

FIRST DIVISION

[G.R. No. 164315, July 03, 2009]

**ALCATEL PHILIPPINES, INC., AND YOLANDA DELOS REYES,
PETITIONERS, VS. RENE R. RELOS, RESPONDENT.**

DECISION

CARPIO, J.:

The Case

Before the Court is a petition for review^[1] of the 31 March 2004 Decision^[2] and 14 June 2004 Resolution^[3] of the Court of Appeals in CA-G.R. SP No. 75965. In its 31 March 2004 Decision, the Court of Appeals set aside the 20 February 2002 Decision^[4] of the National Labor Relations Commission (NLRC) and reinstated the 24 September 1998 Decision^[5] of the Labor Arbiter which declared respondent Rene R. Relos (respondent) a regular employee of petitioner Alcatel Philippines, Inc. (Alcatel). In its 14 June 2004 Resolution, the Court of Appeals denied the motion for reconsideration of Alcatel and petitioner Yolanda Delos Reyes (petitioner Delos Reyes).

The Facts

Alcatel is a domestic corporation primarily engaged in the business of installation and supply of telecommunications equipment. Petitioner Delos Reyes was a former Administrative Officer of Alcatel.

On 4 January 1988, Alcatel offered respondent "temporary employment as Estimator/Draftsman - Civil Works to assist in the preparation of manholes and conduit design for the proposal preparation for PLDT X-5 project for the period 4 January 1988 to 28 February 1988."^[6] On 1 March 1988, Alcatel again offered respondent "temporary employment as Estimator/Draftsman to assist in the PLDT's X-4 IOT project for the period 1 March 1988 to 30 April 1988."^[7]

Subsequently, Alcatel undertook the PLDT 1342 project (project) which involved the installation of microwave antennas and towers in Eastern Visayas and Eastern Mindanao for the Philippine Long Distance Company. On 1 February 1991, Alcatel offered respondent "temporary employment as Civil Works Inspector, to assist in the implementation of the PLDT 1342 Project, for the period 1 February 1991 to 31 March 1991."^[8] Upon the expiration of his contract, respondent was again offered temporary employment this time as Civil Works Engineer from 1 April 1991 to 30 September 1991.^[9] Respondent was offered temporary employment in the same capacity five more times from 1 October 1991 to 31 July 1992.^[10] Then, on 1 August 1992, Alcatel hired respondent as "project employee for the PLDT 1342 project to work as Civil Engineer from the period of 1 August 1992 to 31 July 1993."

[11] Alcatel renewed respondent's contract twice from 1 August 1993 to 31 December 1993.[12] In a letter dated 22 December 1993,[13] Alcatel informed respondent that the civil works portion of the project was near completion; however, the remaining works encountered certain delays and had not been completed as scheduled. Alcatel then extended respondent's employment for another three months or until 31 March 1994. Thereafter, Alcatel employed respondent as a Site Inspector until 31 December 1995.[14]

On 11 December 1995, Alcatel informed respondent that the project would be completed on 31 December 1995 and that his contract with Alcatel would expire on the same day.[15] Alcatel asked respondent to settle all his accountabilities with the company and advised him that he would be called if it has future projects that require his expertise.

In March 1997, respondent filed a complaint for illegal dismissal, separation pay, unpaid wages, unpaid overtime pay, damages, and attorney's fees against Alcatel. Respondent alleged that he was a regular employee of Alcatel and that he was dismissed during the existence of the project.

In its 24 September 1998 Decision, the Labor Arbiter declared that respondent was a regular employee of Alcatel. The Labor Arbiter also ruled that respondent was illegally dismissed and, therefore, entitled to back wages. The Labor Arbiter's Decision provides:

WHEREFORE, premises considered, judgment is hereby rendered, finding that [sic] complainant to be a regular employee and finding further that [sic] complainant to have been illegally dismissed from employment and ordering respondents, jointly and severally, to pay complainant the following:

1. Backwages from the time he was illegally dismissed until his actual reinstatement in the amount of **THREE HUNDRED FORTY EIGHT THOUSAND PESOS (P348,000.00)**. The award of backwages shall be re-computed once this decision has become final;
2. Money claims in the total amount of **FOURTEEN THOUSAND TWO HUNDRED FORTY PESOS (P14,240.00)**;
3. Attorney's fees of ten (10%) percent of the total monetary award.

SO ORDERED.[16]

Alcatel appealed to the NLRC.

In its 20 February 2002 Decision, the NLRC reversed the Labor Arbiter's Decision and dismissed respondent's complaint for illegal dismissal. The NLRC declared that respondent was a project employee and that respondent was not illegally dismissed but that his employment contract expired.

Respondent filed a motion for reconsideration. In its 19 December 2002 Order,[17] the NLRC denied respondent's motion.

Respondent appealed to the Court of Appeals.

In its 31 March 2004 Decision, the Court of Appeals set aside the NLRC's Decision and reinstated the Labor Arbiter's Decision.

Alcatel filed a motion for reconsideration. In its 14 June 2004 Resolution, the Court of Appeals denied Alcatel's motion.

Hence, this petition.

The Ruling of the Labor Arbiter

The Labor Arbiter declared that, since respondent was repeatedly hired by Alcatel, respondent performed functions that were necessary and desirable in the usual business or trade of Alcatel. The Labor Arbiter concluded that respondent belonged to the "work pool of non-project employees" of Alcatel.

As to the project, the Labor Arbiter noted that respondent's employment contracts did not specify the project's completion date. The Labor Arbiter said that a short extension of respondent's employment contract was believable, but an extension up to 1995, when respondent was originally engaged only from 1 February to 31 March 1991, was unbelievable. The Labor Arbiter also said that Alcatel's unsubstantiated claim, that the project was merely extended for "unavoidable causes," was absurd. The Labor Arbiter concluded that there was really no fixed duration of the project and that Alcatel used the periods of employment as a facade to show that respondent was only a project employee.

The Ruling of the NLRC

The NLRC set aside the Labor Arbiter's ruling and declared that respondent was a project employee. The NLRC said respondent was assigned to carry out a specific project or undertaking and the duration of his services was always stated in his employment contracts. The NLRC also pointed out that, by the nature of Alcatel's business, respondent would remain a project employee regardless of the number of projects for which he had been employed. Since respondent was a project employee, the NLRC said he was not illegally dismissed, but that his dismissal was brought about by the expiration of his employment contract.

The Ruling of the Court of Appeals

The Court of Appeals set aside the NLRC's decision and reinstated the Labor Arbiter's ruling. The Court of Appeals declared that respondent was a regular employee of Alcatel because (1) respondent was assigned to positions and performed tasks that were necessary to the main line and business operations of Alcatel; (2) respondent was repeatedly hired and contracted, continuously and for prolonged periods, with his employment contracts renewed each time they fell due; and (3) Alcatel did not report the termination of the projects with the nearest public employment office. The Court of Appeals also said that, although respondent's employment contracts specified that he was being engaged for a specific period, there was no clear provision on the actual scope of the project for which respondent was engaged or the actual length of time that the project was going to last. The Court of Appeals concluded that Alcatel imposed the periods of employment to