

Polymer Rubber Corporation vs. Bayolo Salamuding

****Facts:****

1. ****Initiation of Complaint****: Bayolo Salamuding, Mariano Gulanan, and Rodolfo Raif, employees of Polymer Rubber Corporation (Polymer), filed a complaint on July 24, 1990, against Polymer and its director, Joseph Ang, claiming unfair labor practice, illegal dismissal, non-payment of overtime services, and other violations.
2. ****Labor Arbiter's Decision****: On November 21, 1990, the Labor Arbiter (LA) ruled in favor of the employees, dismissing the unfair labor practice charge but directing Polymer to reinstate the employees with full back wages and pay various monetary benefits, including overtime pay and damages.
3. ****NLRC Appeal****: Polymer and Ang appealed to the National Labor Relations Commission (NLRC), which affirmed the LA's decision with the modification to exclude the award of moral and exemplary damages and adjusted the computation of the 13th month pay.
4. ****Supreme Court Involvement****: The case was elevated to the Supreme Court, which further modified the decision by deleting the overtime pay award.
5. ****Writs of Execution****: Several writs of execution were issued over the years to enforce the decisions but returned unsatisfied. A series of alias writs of execution were issued, including a 5th alias writ in 2005 leading to the levy of Ang's shares of stock in USA Resources Corporation.
6. ****Motion to Quash****: Ang moved to quash the writs, arguing that the statute of limitations barred the enforcement, and contended that he was not personally liable. The LA initially quashed the writ of execution, lifting the levy on Ang's shares.
7. ****Subsequent Appeals and Rulings****: The NLRC affirmed the LA's order but recognized that the employees did not abandon their right to execute the judgment. Whereas, the CA later ruled in favor of holding Ang personally liable along with Polymer, lifting the LA's quashal order.
8. ****Petition to the Supreme Court****: Ang and Polymer brought the case to the Supreme Court, contesting the CA's decision and arguing against the personal liability imposed on Ang.

****Issues:****

1. ****Finality and Modification of Judgment****: Whether the CA erred in modifying a final and executory judgment.
2. ****Personal Liability of Corporate Officers****: Whether Ang, as an officer of Polymer, can be held personally liable for the corporation's obligations.
3. ****Liability Beyond Company's Existence****: Whether Polymer can be held liable for salaries and benefits continuing beyond its operational period.
4. ****Computation of Separation Pay****: How the separation pay should be computed when the company has closed permanently.

****Court's Decision:****

1. ****Finality and Modification of Judgment****: The Supreme Court held it impermissible to alter a final and executory judgment. The Court agreed that Ang's liability could not be introduced at this stage when the original judgment did not prescribe his personal liability.
2. ****Personal Liability of Corporate Officers****: The Supreme Court reversed the CA's imposition of personal liability on Ang, stating no malice or bad faith was proven. The Court emphasized that corporate obligations are typically the corporation's responsibility unless exceptional circumstances exist, which were not present here.
3. ****Liability Beyond Company's Existence****: The Supreme Court agreed that Polymer couldn't be held liable for payments beyond its operational period post-closure in September 1993, as reinstatement and operations were no longer viable.
4. ****Computation of Separation Pay****: The separation pay and associated benefits should be computed only up to the time Polymer ceased operation.

****Doctrine:****

1. ****Corporate Veil and Liability****: A director or officer of a corporation is personally liable for corporate obligations only if they act with malice or bad faith.
2. ****Finality of Judgment****: Once a judgment becomes final and executory, it cannot be modified in any substantive manner.
3. ****Corporate Closure****: Liability for employee wages and benefits ceases upon legitimate business closure unless proven otherwise.

****Class Notes:****

- **Corporate Law**: Understand the responsibilities and limitations on personal liability for corporate officers (business judgment rule and piercing the corporate veil doctrine).
- **Labor Law**: Know the conditions under which back wages and benefits are awarded and the effect of business closure on such awards.
- **Procedure in Labor Cases**: Familiarize with the process from the Labor Arbiter to the NLRC, and finally to the Supreme Court.

Historical Background:

The case must be understood within the context of the evolving jurisprudence regarding corporate liability and the personal liability of corporate directors and officers. The decision reflects a restrictive approach to holding corporate officers personally liable, emphasizing the need for clear statutory or factual bases for such liability, a principle shaping modern corporate law doctrines.