

Title: Arsenio T. Mendiola vs. Court of Appeals, National Labor Relations Commission, Pacific Forest Resources, Phils., Inc., and/or Cellmark AB (G.R. No. 171636)

Facts:

Arsenio T. Mendiola (petitioner) was an employee of Pacific Forest Resources, Inc. (Pacfor), which is a subsidiary of Cellmark AB, a corporation organized under the laws of Sweden. Mendiola filed a complaint for illegal dismissal and was seeking separation pay, moral and exemplary damages, as well as attorney's fees.

The Labor Arbiter ruled in favor of Mendiola, ordering Pacfor and Cellmark AB to compensate Mendiola for separation pay, moral and exemplary damages, and attorney's fees. The National Labor Relations Commission (NLRC) affirmed this decision. On appeal, the Court of Appeals also affirmed the NLRC's decision. Subsequently, Mendiola sought relief from the Supreme Court, on the claim that procedural errors were committed by the CA and the NLRC.

Upon review, the Supreme Court agreed with Mendiola and initially reinstated the Labor Arbiter's decision but with a modification regarding the claimed increase in Mendiola's salary. Pacfor filed a Motion for Reconsideration, arguing that the courts never acquired jurisdiction over Cellmark AB as it was never served with summons in the instant case and did not voluntarily submit to the jurisdiction of the Labor Arbiter.

Issues:

1. Whether the Court of Appeals and the NLRC committed procedural errors in their decisions, thereby meriting a reopening of the case.
2. Whether Cellmark AB, as a foreign corporation, had been validly served with summons and thereby subjected to the jurisdiction of Philippine courts in relation to Mendiola's complaint.

Court's Decision:

The Supreme Court, in its July 31, 2006 decision, granted Mendiola's petition and annulled the decision of the Court of Appeals and the NLRC. The Labor Arbiter's decision was reinstated with the modification regarding the claimed increase in salary.

The Supreme Court, in its resolution of the Motion for Reconsideration, partially granted Pacfor's plea. The Court acknowledged that jurisdiction over Cellmark AB was never established since it was never properly served with summons, nor did it voluntarily submit to jurisdiction. As such, the decision of the Labor Arbiter was without effect as to

respondent Cellmark AB, thereby removing the joint and several liabilities on Cellmark AB while upholding the same against Pacfor.

Doctrine:

The Philippine Supreme Court's decision reinforces the doctrine that proper service of summons is essential to acquire jurisdiction over the person of a defendant, including foreign corporations. In this case, the lack of jurisdiction over Cellmark AB meant that decisions rendered against it by Philippine tribunals were null and void.

Class Notes:

- Service of Summons: In cases involving foreign corporations, proper service of summons is imperative for Philippine courts to acquire jurisdiction over their person. Lack of proper service means any decision against them is void.
- Illegal Dismissal: The case concerns an employee's complaint of illegal dismissal, seeking remedies such as separation pay, moral and exemplary damages, and attorney's fees.
- Solidary Liability: The enforcement of solidary liability requires that all parties held to be solidarily liable must be brought under the jurisdiction of the court.

Historical Background:

This case occurs within the broader context of the Philippines' labor law where issues of illegal dismissal and the rights of workers to just compensation, as well as due process in termination disputes, are paramount. The interplay of local labor laws and international corporate structures highlights the difficulties in ensuring that multinational corporations adhere to local labor laws and the complexities in serving legal notices across borders. The case reflects the Philippine judicial system's adherence to strict procedural standards, especially in cases with international elements, underscoring the importance of due process in the Philippine legal framework.