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SECOND DIVISION

[G.R. NO. 155505, February 15, 2007]

EMILIO M. CAPAROSO AND JOEVE P. QUINDIPAN, PETITIONERS, VS. COURT OF APPEALS, NATIONAL LABOR RELATIONS COMMISSION, COMPOSITE ENTERPRISES INCORPORATED, AND EDITH TAN, RESPONDENTS.

D E C I S I O N

CARPIO, J.:

The Case

Before the Court is a petition for review assailing the 27 June 2002 Decision[1] and 30 September 2002 Resolution[2] of the Court of Appeals in CA-G.R. SP No. 67156.

The Antecedent Facts

Composite Enterprises Incorporated (Composite) is engaged in the distribution and supply of confectioneries to various retail establishments within the Philippines. Emilio M. Caparoso (Caparoso) and Joeve P. Quindipan (Quindipan) were Composite's deliverymen. Caparoso alleged that he was hired on 8 November 1998 while Quindipan alleged that he was hired on intermittent basis since 1997. Quindipan further alleged that he had been working continuously with Composite since August 1998.

On 8 October 1999, Caparoso and Quindipan (petitioners) were dismissed from the service. They filed a consolidated position paper before the Labor Arbiter charging Composite and its Personnel Manager Edith Tan (Tan) with illegal dismissal.

Composite and Tan (respondents) alleged that petitioners were both hired on 11 May 1999 as deliverymen, initially for three months and then on a month-to-month basis. Respondents alleged that petitioners' termination from employment resulted from the expiration of their contracts of employment on 8 October 1999.

The Labor Arbiter ruled that petitioners are regular employees of respondents. In his Decision[3] dated 15 June 2000, the Labor Arbiter held:

> WHEREFORE, premises considered, judgment is hereby rendered declaring complainants to have been illegally dismissed from employment and consequently, respondent COMPOSITE ENTERPRISES CORPORATION is hereby ordered to immediately reinstate complainants to their respective former position[s] without loss of seniority rights and other privileges, with full backwages from the date of dismissal up to the actual date of reinstatement which, as of this date, amounts to P93,155.36, as above computed.

SO ORDERED.[4]

The Labor Arbiter ruled that by the very nature of respondents' business and the nature of petitioners' services, there is no doubt as to the employment status of petitioners.

Respondents appealed to the National Labor Relations Commission (NLRC). In its 9 May 2001 Decision,[5] the NLRC set aside the Labor Arbiter's Decision and dismissed petitioners' complaint for illegal dismissal. The NLRC ruled that the mere fact that the employees' duties are necessary or desirable in the business or trade of the employer does not mean that they are forbidden from stipulating the period of employment. The NLRC held that petitioners' contracts of employment are valid and binding between the contracting parties and shall be considered as the law between them. The NLRC ruled that petitioners are bound by their employment contracts.

Petitioners filed a motion for reconsideration. The NLRC denied the motion in its 9 August 2001 Resolution.[6]

Petitioners filed a petition for certiorari before the Court of Appeals.

The Ruling of the Court of Appeals

In its 27 June 2002 Decision, the Court of Appeals dismissed the petition and affirmed the NLRC's 9 May 2001 Decision and 9 August 2001 Resolution.

The Court of Appeals held that respondents' manpower requirement varies from month to month depending on the demand from their clients for their products. Respondents' manpower requirement determines the period of their employees' services. Respondents employed petitioners for the purpose of addressing a temporary manpower shortage.

Petitioners filed a motion for reconsideration. In its 30 September 2002 Resolution, the Court of Appeals denied the motion for reconsideration.

Hence, the petition before this Court.

The Issues

The petition raises these issues:

1. Whether petitioners are regular employees of respondents; and

2. Whether respondents are guilty of illegal dismissal.

The Ruling of this Court

The petition has no merit.

Petitioners are Not Regular Employees

Article 280 of the Labor Code provides:

> Art. 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 services to be performed is seasonal in nature and the employment is for the duration of the season.
>
> An employment shall be deemed to be casual if it is not covered by the preceding paragraph: Provided, That, any employee who has rendered at least one year of service, whether such service is continuous or broken, shall be considered a regular employee with respect to the activity in which he is employed and his employment shall continue while such activity exists.

Under Article 280 of the Labor Code, a regular employee is (1) one who is engaged to perform activities that are necessary or desirable in the usual trade or business of the employer, or (2) a casual employee who has rendered at least one year of service, whether continuous or broken, with respect to the activity in which he is employed.[7]

However, even if an employee is engaged to perform activities that are necessary or desirable in the usual trade or business of the employer, it does not preclude the fixing of employment for a definite period.

In *Brent School, Inc. v. Zamora,*[8] this Court ruled that the contract, which was entered into before the effectivity of the Labor Code on 1 November 1974, was valid under Republic Act No. 1052 or the Termination Pay Law, as amended. Although the contract was entered into before the effectivity of the Labor Code, the Court traced how the present Article 280 of the Labor Code, which deleted employment with fixed or definite period, evolved. In sustaining the validity of fixed-term employment, the Court explained in *Brent:*

> Accordingly, and since the entire purpose behind the development of legislation culminating in the present Article 280 of the Labor Code clearly appears to have been, as already observed, to prevent circumvention of the employee's right to be secure in his tenure, the clause in said article indiscriminately and completely ruling out all written or oral agreements conflicting with the concept of regular employment as defined therein should be construed to refer to the substantive evil that the Code itself has singled out: agreements entered into precisely to circumvent security of tenure. It should have no application to instances where a fixed period of employment was agreed upon knowingly and voluntarily by the parties, without any force, duress or improper pressure being brought to bear upon the employee and absent any other circumstances vitiating his consent, or where it satisfactorily appears that