

Title:

MSMG-UWP vs. Greenfield Inc., et al. (409 Phil. 61)

Facts:

The petitioners, members of Malayang Samahan ng mga Manggagawa sa M. Greenfield (MSMG-UWP) and employees of M. Greenfield (B), Inc., were terminated from their employment purportedly without cause and adequate notice. They argued that their dismissal was orchestrated by the company's top officials—Saul Tawil, Carlos T. Javelosa, and Renato C. Puangco—who diverted their jobs to subcontractor satellite branches where the officials also held key positions.

****Series of Events:****

1. ****Dismissal****: Petitioners were dismissed from their jobs without requisite written notice at least 30 days prior to termination.
2. ****Complaint Filing****: Filed a complaint with the Department of Labor and Employment (DOLE) in September 1989.
3. ****NLRC Decision****: In Case No. NCR-00-09-04199-89, the National Labor Relations Commission (NLRC) ruled on issues related to their termination.
4. ****Appeal****: Petitioners appealed to the Supreme Court, which granted their petition on February 28, 2000. The decision ordered the reinstatement of the petitioners or the payment of separation pay if reinstatement was not feasible.
5. ****Motion for Reconsideration****: Petitioners filed for partial reconsideration to hold company officials personally liable for damages due to alleged bad faith and gross negligence in their dismissal.

Issues:

1. ****Personal Liability of Corporate Officers****: Can the company officers, who dismissed the petitioners, be held personally liable for the damages resulting from wrongful termination?
2. ****Inclusion of Omitted Employees****: Should employees whose names were inadvertently omitted be included in the case and the decision's coverage?
3. ****Judgment for Similarly Situated Employees****: Can similarly situated employees not initially part of the complaint be included in the relief granted by the court?

Court's Decision:

****Personal Liability of Corporate Officers****:

- ****Issue Resolution****: The Supreme Court held that corporate officers cannot be held personally liable merely because of their positions. Liabilities are generally the

corporation's unless there is clear evidence of bad faith or gross negligence.

- **Citing Precedents**: The Court referenced several precedents (e.g., Sunio vs. NLRC, AC Ransom Labor Union-CCLU vs. NLRC) to argue that personal liability requires proof of wrongful intent or bad faith, which was lacking.

- **Specific Findings**: There was no substantial evidence that the company officers acted in patent bad faith or were guilty of gross negligence in terminating petitioners' employment.

Inclusion of Omitted Employees:

- **Issue Resolution**: The Supreme Court approved the inclusion of employees listed in Annex "D" of the petition, who were inadvertently omitted from the case caption.

- **Correct Typographical Errors**: The Court also granted the correction of typographical errors in the names of employees appearing in the case caption.

Judgment for Similarly Situated Employees:

- **Issue Resolution**: The Supreme Court denied the inclusion of other similarly situated employees whose names were not listed in Annex "D" or the case caption. The reason being these individuals were not parties to the original case and, therefore, the judgment could not bind them.

- **Legal Principle**: A judgment cannot bind those who are not parties to the action, adhering to the elementary principle that judgments are not available as an adjudication about third parties.

Doctrines:

- **Corporate Liability**: Corporate officers are not personally liable for corporate obligations unless they act with malice, bad faith, or gross negligence.

- **Separate Legal Personality**: A corporation has a separate and distinct legal personality from its directors, officers, and shareholders.

- **Judicial Relief Extension**: Judicial relief cannot be extended to non-parties of the case without due process.

Class Notes:

- **Corporate Veil Doctrine**: Corporations are treated as separate legal entities distinct from their officers/shareholders, except in instances of fraud or bad faith.

- **Corp. Code of the Philippines, Sec. 31**: Directors and officers may be held liable for acts done in bad faith.

- **Minimum Wage Law**: Responsible corporate officers can be held personally liable for

violations.

- **Judicial Process**: Those not party to a case cannot be bound by its judgment to ensure due process and prevent undue prejudice.
- **Bad Faith and Malice**: Requires evidence showing dishonest purpose or moral obliquity in actions leading to personal liability.

Historical Background:

The case occurred during a period when labor rights and corporate responsibilities were under significant legal scrutiny in the Philippines. It reflects ongoing issues around the protection of workers' rights in the context of corporate restructuring and subcontracting practices. The decision underscores the court's efforts to balance corporate operational flexibility with workers' rights to job security and fair treatment.