Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

HACIENDA SAN ISIDRO / SILOS FARMS and REY SILOS LLAMADO, Petitioners,	**G.R. No. 220087**
	Present:
-versus-	GESMUNDO, *C.J., Chairperson,* HERNANDO, ZALAMEDA, ROSARIO, and MARQUEZ, *JJ.*
LUCITO VILLARUEL and HELEN VILLARUEL, Respondents.	**Promulgated:** AUG 11 2025

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RESOLUTION

ROSARIO, *J.*:

We resolve petitioners' Motion for Reconsideration[1] of Our November 13, 2023 Decision,[2] which denied the Petition for Review on *Certiorari*[3] under Rule 45 of the Rules of Court assailing the Court of Appeals (CA) Amended Decision[4] and Resolution.[5]

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1 *Rollo*, pp. 636–661.
2 *Id.* at 624–635.
3 *Id.* at 4–30.
4 *Id.* at 34–52. The January 9, 2015 Amended Decision in CA-G.R. SP No. 07025 was penned by Associate Justice Edgardo L. Delos Santos (a retired Member of this Court) and concurred in by Associate Justices Pamela Ann Abella Maxino and Marie Christine Azcarraga-Jacob of the Special Former Nineteenth Division, Court of Appeals, Cebu City.
5 *Id.* at 55–57. The July 20, 2015 Resolution in CA-G.R. SP No. 07025 was penned by Associate Justice Edgardo L. Delos Santos (a retired Member of this Court) and concurred in by Associate Justices Pamela Ann Abella Maxino and Marie Christine Azcarraga-Jacob of the Former Special Former Nineteenth Division, Court of Appeals, Cebu City.

To recall, Our Decision laid down the doctrine that a seasonal employee is deemed a regular employee if: (1) they perform work or services that are seasonal in nature, and (2) they are employed to perform such work or services for more than one season. The fact that an employee is free to make their services available to others does not negate regular employment status for as long as they are hired repeatedly for the same activities and not merely on and off for any single phase of agricultural work. Being compensated under a *pakyaw* scheme likewise does not negate regular employment so long as the employer has the right to exercise the power of control or supervision over the performance of an employee's duties, regardless of whether such control or supervision is exercised.[6] Applying the foregoing, We initially deemed respondent Helen Villaruel (respondent Helen) a regular seasonal employee.

Hence, petitioners' Motion for Reconsideration arguing that respondent Helen was not their regular employee because they did not have control over the manner by which she performed her work, and because she was free to contract her services to other employers. Petitioners contend that Our finding that respondent Helen was their regular employee based on the assumption that they may easily exercise supervision and control over her work is without basis. They further posit that the Court, relying on *Hacienda Fatima v. National Federation of Sugarcane Workers - Food and General Trade*,[7] erred in ruling that *Mercado, Sr. v. NLRC*[8] is inapplicable because *Hacienda Fatima* did not make a distinction between an employee hired on and off for any single phase of agricultural work and an employee hired repeatedly for the same phase/s of agricultural work, and there was no assertion in said case regarding the freedom of workers to offer their services to other employers.

In their Comment/Opposition,[9] respondents oppose said Motion on the ground that it is *pro forma* for raising no new matter as all the issues raised were already discussed and resolved by this Court.

We maintain the doctrine laid down in Our Decision regarding the requisites for regular seasonal employment, and affirm our pronouncement that being compensated under a *pakyaw* scheme does not negate regular employment so long as the employer has the power or right to control. However, it is necessary to modify Our ruling only insofar as the factual finding of the existence of the power or right to control is concerned.

While petitioners' argument that they did not have control over the manner by which respondent Helen performed her work[10] presents a factual issue that is beyond the ambit of a Rule 45 petition, this rule admits of

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6 *Rollo*, p. 624.
7 444 Phil. 587 (2003) [Per J. Panganiban, Third Division].
8 278 Phil. 345 (1991) [Per J. Padilla, Second Division].
9 *Rollo*, pp. 673–675.
10 *Id.* at 15.

exceptions such as: (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; or (4) when the judgment is based on a misapprehension of facts.[11] The presence of these exceptions warrant Our factual review.

At the outset, petitioners erroneously argue that the Labor Arbiter (LA), NLRC (National Labor Relations Commission), and CA did not uniformly find that respondent Helen was their regular employee. While the NLRC, in its September 30, 2011 Decision,[12] initially held that respondent Helen was not a regular employee, it eventually reversed itself in its January 27, 2012 Resolution.[13] Similarly, while the CA, in its March 27, 2013 Decision,[14] initially held that she was not a regular employee, it ultimately reversed itself in its January 9, 2015 Amended Decision.[15] Hence, for all intents and purposes, they uniformly found that she is a regular employee. Another judicious review of the case, however, leads Us to a different conclusion. The principle that their uniform factual findings bind this Court applies only if the findings are supported by substantial evidence.[16] Alas, nothing in the records show that respondent Helen was able to prove by substantial evidence that her employers had the power or right to control her work. For lack of substantial evidence to support the findings of the lower tribunals, this Court is not bound by their findings.

We likewise disagree with petitioners' argument that *Hacienda Fatima* did not make a distinction between employees hired on and off for any single phase of agricultural work and employees hired repeatedly for the same phase/s of agricultural work. In *Hacienda Fatima*, We stated that *Mercado, Sr.* was not applicable because the workers there "were not hired regularly and repeatedly for the same phase/s of agricultural work, but on and off for any single phase thereof."[17] Clearly, We distinguished between: (1) those hired regularly and repeatedly for the same phase/s of agricultural work, and (2) those hired on and off for any single phase of agricultural work.

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11 *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225, 232 (1990) [Per J. Bidin, Third Division].

12 *Rollo*, pp. 208–221. The September 30, 2011 Decision in NLRC Case No. VAC-05-000328-2011 was penned by Commissioner Aurelio D. Menzon and concurred in by Commissioner Julie C. Rendoque of the Seventh Division, National Labor Relations Commission, Cebu City. Presiding Commissioner Violeta Ortiz-Bantug was on leave.

13 *Id.* at 329–339. The January 27, 2012 Resolution in NLRC Case No. VAC-05-000328-2011 was penned by Commissioner Julie C. Rendoque and concurred in by Presiding Commissioner Violeta Ortiz-Bantug of the Seventh Division, National Labor Relations Commission, Cebu City.

14 *Id.* at 502–530. The March 27, 2013 Decision in CA-G.R. SP No. 07025 was penned by Associate Justice Edgardo L. Delos Santos (a retired Member of this Court) and concurred in by Associate Justices Pamela Ann Abella Maxino and Maria Elisa Sempio Diy of the Nineteenth Division, Court of Appeals, Cebu City.

15 *Id.* at 34–52.

16 *Cervantes v. City Service Corp.*, 784 Phil. 694, 702 (2016) [Per J. Peralta, Third Division].

17 *National Federation of Sugarcane Workers - Food and General Trade*, 444 Phil. 587, 597 (2003) [Per J. Panganiban, Third Division].

Petitioners posit that the standard in determining regular employment of seasonal employees, as specified in *Gapayao v. Fulo*,[18] citing *Mercado, Sr.*, admits of certain exceptions, such as when the seasonal employee is free to contract work elsewhere. However, *Gapayao* misappreciated *Mercado, Sr.* for the latter never declared that said freedom *per se* was the reason said workers are not regular employees. A careful reading of *Mercado, Sr.* shows that the fact that the workers were free to offer their services to other farm owners was merely an added observation of the LA. Unfortunately, petitioners argue as if said observation was the *ratio decidendi* of the Court in *Mercado, Sr.*, where in truth, We only held that the LA's findings were ably supported by evidence. Our affirmance of the LA's factual findings does not mean that the latter's observation as to the workers' freedom to offer their services elsewhere was the reason for Our declaration that they were not regular employees. In fact, rather than dwelling on their freedom, the LA focused on their argument that they worked continuously for the whole year, calling it exaggerated since rice and sugarcane planting is not a yearlong operation. Our ruling in *Mercado, Sr.* stemmed from the fact that the workers were hired only on an on-and-off basis, not that they were free to offer their services to other farm owners, which was merely the logical result of being hired on an on-and-off basis.

Further, while *Gapayao* held that therein petitioner wielded control in the discharge of the worker's functions since, "being the owner of the farm on which the latter worked, petitioner—on his own or through his overseer—necessarily had the right to review the quality of his work produced by his laborers,"[19] it appears that *Gapayao* failed to properly apply the control test. Of the four tests to ascertain the existence of an employer-employee relationship, the so-called *control test* is the most important. Under said test, such relationship exists where the person for whom the services are performed reserves the right to control not only the end achieved, but also the manner and means to be used in reaching that end. The control test merely calls for the existence of the right to control, and not necessarily the exercise of such right. It does not require that the employer actually supervises the performance of duties by the employee.[20]

While *Gapayao* correctly ruled that the control test "is premised on whether the person for whom the services are performed reserves the right to control *both the end achieved and the manner and means used to achieve that end*,"[21] it incompletely applied the test since it limited itself to a finding that the employer had the right to control the result, but did not make any pronouncement as to whether the employer also had the right to control the manner and means to achieve that result. Here, even if it could be presumed that petitioners necessarily had the right to review the quality of respondent Helen's work, i.e., the right to control the end achieved, as the Court presumed

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18 711 Phil. 179 (2013) [Per C.J. Sereno, First Division].
19 *Id.* at 196.
20 *Id.* at 195–196.
21 *Id.* at 195. (Emphasis supplied)

in *Gapayao*, it could not be readily presumed that they had the right to control the manner and means to achieve that end. This, respondent Helen had the burden of proving by substantial evidence but failed.

Nowhere in the rulings of the LA, NLRC, and CA was there a finding that petitioners controlled or had the right to control the manner and means by which respondent Helen performed her work. The LA merely held that respondent Helen attained the status of a regular employee by the nature of her work and length of her service.[22] However, length of service and the repeated act of assigning tasks do not automatically result in entitlement to the rights and privileges of a regular employee.[23] In similarly finding that respondent Helen was a regular employee, the NLRC merely found that respondent Helen worked at petitioners' farm since 1978 and received wages for various services she rendered at the farm.[24] However, receipt of wages is but one prong in the four-fold test and is not a conclusive factor in determining whether one is an employee.[25] Finally, the CA merely found that respondent Helen is a regular employee as defined in Article 280 (now 295) of the Labor Code since she was performing work necessary or desirable in petitioners' usual business or trade for several milling seasons, rendering more than one year of service, and being constantly rehired until her dismissal.[26] Nonetheless, We have held that Article 295 of the Labor Code should not be used as a criterion to determine the existence of an employer-employee relationship[27] since it merely distinguishes between two kinds of employees, i.e., regular employees and casual employees, for purposes of determining the right of an employee to certain benefits, to join or form a union, or to security of tenure. It does not apply where the existence of an employment relationship is in dispute,[28] as in this case. Contrary to the CA's statement that petitioners never categorically denied that respondent Helen is an employee but only argued that she is not a regular one,[29] petitioners firmly disputed the existence of an employer-employee relationship in their Position Paper.[30] Even the LA Decision acknowledged petitioners' argument that she is not their employee.[31]

The fact that respondent Helen worked at petitioners' farm does not automatically mean that petitioners controlled or reserved the right to control the means and methods by which the result of her work is to be accomplished. As the one claiming entitlement to the benefits provided by law, respondent Helen must prove by substantial evidence the existence on the part of her employers of the power or right to control,[32] which must be of a level that

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22 *Rollo*, p. 178.
23 *Atok Big Wedge Co., Inc. v. Gison*, 670 Phil. 615, 629 (2011) [Per J. Peralta, Third Division].
24 *Rollo*, p. 334.
25 *Fuji Television Network, Inc. v. Espiritu*, 749 Phil. 388, 433 (2014) [Per J. Leonen, Second Division].
26 *Rollo*, p. 48.
27 *Parayday v. Shogun Shipping Co., Inc.*, 876 Phil. 25, 45 (2020) [Per J. Hernando, Second Division].
28 *Singer Sewing Machine Co. v. Drilon*, 271 Phil. 282, 291 (1991) [Per J. Gutierrez, Jr., Third Division].
29 *Rollo*, p. 46.
30 *Id.* at 121.
31 *Id.* at 170.
32 *Javier v. Fly Ace Corp.*, 682 Phil. 359, 372 (2012) [Per J. Mendoza, Third Division].

interferes with the means and methods of accomplishing the assigned tasks.[33] Otherwise, the rules imposed by the hiring party on the hired party do not amount to the labor law concept of control that is indicative of employer-employee relationship.[34] Rules and regulations that merely serve as guidelines toward the achievement of a mutually desired result without dictating the means and methods of accomplishing it do not establish employer-employee relationship.[35]

In sum, this Court finds that the CA seriously erred in failing to impute grave abuse of discretion on the part of the NLRC despite the glaring absence of substantial evidence to support its findings and conclusions.[36]

Our epilogue in *Javier v. Fly Ace Corporation*[37] is worth reiterating:

> While the Constitution is committed to the policy of social justice and the protection of the working class, it should not be supposed that every labor dispute will be automatically decided in favor of labor. Management also has its rights which are entitled to respect and enforcement in the interest of simple fair play. Out of its concern for the less privileged in life, the Court has inclined, more often than not, toward the worker and upheld [their] cause in [their] conflicts with the employer. Such favoritism, however, has not blinded the Court to the rule that justice is in every case for the deserving, to be dispensed in the light of the established facts and the applicable law and doctrine.[38] (Citation omitted)

ACCORDINGLY, the Motion for Reconsideration is **GRANTED**. Our November 13, 2023 Decision is **SET ASIDE** and a new one is rendered **GRANTING** the Petition for Review on *Certiorari*, and **REVERSING** and **SETTING ASIDE** the January 9, 2015 Amended Decision and July 20, 2015 Resolution of the Court of Appeals in CA-G.R. SP No. 07025.

SO ORDERED.

RICARDO R. ROSARIO
Associate Justice

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33 *Royale Homes Marketing Corp. v. Alcantara*, 739 Phil. 744, 758–759 (2014) [Per J. Del Castillo, Second Division].
34 *Id.* at 759.
35 *Id.* at 747.
36 *Samillano v. Valdez Security and Investigation Agency, Inc.*, 875 Phil. 440, 447 (2020) [Per J. Reyes, Jr., First Division].
37 682 Phil. 359 (2012) [Per J. Mendoza, Third Division].
38 *Id.* at 375.

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

RAMON PAUL L. HERNANDO
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

JOSE MIDAS P. MARQUEZ
Associate Justice

CERTIFICATION

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

ALEXANDER G. GESMUNDO
Chief Justice