

Title:

Reyno C. Dimson vs. Gerry T. Chua (G.R. No. 195902)

Facts:

This case involves Reyno C. Dimson (petitioner), representing himself and 14 other complainants, who filed a labor case for illegal dismissal with monetary claims against South East Asia Sugar Mill Corporation (SEASUMCO) and Mindanao Azucarera Corporation (MAC), as well as their board of directors. Gerry T. Chua (respondent) was included in the execution proceedings as one of the officers of SEASUMCO who was held solidarily liable for the claims, despite not being originally named as a party to the case.

On September 22, 2003, the Labor Arbiter (LA) ruled in favor of the complainants, ordering SEASUMCO, MAC, and their respective presidents and board of directors to pay a sum of ₱3,827,470.51. The decision became final and executory, but SEASUMCO failed to satisfy the judgment. The petitioner then filed a motion for an amended alias writ of execution to include additional corporate officers, including the respondent, for the payment of the money claims.

The LA granted the motion and issued the amended writ, which the respondent appealed to the NLRC on the grounds of denial of due process. The NLRC dismissed the appeal, and the respondent then filed a petition for certiorari before the Court of Appeals (CA), claiming that he was improperly included in a case he was never a party to. The CA agreed and issued a writ of preliminary injunction, eventually nullifying the resolutions of the NLRC and making the injunction permanent.

Issues:

The primary legal issue in this case is whether the respondent can be held solidarily liable for the corporation's judgment debt upon the petitioner's illegal dismissal, despite not having been served with summons or being originally impleaded in the labor case.

Court's Decision:

The Supreme Court upheld the decision of the Court of Appeals, agreeing that the respondent was denied due process and highlighting that the LA did not acquire jurisdiction over his person. The Court emphasized that summons are fundamental for due process and that without valid service, any proceedings and decisions concerning the respondent are void. The Supreme Court also rejected the argument for a liberal application of procedural rules by the labor tribunals and stated that no evidence showed that the respondent acted

with malice or bad faith.

Doctrine:

The Court reiterated the doctrine that a corporation's separate legal personality should not be disregarded unless it is clearly established that it was used to justify a wrong, protect fraud, or perpetrate a deception. Furthermore, it stressed the importance of due process, particularly the requirement of proper service of summons, for jurisdiction over a person's legal rights and obligations.

Class Notes:

- The concept of "corporate veil" and when it can be pierced (presence of fraud, malice, or bad faith).
- The importance of service of summons for acquiring jurisdiction over a person.
- Liability of corporate directors or officers (must be alleged and proven that they assent to unlawful acts, or are grossly negligent or act in bad faith).
- The application of due process in labor proceedings.

Historical Background:

The case contextualizes the enforcement of labor laws in the Philippines and highlights procedural fairness in labor disputes, specifically the balance between directors' corporate liability and the protection of individual rights within the corporate structure. It underscores the evolution of jurisprudence addressing corporate officers' accountability and the reinforcing of due process standards in labor cases.