Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

RAMON E. MIRANDILLA, RANIL D. ATULI, and EDWIN D. ATULI, Petitioners,	**G.R. No. 242834**
	Present:
- versus -	CARPIO, *J.*, Chairperson, PERLAS-BERNABE, CAGUIOA, J. REYES, JR., and LAZARO-JAVIER, *JJ.*
JOSE CALMA DEVELOPMENT CORP. and JOSE GREGORIO ANTONIO C. CALMA, JR., Respondents.	Promulgated:
	26 JUN 2019

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D E C I S I O N

PERLAS-BERNABE, *J.*:

Assailed in this petition for review on *certiorari*[1] are the Decision[2] dated February 28, 2018 and the Resolution[3] dated July 27, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 153206, which affirmed the Resolution[4] dated June 23, 2017 and the Resolution[5] dated August 22, 2017 of the National Labor Relations Commission (NLRC) in NLRC LAC No. 06-001886-17, declaring petitioners Ramon E. Mirandilla (Ramon), Ranil D. Atuli (Ranil), and Edwin D. Atuli (Edwin; collectively, petitioners) as project employees, and thus, were not illegally dismissed.

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1 *Rollo*, pp. 3-24.

2 Id. at 26-39. Penned by Associate Justice Ramon R. Garcia with Associate Justices Myra V. Garcia-Fernandez and Germano Francisco D. Legaspi, concurring.

3 Id. at 41-42.

4 Id. at 70-79. Penned by Commissioner Pablo C. Espiritu, Jr. with Presiding Commissioner Alex A. Lopez and Commissioner Cecilio Alejandro C. Villanueva, concurring.

5 Id. at 81-82.

The Facts

In May 2013, respondent Jose Calma Development Corp. (JCDC), a company engaged in the construction business, allegedly hired Ramon as finishing carpenter for the latter's construction project in Makati City, and later, in October 2014, also hired Ranil and Edwin as carpenter and finishing carpenter, respectively.[6] **Sometime in October 2015, Ramon was asked by JCDC to sign a document purporting to be a termination of his project employment contract; the following month, Ranil and Edwin were asked to sign a similar document**. Claiming that they were regular employees, petitioners were surprised to learn that their employment had been terminated despite not having violated any company policy.[7] This prompted them to file a complaint[8] for illegal dismissal and other money claims against JCDC and its president and owner, Jose Gregorio Antonio C. Calma, Jr. (Jose Gregorio; collectively, respondents), before the NLRC.[9]

For their part,[10] respondents denied that petitioners were illegally dismissed and asserted that the latter were project employees who were duly apprised of their status as such and whose employments were coterminous with the completion of their projects.[11]

Respondents added that Ramon committed several violations[12] of company rules and regulations, including commission of an offense against superior, non-compliance with the uniform and dress code policy, acts of discourtesy to persons in authority, immoral conduct, insubordination, and going on absence without leave, for which he was served with corresponding memoranda – which he refused to receive – requiring his explanation.[13] On October 29, 2015, JCDC submitted to the Department of Labor and Employment (DOLE) an Establishment Employment Report[14] indicating the termination of Ramon's employment due to "project completion."[15]

With regard to Ranil and Edwin, respondents claimed that their project was completed in December 2015 and that they were correspondingly informed of the termination of their employment.[16] On December 23, 2015, they each received their 13th month pay[17] for the year 2015 and signed an Employee Clearance and Quit Claim.[18] On January 12, 2016, JCDC submitted to the DOLE an Establishment Termination Report

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6 See id. at 71. See also id. at 27.
7 See id. See also id. at 27.
8 Dated June 9, 2016. Id. at 83-86.
9 See id. at 27.
10 See Position Paper of respondents dated September 16, 2016; id. at 132-141.
11 See id. at 133 and 135.
12 See Memoranda dated October 8 and 9, 2015; CA *rollo*, pp. 130-131.
13 See *rollo*, pp. 133-134. See also id. at 27-28.
14 CA *rollo*, pp. 185-186.
15 See *rollo*, p. 134. See also id. at 28.
16 See id. at 135. See also id. at 28.
17 See Cash/Check Vouchers dated December 23, 2015; CA *rollo*, pp. 134 and 136.
18 Id. at 135 and 137.

with a List of Permanently Terminated Workers Due to Closure/Retrenchment,[19] which included the names of Ranil and Edwin among the employees whose employment has been terminated due to "project completion."[20]

To support their claims, respondents presented copies of Weekly Time Records (WTRs),[21] Metrobank Check No. 2913493141[22] and Cash/Check Vouchers[23] indicating payment of petitioners' 13th month pay for the year 2015, Establishment Employment/Termination Reports,[24] and Employee Clearance and Quit Claims.[25]

The Labor Arbiter's Ruling

In a Decision[26] dated April 25, 2017, the Labor Arbiter (LA) declared petitioners as regular employees, and thus, were illegally dismissed. Accordingly, the LA ordered JCDC to pay petitioners their separation pay, backwages, and service incentive leave pay, as well as ten percent (10%) attorney's fees.[27] As for Jose Gregorio, he was absolved from liability since there was no showing that any of the grounds to pierce the veil of JCDC's corporate fiction so as to hold him solidarily liable, exists.[28]

The LA held that petitioners were regular employees, considering that JCDC's evidence failed to show that the former were hired for a specific project or undertaking, which completion or termination had been determined at the time of their engagement. Moreover, the LA observed that while Ramon was assigned to several different project sites, JCDC failed to demonstrate that termination reports were filed after the completion of each project.[29] As to Ranil and Edwin, the list of permanently terminated workers submitted to the DOLE showed that they were terminated due to "closure/retrenchment" and not due to "project completion." Thus, for failure to prove the validity of petitioners' dismissal due to any just or authorized cause, the LA found JCDC liable for illegal dismissal.[30] However, it denied the other money claims for lack of merit.[31]

Aggrieved, respondents appealed[32] to the NLRC.

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19 Id. at 187-188.
20 See *rollo*, p. 28. See also id. at 135.
21 Respondents only provided Ramon's WTRs covering the period from November 8, 2013 to May 27, 2015; however, some of the WTRs do not have the dates indicated. See CA *rollo*, pp. 85-129.
22 Id. at 132.
23 Id. at 133-134 and 136.
24 Id. at 185-188.
25 Id. at 135 and 137.
26 Id. at 190-209. Penned by Labor Arbiter Thomas T. Que, Jr.
27 Id. at 208-209.
28 See id. at 208.
29 See id. at 197-199.
30 See id. at 200-201.
31 See id. at 204.
32 See Appeal Memorandum dated May 15, 2017; id. at 210-243.

The NLRC Ruling

In a Resolution[33] dated June 23, 2017, the NLRC granted the appeal and modified the LA Decision by deleting the award of backwages, separation pay, and attorney's fees.[34]

The NLRC ruled that petitioners were project employees, considering that: (*a*) petitioners' work as finishing carpenters indicated the specific undertaking for which they were engaged; (*b*) petitioners were free to offer their services as carpenters to other employers while awaiting engagement after the end of each particular project; and (*c*) the submission to the DOLE of establishment termination reports showed that petitioners were project employees.[35] Aside from finding that Ramon was a project employee, it added that he could have been terminated for the series of infractions he committed. On the other hand, it found that Ranil and Edwin no longer had any cause of action against respondents after they executed their respective quitclaims and received their last pay after the completion of their project.[36]

Dissatisfied, petitioners moved for reconsideration[37] but the same was denied in a Resolution[38] dated August 22, 2017. Hence, petitioners elevated the matter to the CA via a petition for *certiorari*.[39]

The CA Ruling

In a Decision[40] dated February 28, 2018, the CA dismissed the petition, finding no grave abuse of discretion on the part of the NLRC.[41]

The CA observed that as finishing carpenters, petitioners' nature of work clearly indicated the specific undertaking for which they were hired and the specific phase of work that their services were needed. Moreover, it observed that JCDC complied with the submission requirement to the DOLE by filing an Establishment Employment Report for Ramon and an Establishment Termination Report with a List of Permanently Terminated Workers Due to Closure/Retrenchment for Ranil and Edwin. As such, petitioners' employment legally ended upon the completion of their projects, and thus, petitioners were not illegally dismissed.[42]

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33 *Rollo*, pp. 70-79.
34 Id. at 78.
35 See id. at 75.
36 See id. at 76.
37 Dated July 10, 2017. CA *rollo*, pp. 163-173.
38 *Rollo*, pp. 81-82.
39 Dated October 27, 2017. Id. at 43-65.
40 Id. at 26-39.
41 Id. at 38.
42 See id. at 37.

Besides, the CA pointed out that Ramon could also have been terminated on account of his numerous violations of company policies, including insubordination when he ignored the memoranda issued to him. As to Ranil and Edwin, it found that they voluntarily executed their quitclaims, and thus, were bound by the said transaction.[43]

Petitioners moved for reconsideration[44] but the same was denied in a Resolution[45] dated July 27, 2018; hence, this petition.

The Issue Before the Court

The issue for the Court's resolution is whether or not the CA correctly ruled that petitioners were project employees, and thus, were legally dismissed.

The Court's Ruling

The petition is partly meritorious.

At the outset, it bears stressing that in a Rule 45 review in labor cases, the Court examines the CA's Decision from the prism of whether the latter had correctly determined the presence or absence of grave abuse of discretion in the NLRC's Decision.[46] In labor cases, grave abuse of discretion may be ascribed to the NLRC when its findings and conclusions are not supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.[47]

Guided by these considerations, the Court finds that the CA erred in dismissing petitioners' *certiorari* petition before it, since it failed to attribute grave abuse of discretion on the part of the NLRC which erroneously ruled that petitioners were project employees of JCDC despite the latter's failure to establish the former's project employment status through substantial evidence.

To expound, Article 295 (formerly 280) of the Labor Code, as amended, provides that a regular employee is one who has been engaged to perform activities which are usually necessary or desirable in the usual trade or business of the employer, while a project employee is one whose employment has been fixed for a specific project or undertaking, the

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43 See id. at 37-38.
44 Dated April 17, 2018. Id. at 197-228,
45 Id. at 41-42.
46 See *Maricalum Mining Corporation v. Florentino*, G.R. Nos. 221813 & 222723, July 23, 2018.
47 See *Dacles v. Millenium Erectors Corporation*, 763 Phil. 550, 557 (2015); citations omitted.

completion or termination of which has been determined at the time of engagement of the employee, to wit:

> Article 280. *Regular and casual employment*. The provisions of written agreement to the contrary notwithstanding and regardless of the oral agreement of the parties, an employment shall be deemed to be regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer, except where the employment has been fixed for a specific project or undertaking[,] the completion or termination of which has been determined at the time of the engagement of the employee or where the work or service to be performed is seasonal in nature and the employment is for the duration of the season.
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> x x x x (Underscoring supplied)

According to jurisprudence, the principal test for determining whether particular employees are properly characterized as project employees as distinguished from regular employees, is whether or not: ***(a)* the employees were assigned to carry out a specific project or undertaking**; and ***(b)* the duration and scope of which were specified at the time the employees were engaged for that project**.[48]

In this relation, case law states that in order to safeguard the rights of workers against the arbitrary use of the word "project" to prevent them from attaining regular status, **employers claiming that their workers are project employees should not only prove that the duration and scope of the employment were specified at the time they were engaged, but also that there was indeed a project**.[49] Furthermore, "[i]t is crucial that the employees were **informed of their status as project employees at the time of hiring and that the period of their employment must be knowingly and voluntarily agreed upon by the parties**, without any force, duress, or improper pressure being brought to bear upon the employees or any other circumstances vitiating their consent."[50]

In this case, records fail to disclose that petitioners were engaged for a specific project and that they were duly informed of its duration and scope at the time that they were engaged.

As for Ramon, respondents submitted his WTRs[51] as primary proof of his alleged project employment status. While these WTRs do indicate Ramon's particular assignments for certain weeks starting from November 8, 2013 to May 27, 2015, they do not, however, indicate that he was

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48 See *Lopez v. Irvine Construction Corp.*, 741 Phil. 728, 737 (2014); emphases and underscoring supplied.

49 See *Dacles v. Millenium Erectors Corporation*, supra note 47, at 558-559; emphasis and underscoring supplied.

50 *Herma Shipyard, Inc. v. Oliveros*, 808 Phil. 668, 680 (2017); emphasis and underscoring supplied.

51 CA *rollo*, pp. 85-129.

particularly engaged by JCDC for each of the projects stated therein, and that the duration and scope thereof were made known to him at the time his services were engaged. At best, these records only show that he had worked for such projects. By and of themselves, they do not show that Ramon was made aware of his status as a project employee at the time of hiring, as well as of the period of his employment for a specific project or undertaking.

In fact, the WTRs actually show that Ramon was engaged as an all-purpose carpenter who was made to work at JCDC's several project sites on a regular basis, as his working assignments were just re-shuffled from one project to another without any clear showing that his engagement for each project site was constitutive of a particular contract of project employment. For instance, the WTRs show that during the weeks of November 14 to 20, 2013 and November 21 to 27, 2013, Ramon was assigned at the project sites "Friedberg One Serendra East Tower" and "Repetto Shangrila" on various dates.[52] However, the following week (*i.e.*, November 28 to December 4, 2013), he was only assigned at "Repetto Shangrila."[53] Similarly, on April 10 to 14, 2014, he was assigned at the project "Ernest Cu."[54] Then, the week after (*i.e.*, April 17 to 23, 2014), he alternated between the project sites "Yakal" and "Ernest Cu."[55] However, the following week (*i.e.*, April 24 to 30, 2014) he reported back to the project "Ernest Cu" and another called "Repetto Rockwell."[56] In all of these, it is noteworthy that no project employment contract was shown designating his engagement for each particular undertaking, much more was it demonstrated that he was informed of the scope and duration thereof. Clearly, by virtue of this pattern of re-assignment, Ramon should be deemed as a regular employee, as he was actually tasked to perform work which is usually necessary and desirable to the trade and business of his employer, and not merely engaged for a specific project or undertaking. In *GMA Network, Inc. v. Pabriga*,[57] the Court pointed out that if the particular job or undertaking is within the regular or usual business of the employer company and it is not identifiably distinct or separate from the other undertakings of the company such that there is clearly a constant necessity for the performance of the task in question, said job or undertaking should not be considered a project,[58] as in this case.

In addition, if Ramon were to be considered as a project employee for each of the project sites indicated in the WTRs, then JCDC should have submitted a report of termination to the nearest public employment office every time his employment was terminated due to completion of each construction project. However, JCDC only submitted one (1) Establishment Employment Report dated October 29, 2015. In *Dacles v. Millenium*

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52 See id. at 125-127.
53 Id. at 127.
54 See id. at 104.
55 See id. at 104-105.
56 See id. at 105.
57 *GMA Network, Inc. v. Pabriga*, 722 Phil. 161 (2013).
58 See id. at 173.

Erectors, Corp.,[59] the Court held that "Policy Instruction No. 20 is explicit that employers of project employees are exempted from the clearance requirement but not from the submission of termination report. **[The Court has] consistently held that failure of the employer to file termination reports after every project completion proves that the employees are not project employees**[,]"[60] as in this case.

In view of the foregoing, Ramon cannot be considered as a project employee. Hence, he was a regular employee who could only have been terminated for a just or authorized cause. However, none of these causes was properly invoked as a ground for dismissal in this case. At this juncture, it should be emphasized that Ramon's termination was by virtue of a document which he was made to sign in October 2015 indicating the termination of his project employment contract. In addition, the Establishment Employment Report dated October 29, 2015 shows that he was terminated for the cause of "project completion" and no other. Thus, insofar as this case is concerned, it would be inappropriate to pass upon JCDC's allegations that Ramon committed other company infractions as grounds to terminate his employment.

With respect to Ranil and Edwin, the Court finds that respondents also failed to establish their project employment status. Primarily, the Court finds it telling that JCDC could not even identify the specific undertakings or projects for which Ranil and Edwin were employed since their alleged hiring in 2014. Without any identifiable project or undertaking, it would necessarily follow that these two could not have been informed, at the time of their engagement, of the duration and scope thereof. Moreover, JCDC submitted an Establishment Termination Report with a List of Permanently Terminated Workers Due to Closure/Retrenchment which, therefore, makes it unclear if they were indeed dismissed on the ground of "project completion" same as Ramon.

Likewise, same as in Ramon's case, Ranil and Edwin's project employment contracts for their engagement were not even shown. These contracts would have shed light to what projects or undertakings they were engaged; but all the same, none were submitted. As case law holds, **the absence of the employment contracts puts into serious question the issue of whether the employees were properly informed of their employment status as project employees at the time of their engagement, especially if there were no other evidence offered.**[61]

In fine, Ranil and Edwin could not be considered as project employees. As such, they were regular employees who could only have been dismissed for a just or authorized cause, none of which exists. Accordingly,

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59 Supra note 47.

60 Id. at 560; citing *Tomas Lao Construction v. NLRC*, 344 Phil. 268, 282 (1997). Emphasis supplied.

61 See *Hanjin Heavy Industries and Construction Co., Ltd. v. Ibañez*, 578 Phil. 497, 512 (2008).

as the LA correctly ruled, they were illegally dismissed. Notably, the foregoing conclusion is not negated by the fact that Ranil and Edwin executed quitclaims for the reasons explained below.

In *Arlo Aluminum, Inc. v. Piñon, Jr.*,[62] the Court explained that:

> To be valid, a deed of release, waiver or quitclaim must meet the following requirements: (1) that there was no fraud or deceit on the part of any of the parties; (2) that the consideration for the quitclaim is sufficient and reasonable; and (3) that 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. Courts have stepped in to invalidate questionable transactions, especially where there is clear proof that a waiver, for instance, was obtained from an unsuspecting or a gullible person, or where the agreement or settlement was unconscionable on its face. A quitclaim is ineffective in barring recovery of the full measure of a worker's rights, and the acceptance of benefits therefrom does not amount to estoppel. Moreover, a quitclaim in which the consideration is scandalously low and inequitable cannot be an obstacle to the pursuit of a worker's legitimate claim.
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> It is only where there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or the terms of the settlement are unconscionable on its face, that the law will step in to annul the questionable transaction. But where it is shown that the person making the waiver did so voluntarily, with full understanding of what he was doing, and the consideration for the quitclaim is sufficient and reasonable, the transaction must be recognized as a valid and binding undertaking.[63] (Underscoring supplied)

As above-mentioned, a quitclaim in which the consideration is scandalously low and inequitable cannot be an obstacle to the pursuit of a worker's legitimate claim. *This is because an obviously "lowball" consideration in a quitclaim indicates that the employee did not stand on an equal footing with the employer when he seemingly acceded to the waiver of his rights. Indeed, under ordinary circumstances, a reasonable man would not allow himself to be shortchanged into waiving all of his claims, unless he fully comprehends the consequences of such act.* Thus, as case law states, "[u]nless it can be established that the person executing the waiver voluntarily did so, with full understanding of its contents, and with reasonable and credible consideration, the same is not a valid and binding undertaking."[64]

Here, the quitclaims signed by Ranil and Edwin, in consideration of ₱6,917.47[65] and ₱7,290.06,[66] respectively, do not appear to have been made for a reasonable and credible consideration, considering that these amounts

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62 G.R. No. 215874, July 5, 2017, 830 SCRA 202.
63 Id. at 213-214.
64 *Dagasdas v. Grand Placement and General Services Corporation*, 803 Phil. 463, 479 (2017).
65 CA *rollo*, p. 135.
66 Id. at 137.

only pertained to their 13th month pay for the year 2015, and as such, do not approximate any reasonable award (such as backwages and separation pay) that would have been awarded to them should they successfully pursue litigation. Notably, the 13th month pay is a statutory obligation of the employer under the law;[67] hence, its payment is not really constitutive of any reasonable settlement as they are already entitled to the same as a matter of course. According to jurisprudence, "the burden to prove that the waiver or quitclaim was voluntarily executed is with the employer,"[68] which the latter failed to discharge. In view of the foregoing circumstances, the Court holds that the quitclaims were not validly executed, and hence, do not constitute an effective waiver of JCDC's liability arising from its illegal termination of Ranil and Edwin, its regular employees.

WHEREFORE, the petition is **GRANTED**. The Decision dated February 28, 2018 and the Resolution dated July 27, 2018 of the Court of Appeals in CA-G.R. SP No. 153206 are **REVERSED** and **SET ASIDE**. The Resolution dated June 23, 2017 and the Resolution dated August 22, 2017 of the National Labor Relations Commission in NLRC LAC No. 06-001886-17 are declared **NULL** and **VOID** for having been issued with grave abuse of discretion. Accordingly, the Decision dated April 25, 2017 of the Labor Arbiter in NLRC NCR Case No. NCR-06-06863-16 is hereby **REINSTATED**.

SO ORDERED.

ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Senior Associate Justice
Chairperson

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

JOSE C. REYES, JR.
Associate Justice

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67 See Presidential Decree No. 851, entitled "REQUIRING ALL EMPLOYERS TO PAY THEIR EMPLOYEES A 13TH MONTH PAY" (December 16, 1975).

68 *Dagasdas v. Grand Placement and General Services Corporation*, supra note 64; citation omitted.

AMY C. LAZARO-JAVIER
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

LUCAS P. BERSAMIN
Chief Justice