

Title: Erson Ang Lee doing business as “Super Lamination Services” v. Samahang Manggagawa ng Super Lamination (SMSLS-NAFLU-KMU)

Facts:

Erson Ang Lee, the petitioner, operates a sole proprietorship named Super Lamination Services, which provides general lamination services. Two other entities, Express Lamination Services, Inc. (Express Lamination) and Express Coat Enterprises, Inc. (Express Coat), are incorporated and registered under the Securities and Exchange Commission. Respondent Samahang Manggagawa ng Super Lamination (Union A) is a legitimate labor organization affiliated with National Federation of Labor Unions - Kilusang Mayo Uno.

On March 7, 2008, Union A, along with two other unions representing workers of Express Lamination (Union B) and Express Coat (Union C), separately filed petitions for certification election. The three companies, sharing one counsel, all contended in motions to dismiss that there was no employer-employee relationship between the establishments and the bargaining units or their respective members that the unions sought to represent.

The DOLE-NCR Med-Arbiter denied the petitions of Unions B and C for lacking an employer-employee relationship, and shortly after, the same reason for denying respondent Union A’s petition. The unions appealed to the Office of the DOLE Secretary, arguing that the petitions should be allowed since the companies were unorganized and without a recognized bargaining representative.

DOLE Undersecretary Romeo C. Lagman reversed the Med-Arbiter’s decisions, allowing the certification election on the finding that the three companies were engaging in work-pooling and should be considered a single entity for bargaining purposes. Petitioner then appealed to the Court of Appeals, which affirmed DOLE’s decision. The motion for reconsideration was subsequently denied.

Issues:

1. Whether the doctrine of piercing the corporate veil was warranted in treating Super Lamination, Express Lamination, and Express Coat as a single bargaining unit despite their separate juridical personalities.
2. Whether the rank-and-file employees of the three companies comprised an appropriate bargaining unit.

Court’s Decision:

The Supreme Court denied the petition, finding that the separate juridical personalities of

the entities could be disregarded because they were used to defeat the employees' right to collective bargaining. The Court held that the facts showed that petitioner Ang Lee had control and management over all three entities and thus they shared a community of labor interests. Furthermore, it was found that the entities' actions sought to obstruct the certification elections. The Supreme Court affirmed the decision of DOLE and the Court of Appeals that there was an appropriate bargaining unit among the rank-and-file employees of the three companies.

Doctrine:

The doctrine of piercing the corporate veil is applicable when distinct legal entities are used to defeat public convenience, justify wrongful acts, protect fraud, or defend crime, or when these entities are controlled by the same parties and are used to confuse legitimate issues for the disadvantage of third parties, notably the employees.

Class Notes:

- The doctrine of piercing the corporate veil allows for separate legal entities to be treated as the same when they are controlled by the same parties.
- Employer-employee relationship: Necessary for union certification elections.
- Fact-finding by labor officials: Their determinations are generally accorded respect and finality when backed by substantial evidence.
- Appropriate bargaining unit: Determined by shared interests in wages, hours, working conditions, and other subjects of collective bargaining.

Historical Background:

This case reflects the ongoing struggle within labor law between the protections afforded to workers and the rights of businesses operating as separate legal entities. The invocation of the doctrine of piercing the corporate veil in labor disputes shows the judiciary's willingness to intervene when corporate structures are utilized to undermine labor rights, aligning with the historical and constitutional commitment of the Philippines to protect the rights of workers to self-organize and engage in collective bargaining.