

Title: Apodaca v. National Labor Relations Commission

Facts: Ernesto M. Apodaca was employed by Intrans Phils., Inc. On August 28, 1985, he was persuaded by Jose M. Mirasol, an official in the same corporation, to subscribe to 1,500 shares of the corporation, for which he made an initial payment of P37,500.00. When Apodaca was appointed President and General Manager of the corporation on September 1, 1975, it signified his further investment in the company. However, he resigned from this position on January 2, 1986. Subsequently, Apodaca filed a complaint with the National Labor Relations Commission (NLRC) for payment of the balance of his wages, allowances, and other expenses, including his 1986 bonus, totaling P17,060.07. The private respondents admitted the amount due but insisted it should be offset against the unpaid balance of his stock subscription amounting to P95,439.93. The labor arbiter initially ruled in favor of Apodaca, stating that wages already earned should not be withheld.

The case reached the NLRC on appeal, where the decision was reversed on the ground that an unpaid stock subscription made the stockholder a debtor of the corporation, thus legitimizing the set-off against wages due. Apodaca then brought the case to the Supreme Court by a petition for review on certiorari, though the proper remedy should've been a special civil action for certiorari under Rule 65 of the Rules of Court.

Issues:

1. Does the NLRC have jurisdiction over disputes regarding unpaid stock subscriptions?
2. Can an obligation arising from an unpaid stock subscription be legally offset against the money claim of an employee for wages against the employer?

Court's Decision:

On the first issue, the Supreme Court concluded that the NLRC does not have jurisdiction over intra-corporate disputes, such as those concerning unpaid stock subscriptions. Such matters fall within the exclusive jurisdiction of the Securities and Exchange Commission.

On the second issue, the Court assumed, for the sake of argument, if the NLRC did have jurisdiction, the unpaid stock subscription would still not be due and payable without a proper call for payment from the corporation's board of directors. No such call or resolution was presented, nor was any notice for payment sent to Apodaca. Additionally, assuming there had been a call for payment, the Court established that the NLRC could not set off the unpaid subscription against wages and benefits due to Apodaca, as such deductions are only permissible under specific circumstances provided by Article 113 of the Labor Code.

The petition was granted, the NLRC's decision was set aside, and a new judgment was rendered, ordering the private respondents to pay Apodaca the amount owed, plus legal interest, with the costs to be shouldered by the private respondents.

Doctrine:

The Securities and Exchange Commission has exclusive jurisdiction over intra-corporate disputes. The National Labor Relations Commission cannot hear cases concerning obligations arising from unpaid stock subscriptions. Furthermore, an employee's unpaid wages may not be offset against their stock subscription obligations unless specifically allowed under Article 113 of the Labor Code, which details the lawful bases for wage deductions.

Class Notes:

- Jurisdiction over intra-corporate disputes: Securities and Exchange Commission (SEC)
- Jurisdiction over labor disputes: National Labor Relations Commission (NLRC)
- Unpaid stock subscriptions: Not enforceable without a proper resolution by the corporation's board calling for payment.
- Deductions from wages: Governed by Article 113 of the Labor Code, which only allows deductions under specified circumstances.

Historical Background:

The legal landscape of jurisdiction over labor disputes in the Philippines during the time was clearly demarcated, with the NLRC handling labor issues and the SEC handling intra-corporate controversies. This case reiterates the division of authority and establishes the limits on the financial recourses available to employers against their employees, reinforcing the protection of labor rights over corporate interests. This reflects the labor-friendly legislation that characterized the period under review.