

Title: Marc II Marketing, Inc. and Lucila V. Joson vs. Alfredo M. Joson

Facts:

Before the incorporation of Marc II Marketing, Inc., Lucila V. Joson, as President of Marc Marketing, Inc., hired Alfredo M. Joson as the General Manager for the new corporation through a Management Contract dated January 16, 1994. The contract stipulated that Alfredo would receive 30% of the net income for his service and 30% of its net profit to compensate for opportunity loss for overseas work.

Marc II Marketing, Inc. was incorporated on August 15, 1994, with Alfredo as its incorporator, director, stockholder, and continuing his role as General Manager. However, on June 30, 1997, the company ceased operation due to poor sales and inefficient management, and Alfredo was informed of the cessation and his consequent termination.

Alfredo filed a Complaint for Reinstatement and Money Claim against the petitioners with the Labor Arbiter (NLRC NCR Case No. 00-03-04102-99), claiming he was terminated due to animosity originating from a family feud. The petitioners filed a Motion to Dismiss, arguing that the Labor Arbiter lacked jurisdiction, as the case involved an intra-corporate controversy. The Labor Arbiter issued orders deferring the resolution and requiring parties to submit position papers. Petitioners did not comply, and the Labor Arbiter ultimately ruled for Alfredo.

The petitioners appealed to the NLRC, which reversed the Labor Arbiter's decision, citing Alfredo as a corporate officer and dismissing the complaint for lack of jurisdiction. Alfredo moved for reconsideration but was denied, leading him to file a Petition for Certiorari with the Court of Appeals (CA-G.R. SP No. 76624), arguing grave abuse of discretion by the NLRC. The Court of Appeals granted the petition in part, asserting the Labor Arbiter's jurisdiction but remanding the case for the determination of monetary awards.

Petitioners then moved to the Supreme Court, presenting several errors including the Court of Appeals' findings on jurisdiction, the existence of an employer-employee relationship, the substantial monetary awards, and the solidary liability of Lucila.

Issues:

1. Whether the Labor Arbiter or the Regional Trial Court (RTC) has jurisdiction over the case.
2. Whether Alfredo M. Joson was a corporate officer or an employee of Marc II Marketing, Inc.

3. Whether the monetary awards granted by the Labor Arbiter were proper.
4. Whether Lucila V. Joson should be held solidarily liable with Marc II Marketing, Inc.

Court's Decision:

The Supreme Court upheld the decision of the Court of Appeals, with a modification that Alfredo's dismissal was legal but without proper due process. The case was remanded to the Labor Arbiter for the determination of the actual compensation received by Alfredo for the computation of his separation pay. The Supreme Court further affirmed Lucila's solidary liability due to acting in bad faith and with malice in Alfredo's dismissal from employment.

Doctrine:

A corporate officer's position must be expressly stated in a corporation's by-laws under Section 25 of the Corporation Code. Additionally, a valid closure of a business operation due to authorized causes requires compliance with due process - specifically, a written notice to the employees and DOLE at least one month prior to cessation, and payment of separation pay unless the closure is due to serious business losses.

Class Notes:

- In cases involving the termination of employees, the burden of proof lies on the employer.
- A corporate officer is someone given that status by the Corporation Code or the corporation's by-laws.
- Structural hierarchy and titles do not automatically imply an intra-corporate relationship; it must be reflected in the by-laws.
- Separation pay is due upon termination due to authorized causes, except in cases of closure due to serious business losses.
- Non-compliance with procedural due process requirements can lead to nominal damages regardless of valid termination cause.

Historical Background:

This case reflects the legal complexities arising from the intersection of labor law and corporate law in the Philippines. Alfredo's relationship with the corporation, both as a high-ranking employee and a stockholder/director, complicates the jurisdiction and nature of his termination. The case also exemplifies how disputes within close-knit corporate structures, sometimes intertwined with familial relations, can escalate to the highest level of judicial scrutiny. The Supreme Court's decision reinforces the principles of labor protection, corporate governance, and the consequences for failure to adhere to due process.