

Title:

Wesleyan University-Philippines vs. Guillermo T. Maglaya, Sr.

Facts:

Wesleyan University-Philippines (WUP), a non-stock, non-profit educational corporation in the Philippines, appointed respondent Atty. Guillermo T. Maglaya, Sr. as a corporate member on January 1, 2004, and subsequently as a member of the Board of Trustees on January 9, 2004, for five years. On May 25, 2005, he was elected to a five-year term as president of the university and was re-elected as a trustee on May 25, 2007.

On November 28, 2008, the Bishops informed all corporate members, including Maglaya, about the expiration of their terms on December 31, 2008. The members sought renewal, but the Bishops created an Ad Hoc Committee to plan an administration turnover based on a supposed agreement. Maglaya contended no such agreement existed.

On April 27, 2009, Manuel Palomo, the new Chairman, informed Maglaya of the termination of his services as president. Maglaya and other former board members filed a Complaint for Injunction and Damages with the Regional Trial Court (RTC) of Cabanatuan City, but the RTC dismissed the case as a nuisance suit, noting that the plaintiffs' continued stay was only in a hold-over capacity.

The Court of Appeals affirmed the RTC's decision, dismissing Maglaya's petition for certiorari. Subsequently, Maglaya filed an illegal dismissal case against WUP and associated individuals, claiming he was dismissed in a wanton and oppressive manner. He also cited his entitlement to various benefits and remunerations as proof of his employee status.

WUP countered that Maglaya's removal was an intra-corporate controversy outside the jurisdiction of the labor tribunals. The Labor Arbiter initially sided with WUP, but the National Labor Relations Commission (NLRC) reversed this decision and ruled that Maglaya was an employee and was illegally dismissed. The NLRC awarded damages, back wages, and retirement pay.

The CA later dismissed WUP's petition for certiorari, noting that the NLRC's decision had become final and executory. WUP then appealed to the Supreme Court.

Issues:

1. Whether the National Labor Relations Commission (NLRC) has jurisdiction over Maglaya's illegal dismissal case.

2. Whether Maglaya is considered a corporate officer or a mere employee of Wesleyan University-Philippines.

**Court's Decision:**

The Supreme Court granted WUP's petition, reversing the CA's resolution. The Court determined that the NLRC had no jurisdiction over the illegal dismissal case since the matter was an intra-corporate dispute.

Maglaya, as the President of the University, was found to be a corporate officer enumerated in the corporation's by-laws and thus his termination was within the purview of RTC's jurisdiction over intra-corporate controversies. As a result, the NLRC's assumption of jurisdiction was erroneous.

Maglaya was ordered to reimburse the amount awarded by the NLRC to WUP. The Supreme Court set aside the CA resolution and reasserted the initial Labor Arbiter's decision dismissing the complaint for lack of jurisdiction.

**Doctrine:**

The creation of a corporate officer position per the corporation's charter or by-laws and election or appointment by the Board are indicative of being a corporate officer, thus distinguishing such position from that of a regular employee. Corporate officers' dismissals are considered corporate acts or intra-corporate controversies jurisdictionally exclusive to the regular courts.

**Class Notes:**

- Corporate officer: Identified by the Corporation Code / corporation's by-laws; appointed by directors or stockholders.
- Corporate act or intra-corporate controversy: Pertains to disputes identified by corporate relations, not labor issues.
- Jurisdiction: Determined by law; intra-corporate disputes under jurisdiction of regional trial courts (RTC).
- Doctrine of immutability of judgment: Final and executory decisions are unalterable unless jurisdictional and due process considerations apply within the reglementary period under Rule 65.

**Historical Background:**

The historical context of this case centers around the distinctions between corporate officers and regular employees within Philippine corporate law, and which judicial body has

jurisdiction over disputes concerning their dismissal. This involves the interpretation of the Corporation Code of the Philippines and its implications on intra-corporate disputes resolution. The Supreme Court's ruling upholds the principle of definitive jurisdiction boundaries between labor tribunals and regular courts while emphasizing the corporation's by-laws as the critical determinant of an individual's status.