

Title:

Rogel N. Zaragoza vs. Katherine L. Tan and Emperador Distillers, Inc.

Facts:

Rogel N. Zaragoza, former Area Sales Manager of Consolidated Distillers of the Far East Incorporated (Condis) in the Bicol Region, was dismissed on December 3, 2007. He subsequently filed an illegal dismissal case with money claims against Condis, Winston Co, and Dominador D. Hidalgo on February 18, 2008. The Labor Arbiter (LA) ruled in Zaragoza's favor on March 3, 2009, ordering reinstatement, back wages, and damages. Condis filed a manifestation of compliance, asserting Zaragoza's position no longer existed, and it had ceased selling and marketing Emperador Brandy after a Services Agreement with Emperador Distillers, Inc. (EDI) was terminated.

Condis and Hidalgo appealed to the National Labor Relations Commission (NLRC), which modified the LA's decision by deleting nominal damages and reducing other damages on April 13, 2010. Their motion for reconsideration was denied on July 30, 2010. They then went to the CA, which partly granted their petition, absolving Hidalgo and deleting moral and exemplary damages on November 22, 2010. After finality of judgment on March 30, 2012, Zaragoza filed a motion for issuance of alias writ of execution, implicating EDI and Katherine L. Tan, President of Condis, for his accrued salaries.

The LA issued an alias writ of execution against Condis/EDI and alternatively against Tan on August 3, 2013. Respondents filed a Petition for Annulment with the NLRC, which annulled the LA resolution on January 17, 2014. Zaragoza's motion for reconsideration was denied, so he petitioned the CA, which dismissed his petition and upheld the NLRC decision on January 27, 2016. His motion for reconsideration was denied on May 26, 2016, prompting him to bring the matter before the Supreme Court.

Issues:

The primary legal issue raised was whether the monetary award in favor of Zaragoza could still be enforced against Tan, as President of Condis, and against EDI, despite them not being impleaded in the labor case.

Court's Decision:

The Supreme Court denied the petition, affirming the CA's decision. It held that the alias writ of execution cannot amend the final judgment that made Condis the sole liable party. The doctrine of piercing the veil of corporate fiction could not be applied since the

respondents were never party to the proceedings from the LA up to the SC, and the LA lacked jurisdiction to pierce the corporate veil or hold them severally liable with Condis. The SC also emphasized the importance of due process, ruling the LA's order was a deprivation of property without due process of law.

**Doctrine:**

The doctrine of piercing the corporate veil requires clear and convincing wrongdoing and cannot be presumed. Jurisdiction over the defendant must be validly established for the court to have authority to pierce the corporate fiction.

**Class Notes:**

- The writ of execution must conform to the judgment without variance or going beyond its terms.
- A party cannot be deprived of property without due process of law.
- The parties involved must have their "day in court."
- The decision of a court will not affect the rights of a person who is a stranger to the action.
- Doctrine of piercing the corporate veil applies when the separate legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime.
- Jurisdiction is acquired via valid service of summons or voluntary appearance.
- A corporation has a separate juridical personality from its directors, officers, and employees.
- Personal liability of corporate directors, trustees, or officers is defined under Section 31 of the Corporation Code.

**Historical Background:**

The Supreme Court's decision reaffirms the principle that corporate entities have distinct legal personalities from their officers and stockholders and that personal liability will only attach under specific circumstances as defined by relevant laws. It highlights the Court's inclination to protect these separate entities unless clear grounds for piercing the veil are established. This decision also underscores the due process rights of respondents in legal proceedings, especially in situations related to the execution of judgments.