establishes a mechanism for the Department of

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[88] § 24.
[89] § 26.
[90] § 34.
[91] § 37.
[92] § 35.
[93] §§ 36, 42.
[94] § 41.
[95] §§ 45–47.
[96] § 31.
[97] Philippine Overseas Emp't Agency (POEA) Mem. Circ. No. 10 (2010), § 20(a)(3). Amended Standard Terms and Conditions Governing the Overseas Employment of Filipino Seafarers on Board Ocean-Going Ships.
[98] *See* Doehle-Philman v. Gatchalian. G.R. No. 207507, 897 Phil. 297 (2021); Philippine Transmarine Carriers, Inc. v. San Juan, G.R. No. 207511, 957 SCRA 37, Oct. 5, 2020; Talaroc v. Arpaphil Shipping Corp., G.R. No. 223731, 838 SCRA 402, Aug. 30, 2017; Vergara v. Hammonia Maritime Servs., Inc., G.R. No. 172933, 567 SCRA 610, Oct. 6, 2008.

Migrant Workers ("DMW") to facilitate the referral of the third doctor from a pool of Department of Health ("DOH") accredited medical specialists.[99]

Among the Magna Carta's most contentious provisions is Section 59, which requires that in case a monetary award[100] is granted to the seafarer by the NLRC or through voluntary/mandatory arbitration, and such award is appealed, the seafarer may not be issued a writ of execution to enforce the award unless the seafarer posts a bond sufficient to ensure the full restitution of such amounts awarded.[101] Further, it states that if the seafarer ultimately loses on appeal, no reimbursement for this bond shall be made.[102] It has been reported that this bond provision is one of the reasons why the President did not sign the bill into law when it was first presented to him in February 2024, giving time for Congress to recall the bill and resume its deliberations, before the bill was returned to the President and ultimately signed to law in September 2024.[103] Those opposed to the bond requirements have argued that the provision is "discriminatory if not unjust" for seafarers who file for money claims because they are in financial distress.[104] Those who support the bond have argued that this was a necessary safety measure to prevent "ambulance chasing", and "will improve the chances of employability of Filipino seafarers."[105] On March 20, 2025, a labor organization filed a

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[99] § 57.

[100] In relation to (a) any disputed amount determined to be legally due the seafarer or (b) damages, including moral damages, exemplary damages, nominal damages, attorney's fees, and other similar awards.

[101] § 59. "[P]ending an appeal or judicial review, a writ of execution on items (d) and/or (e) shall only be issued if the judgment obligee posts a sufficient bond to ensure the full restitution of those amounts and the bond shall be maintained by the obligee until final resolution of the appeal or judicial review: Provided, That in the event the seafarer ultimately prevails on appeal or judicial review, the losing party shall immediately reimburse the total amount paid by the seafarer for the cost of the bond. However, if the seafarer loses, no such reimbursement shall be made.

The DMW, through the Agarang Kalinga at Saklolo Para sa mga OFW na Nangangailangan (AKSYON Fund), may provide financial assistance to the seafarer depending on the final determination of maritime disability grading under Section 57 of this Act for the payment of premiums of the bond either in full or in part."

[102] *Id.*

[103] Ian Laqui, *Magna Carta for Filipino seafarers signed into law,* PHILSTAR.COM, Sept. 23, 2024, *at* https://www.philstar.com/headlines/2024/09/23/2387385/magna-carta-filipino-seafarers-signed-law. The Article states that the President "vetoed" the bicameral report for the Magna Carta in February 2024. The legislative history published in the websites of the Senate and the House of Representatives do not show that a veto was issued. Instead, the bill was recalled by Concurrent Resolution No. 14 (2024) by the House of Representatives and the Senate. H. Ct. Res. No. 23, S. Ct. Res. No. 17, 19th Cong., 2nd Sess., (2024).

[104] *Id.*

[105] *Id.*

petition before the Supreme Court questioning the constitutionality of Section 59, arguing that it is discriminatory against overseas seafarers and violative of their constitutional right to equal protection.[106] In the same report, one of the petitioners claimed that "the provision brings about 'negative social justice'."[107]

C. Local: The Eddie Garcia Law

Known as the "Eddie Garcia Act", Republic Act No. 11996 (2024)[108] is a landmark piece of legislation that regulates working conditions in the Philippine movie and television industry.[109] It is named after Eddie Garcia, a much-celebrated Philippine actor whose untimely death occurred in June 2019 after an incident during the process of filming one of his shows.[110] It is the first statute in Philippine work law to define the term "worker" as being inclusive of both employees and individual independent contractors.[111] This grapples with the practical reality of the need to provide uniform benefits and minimum worker protections across the spectrum of contractualization.[112] While the statute is limited in scope, it suggests that in the areas of occupational safety and health standards ("OSHS"), standard working conditions, basic welfare benefits, self-organization and collective bargaining, it is possible to eliminate the distinction made between talents (i.e., individual independent contractors) and employees.[113] This is crucial because under Philippine work law, individual independent contractors are, as a rule, governed only by the terms of their contract,[114] and are not subject

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[106] Michelle Abad, *Labor group, seafarers question Magna Carta provisions at Supreme Court,* RAPPLER, Mar. 20, 2025, *at* www.rappler.com/philippines/overseas-filipinos/labor-group-seafarers-question-execution-bond-magna-carta-supreme-court. "The petition also questions Section 60 of the law, which regulates contracts between seafarers and their lawyers. The petitioners said this 'usurps the powers of the Supreme Court to promulgate rules concerning the practice of law.'"

[107] *Id.*

[108] Rep. Act No. 11996 (2024). Eddie Garcia Act.

[109] § 3.

[110] Dwight De Leon, *The Philippines now has an 'Eddie Garcia Law', 5 years after workplace accident*, RAPPLER, May 28, 1024, *at* www.rappler.com/philippines/marcos-signs-eddie-garcia-law-protection-movie-television-workers-2024.

[111] § 4(d).

[112] Resurreccion, *supra* note 1, at 68-69, 114–15.

[113] *See* Sonza v. ABS-CBN Broad. Corp. [hereinafter "*Sonza*"], G.R. No. 138051, 475 Phil. 539 (2004); Fuji Television Network v. Espiritu. G.R. No. 204944, 749 Phil. 388, (2014); Paragele v. GMA Network [hereafter "*Paragele*"], G.R. No. 235315, 877 Phil. 140 (2020); Tiangco v. ABS-CBN Broad. Corp. [hereinafter "*Tiangco*"], G.R. 200434, 917 Phil. 459 (2021).

[114] *See Sonza,* 475 Phil. 539; *Tiangco*, 917 Phil. 459.

to standard employment benefits (such as limits to working hours, OSHS, SSS, PhilHealth, and Pag-IBIG benefits).

The scope of the statute covers workers engaged in the movie and television industry,[115] regardless of functions, roles, positions, or status.[116] Thus, beyond actors, and actresses, this statute would apply to writers, camera crew, and production staff, among others.[117]

Addressing demands to put an end to industry practices that potentially risk the health, well-being and safety of the workers,[118] the statute imposes limits on maximum working hours at 14 working hours a day and 60 working hours a week, with the standard workday being 8 working hours long.[119] It also requires strict compliance with the relevant OSHS laws.[120] It prohibits discrimination against workers on the basis of race, color, descent, national or ethnic origin, or religion, "which has the purpose or effect of nullifying the recognition, enjoyment, or exercise on an equal footing of any human right or fundamental freedom."[121] It ensures fair worker benefits by requiring compliance with minimum wage regulations;[122] entitlement to SSS, PhilHealth, and Pag-IBIG benefits;[123] provision of transport services or transportation expenses;[124] enrollment in insurance for work-related accidents or death, without cost to the worker;[125] and grants basic necessities such as adequate meals, access to safe drinking water, PWD-friendly toilets and sanitary facilities, and free, safe and adequate accommodation for out-

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[115] Rep. Act No. 11996, § 4(d). "*Movie and television industry* refers to any market of sound and visual components primarily produced, distributed, and exhibited for commercial purposes in movie and television including any related online or digital platform. It includes, but is not limited to, movie and television network stations, production outfits, airtime contractors, and other necessary and related industry activities and services[.]"

[116] § 3.

[117] *See, generally*, *Paragele*, 877 Phil. 140.

[118] Jenny Santillan-Santiago, *Eddie Garcia bill: Striking a 'reasonable compromise' among industry stakeholders*, PHIL. DAILY INQUIRER, Dec. 11, 2023, *at* entertainment.inquirer.net/531021/eddie-garcia-bill-striking-a-reasonable-compromise-among-industry-stakeholders.

[119] § 9.

[120] *See* Rep. Act No. 11058 (2018). An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof*;* Rep. Act No. 11036 (2018), § 25. Mental Health Act.

[121] Rep. Act No. 11996, § 8. Notably absent from the list is discrimination on the basis of gender.

[122] § 11.

[123] § 12.

[124] § 10.

[125] § 18.

of-town work, among others.[126] The statute also provides for compliance with various other employment related laws and ensures the expansion of its coverage to individual independent contractors.[127]

One other interesting provision is on the right to self-organization and collective bargaining which states that "*[w]orkers* in the movie and television industry shall have the right to form, join, or assist in the formation of a labor organization of their own choosing for purposes of collective bargaining, for mutual aid benefit, *and* to engage in concerted activities which are not contrary to law."[128] Given how "workers" are defined in the statute and the use of the conjunction "and", this opens the novel possibility of recognizing the right of individual independent contractors to unionize for the purpose of collective bargaining.

The duties and responsibilities of the employer or principal have been specifically outlined.[129] Contracts providing specific details about the job are required to be executed between the worker and the employer/principal.[130] Penalties for non-compliance range from PHP 100,000.00 for the first offense, up to PHP 500,000.00 for the third offense.[131]

VII. CONCLUSION

Through statutes passed by Congress and decisions penned by the Supreme Court, we are able to see a narrative of progressive principles that draw from the Philippine Labor Constitution. The narrative captures a tone that gives life to the aspirations of the Constitution's framers.[132] The principle of social justice permeates through the different modes of statecraft. It is notable, for instance, that while five different justices of the Supreme Court penned the seven cases discussed above, all of them affirmed the progressive principles that ultimately aim to protect the rights of workers. Perhaps most interesting is the case of *South Cotabato Integrated Port Services,*

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[126] § 13.
[127] §§ 14, 16, 17.
[128] § 20. (Emphasis supplied.)
[129] § 19.
[130] § 7.
[131] § 24.
[132] *See* 3 RECORD CONST. COMM'N 51 (Aug. 8, 1986); 2 RECORD CONST. COMM'N 49 (Aug. 6, 1986).

Inc. v. Montefalco,[133] where the worker who brought suit (*i.e.* the former union president) lost the case because of a jurisdictional error. Yet despite this ruling against the individual worker, the tone of the case and its key takeaway (i.e., that an employer's withholding of union dues constitutes interference in union activities that curtails the right to self-organization and is therefore an unfair labor practice) remained supportive of the constitutional protection of labor as a class. With that said, as we see in *Perez v. JP Morgan Case Bank N.A.-Philippine Global Service Center,*[134] these progressive principles do not unduly inhibit the management's right to exercise its prerogative to take action against a worker when such action is fair and reasonable.

This dominant narrative finds support in a progressive Philippine Labor Constitution. But is this narrative about to expand further? With the introduction of the Eddie Garcia Law and its landmark definition of workers, we ask: is the narrative beginning to transition from one that is limited in its concerns for labor law[135] to one with a more expansive focus on work law?[136] Only time will tell.

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[133] 949 Phil. 1137 (2023).

[134] 949 Phil. 172 (2023).

[135] Using a nomenclature similar to the "Labor Code", "labor law" is primarily focused on the benefits and protections arising from an employer-employee relationship. In the Philippines, it is used to refer to both employment standards & benefits and labor relations as primarily codified in the Labor Code and supplemented by other pieces of social legislation.

[136] As suggested by the Eddie Garcia Act, "work law" goes beyond the employer-employee relationship and focuses on the benefits and protections that should be granted across the spectrum of contractualization. Rep. Act No. 11996, § 2.