

Title: ABS-CBN Broadcasting Corporation v. Honorato C. Hilario (substituted by Gloria Z. Hilario), and Dindo B. Banting

Facts: ABS-CBN Broadcasting Corporation (petitioner) engaged an independent contractor to perform set and prop design for its television and radio content. One of these contractors was Creative Creatures, Inc. (CCI), formed in 1995 with Edmond Ty as Managing Director and including executives from ABS-CBN as incorporators. Respondents Honorato C. Hilario (designer) and Dindo B. Banting (metal craftsman) were hired by CCI and later received notices of termination due to CCI's closure, prompted by Ty's retirement and CCI's financial breaking even.

Despite the declared closure, Ty established a new company, Dream Weaver Visual Exponents, Inc. (DWVEI), to offer similar services to ABS-CBN. The respondents, allegedly wrongfully dismissed, filed a complaint with the NLRC.

After the Labor Arbiter found the termination illegal and ordered reinstatement and backwages, ABS-CBN and CCI appealed to the NLRC, which affirmed the decision later upheld with a modification by the CA.

Issues:

1. Whether the cessation of business operations by CCI was genuine and bona fide.
2. Whether ABS-CBN is jointly and severally liable with CCI for the respondents' dismissal.
3. Whether reinstatement of respondents is proper.

Court's Decision:

The Court found:

1. The cessation of operations by CCI was not bona fide but rather a scheme to undermine labor laws.
2. ABS-CBN could not separate its identity from CCI, piercing the corporate veil of CCI due to their integrated operations, and was thus jointly and severally liable.
3. Reinstatement was no longer viable due to the time elapsed and other circumstances, including Hilario's death, thus separation pay was appropriate.

Doctrine:

The Court reiterated that a business' closure intending to circumvent security of tenure rights of employees is not a bona fide closure and renders dismissals resulting therefrom illegal. The doctrine of piercing the corporate veil was applied, holding corporations and their dominant agents collectively liable when the corporate personality is used to defeat

public convenience, justify wrong, protect fraud, or defend crime.

Class Notes:

- Bona fide Closure: Valid if genuine, not to bypass labor protections, with proper notice to employees and DOLE, and necessary payments made (Art. 298, Labor Code).
- Piercing the Corporate Veil: Used to hold corporate agents liable when the entity is a mere façade for the personal dealings of its owners.
- Illegal Dismissal: Termination without just or authorized cause leads to remedies including reinstatement and backwages.
- Reinstatement vs. Separation Pay: Reinstatement is mandated unless untenable, in which case separation pay may be given.

Historical Background:

This case occurred within the context of a Philippine legal environment that emphasizes the importance of workers' security of tenure. It serves as an example of judicial scrutiny over corporate strategies that may affect employees' rights and exemplifies the application of established Philippine labor laws and principles in protecting worker rights against corporate actions perceived to erode those rights.