

THIRD DIVISION

[G.R. Nos. 242495-96, September 16, 2020]

MANILA CORDAGE COMPANY – EMPLOYEES LABOR UNION – ORGANIZED LABOR UNION IN LINE INDUSTRIES AND AGRICULTURE (MCC-ELU-OLALIA) AND MANCO SYNTHETIC INC., EMPLOYEE LABOR UNION – ORGANIZED LABOR UNION IN LINE INDUSTRIES AND AGRICULTURE (MSI-ELU-OLALIA), PETITIONERS, VS. MANILA CORDAGE COMPANY (MCC) AND MANCO SYNTHETIC, INC. (MSI), RESPONDENTS.

D E C I S I O N

LEONEN, J.:

A labor contractor's Certificate of Registration with the Department of Labor and Employment is not conclusive evidence of its status as a legitimate labor contracting entity. At most, it causes a disputable presumption that the entity is a legitimate labor contractor which can be refuted by other evidence. In order to determine whether an entity is a labor-only contractor or a legitimate labor contractor, what must be considered is the totality of the facts and surrounding circumstances of the case.^[1]

This resolves a Petition for Review on Certiorari^[2] filed by Manila Cordage Company –Employees Labor Union–Organized Labor Union in Line Industries and Agriculture (MCC-ELU-OLALIA) and Manco Synthetic, Inc. Employees Labor Union–Organized Labor Union in Line Industries and Agriculture (MSI-ELU-OLALIA), assailing the Consolidated Decision^[3] and Resolution^[4] of the Court of Appeals in CA-G.R. SP No. 146614 & 148154, which set aside the Decision of the Secretary of Labor and reinstated the Mediator-Arbitrator's Decision which ruled in favor of Manila Cordage Company (Manila Cordage) and Manco Synthetic, Inc. (Manco Synthetic).

The Organized Labor Union in Line Industries and Agriculture (OLALIA) is a legitimate labor organization that established local chapters in companies engaged in rope manufacturing.^[5] MCC-ELU-OLALIA and MSI-ELU-OLALIA were its local chapters in Manila Cordage and Manco Synthetic, respectively.^[6]

Considering that Manila Cordage and Manco Synthetic were unorganized and had no exclusive bargaining agent, OLALIA filed Petitions for Certification Election before the Department of Labor and Employment, Regional Office IV. Manila Cordage and Manco Synthetic opposed this, asserting that members of the subject labor unions are employees of their labor contractors, Alternative Network Resources Unlimited Multi-Purpose Cooperative (Alternative Network Resources) and Worktrusted Manpower Services Cooperative (Worktrusted Manpower Services).^[7] The petitions were granted despite the opposition and certification elections were conducted in Manila Cordage and Manco Synthetic on January 27, 2016.^[8]

The results of the certification elections were as follows:^[9]

For Manila Cordage Company:

Yes	0
No	10
Challenged	294
Spoiled	0
TOTAL VALID VOTES CAST	304^[10]

For Manco Synthetic Inc.:

Yes	0
No	4
Challenged	139
Spoiled	0
TOTAL VALID VOTES CAST	143^[11]

Manila Cordage Company filed a protest with the Mediator-Arbiter, challenging 294 of the 304 votes cast during the certification elections. Likewise, Manco Synthetic, Inc. filed a protest challenging 139 of 143 of the votes. Both contended that the challenged voters were not their employees but employees of their respective independent contractors.^[12]

On March 28, 2016, Mediator-Arbiter Maureen Zena O. Serazon-Tongson (Med-Arbiter Tongson) issued two separate Orders,^[13] granting the protests of Manila Cordage and Manco Synthetic.

Med-Arbiter Tongson found that Alternative Network Resources and Worktrusted Manpower Services were legitimate job contractors providing manpower services to Manila Cordage and Manco Synthetic and were thus, the employers of those challenged voters during the certification elections. Consequently, the votes cast during the Certification Elections were held invalid for the purpose of certifying MCC-ELU-OLALIA and MSI-ELU-OLALIA as the exclusive bargaining agents in Manila Cordage and Manco Synthetic.^[14]

Aggrieved, both MCC-ELU-OLALIA and MSI-ELU-OLALIA separately filed a Memorandum of Appeal before the Department of Labor and Employment.^[15] On May 13, 2016^[16] and June 20, 2016,^[17] Undersecretary Rebecca C. Chato (Undersecretary Chato), by the authority of the Secretary of the Department of Labor and Employment, reversed Med-Arbiter Tongson's Orders and found that Alternative Network Resources and Worktrusted Manpower Services were labor-only contractors. Thus, the challenged votes cast by employees of Manila Cordage and Manco Synthetic should be considered.^[18]

The dispositive portion of the May 13, 2016 Decision^[19] of Undersecretary Chato in favor of MCC-ELU-OLALIA reads:

WHEREFORE, premises considered, the Appeal Memorandum filed by Manila Cordage Company Employees Labor Union-OLALIA is hereby

GRANTED. The Order dated 28 March 2016 of the DOLE Regional Office IV-A Mediator-Arbiter Maureen Zena O. Serazon-Tongson is **REVERSED and SET ASIDE.**

Let the entire records be remanded to the Regional Office of origin for the opening and canvassing of the two hundred ninety-four (294) segregated ballots.^[20] (Emphasis in the original)

Meanwhile, the dispositive portion of the June 20, 2016 Decision^[21] in favor of MSI-ELU-OLALIA reads:

WHEREFORE, premises considered, the Appeal Memorandum filed by Manco Synthetic, Inc. Employee Labor Union-OLALIA is **PARTIALLY GRANTED.** The Order dated 28 March 2016 of the DOLE Regional Office No. IV-A Mediator-Arbiter Maureen Zena O. Serazon-Tongson is hereby **MODIFIED.** Accordingly, except for the ballots of Roncito Advincula, Ferdinand Carino, Jaime Monterey, Jesus Villanueva, Michael Barbosa, Frederick Marzo, Dennis Rodriguez, Renaldo Tejares, Rogelo Tomas, Cecilito Torres, Edgardo Bayeta and Lutgardes Mutyaon, the segregated votes be opened and canvassed.

Let the entire records be remanded to the Regional Office of origin for the opening and canvassing of the one hundred twenty-seven (127) segregated ballots.

SO RESOLVED.^[22] (Emphasis in the original)

Manila Cordage and Manco Synthetic separately filed their Petitions for Certiorari before the Court of Appeals. In both Petitions, they alleged that the Secretary of Labor and Employment gravely abused its discretion when it ruled that there was an employer-employee relationship between them and the challenged voters of the certification election as Alternative Network Resources and Worktrusted Manpower Services were mere labor-only contractors.^[23] On Motion by MCC-ELU-OLALIA, the two Petitions were consolidated.^[24]

Finding grave abuse of discretion on the part of the Secretary of Labor, the Court of Appeals granted the Petitions for Certiorari filed by Manila Cordage and Manco Synthetic in its Consolidated Decision.^[25]

According to the Court of Appeals, Manila Cordage and Manco Synthetic both submitted substantial evidence that Alternative Network Resources and Worktrusted Manpower Services were legitimate job contractors providing manpower services to them.^[26] Specifically, they presented Certificates of Registration numbered NCR-MPFO-72600-3111-210-R and RO-IVA-08-10-28 issued by the Department of Labor and Employment, declaring the two as legitimate independent contractors.^[27] Furthermore, it found that the two contractors have substantial capitalization, both having more than the required minimum paid up capital of P3 million. The Court of Appeals likewise held that the fact that the two contractors had other clients from various industries negates the conclusion that they are labor-only contractors.^[28]

The dispositive portion of the January 19, 2018 Consolidated Decision reads:

WHEREFORE, premises considered, the instant consolidated petitions are hereby **GRANTED** and the assailed Decision dated 13 May 2016 and Resolution dated 20 June 2016 in OS-A-14-5-16, as well as the Resolutions dated 20 June 2016 and 08 September 2016 in OS-A-13-5-16, are **ANNULLED and SET ASIDE**.

Accordingly, the Orders dated 28 March 2016 in RO4A-LPO CE- 06-26-05 and RO4A-LPO-CE-07-27-05-15 of the DOLE Regional Office No. IV-A are hereby **REINSTATED**.

SO ORDERED.^[29]

MCC-ELU-OLALIA and MSI-ELU-OLALIA filed their respective Motions for Reconsideration, which the Court of Appeals denied in its September 20, 2018 Resolution.^[30]

On December 3, 2018, MCC-ELU-OLALIA and MSI-ELU-OLALIA filed their Petition for Review on Certiorari^[31] with this Court.

On June 3, 2019, the Court required respondents to comment on the Petition^[32] which they did on September 10, 2019.^[33]

On October 14, 2019, petitioners filed a Manifestation^[34] informing this Court of the decision of the Court of Appeals in *Alternative Network Resources Unlimited Multi-Purpose Cooperative v. Department of Labor and Employment and Regional Director Angaracampita* docketed as CA G.R. S.P. No. 150758. In that case, workers under the payroll of various contractors were held to be employees of Manila Cordage after finding that Worktrusted Manpower Services Cooperative and Alternative Network Resources Unlimited Multi-Purpose Cooperative were labor-only contractors.

In their Petition for Review on Certiorari, MCC-ELU-OLALIA and MSI-ELU-OLALIA maintain that Alternative Network Resources and Worktrusted Manpower Services are engaged in labor-only contracting. Hence, the challenged voters of the certification elections should be deemed employees of respondents and their votes proclaimed as valid.^[35]

Petitioners allege that the two contractors do not provide a specific service to respondents and merely supply manpower.^[36] They further assert that Alternative Network Resources' and Worktrusted Manpower Services' substantial capital is not sufficient to prove that they complied with the requirements provided for in Department Order No. 18-A.^[37] Petitioners maintain that respondents should have submitted evidence that the two contractors own tools, equipment, and machineries used in the main business of respondents, which is rope production.^[38]

In their Comment,^[39] respondents assert that the Petition should not be entertained as it tackles questions of fact and not of law.^[40] They add that there is no employer-employee relationship between them and the employees with challenged votes since the latter were hired from independent job contractors^[41] which had substantial capitalization and DOLE certifications.^[42] Respondents submit that there was no need to prove that these contractors have investment in the form of tools, equipment and machineries since all that Department Order No. 18-A requires is

either substantial capitalization or investment.^[43] Respondents further state that they wield no power or control over the employees, except for the end result of their work.^[44]

The main issue to be addressed is whether or not an employer-employee relationship exists between petitioners and respondent. To determine this, however, the issue of whether or not Alternative Network Resources Unlimited Multi-Purpose Cooperative and Worktrusted Manpower Services Cooperative are legitimate job contractors must first be answered.

The petition is meritorious.

As a general rule, the Supreme Court is not a trier of facts. In *Meralco Industrial v. National Labor Relations Commission*,^[45] it was held:

This Court is not a trier of facts. Well-settled is the rule that the jurisdiction of this Court in a petition for review on *certiorari* under Rule 45 of the Revised Rules of Court is limited to reviewing only errors of law, not of fact, unless the factual findings complained of are completely devoid of support from the evidence on record, or the assailed judgment is based on a gross misapprehension of facts. Besides, factual findings of quasi-judicial agencies like the NLRC, when affirmed by the Court of Appeals, are conclusive upon the parties and binding on this Court.^[46]

In labor cases, petitions for review on *certiorari* under Rule 45 is limited to determining whether the Court of Appeals was correct in finding the presence or absence of grave abuse of discretion and jurisdictional errors on the part of the lower tribunal.^[47]

The existence of an employer-employee relationship or labor-only contracting is a question of fact because it entails an assessment of the probative value of the evidence presented in the lower courts. Thus, it is only appropriately acted upon by this Court when certain exceptions are present as laid down in *Pascual v. Burgos*:^[48]

- (1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures;
- (2) When the inference made is manifestly mistaken, absurd or impossible;
- (3) Where there is a grave abuse of discretion;
- (4) When the judgment is based on a misapprehension of facts;
- (5) When the findings of fact are conflicting;
- (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee;
- (7) *The findings of the Court of Appeals are contrary to those of the trial court;*
- (8) When the findings of fact are conclusions without citation of specific evidence on which they are based;
- (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and
- (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.