

Title: Mactan Rock Industries Inc. and Antonio Tompar vs. Benfrei S. Germo

Facts:

- Technical Consultancy Agreement:** On September 21, 2004, Mactan Rock Industries, Inc. (MRII) through its President/CEO, Antonio Tompar entered into a Technical Consultancy Agreement (TCA) with Benfrei S. Germo. Germo was contracted to act as MRII's marketing consultant on a commission basis with a monthly allowance of P5,000.00.
- Successful Negotiation:** On May 2, 2006, Germo successfully negotiated a supply contract with International Container Terminal Services, Inc. (ICTSI) for the delivery of 700 cubic meters of purified water per day. MRII commenced water supply to ICTSI on February 22, 2007.
- Non-Payment of Commissions:** Despite the regular payments made by ICTSI, MRII allegedly never paid Germo his commissions amounting to P2,225,969.56 as of December 2009.
- Initial Complaints:** Germo initially filed a complaint with the National Labor Relations Commission (NLRC), dismissed for lack of jurisdiction. He subsequently refiled with the Regional Trial Court (RTC) of Muntinlupa City, but it was dismissed without prejudice due to procedural lapses.
- Third Filing:** Germo filed the instant complaint asking for unpaid commissions, moral and exemplary damages, and attorney's fees.
- Answer by MRII and Tompar:** MRII and Tompar argued that there was no employer-employee relationship, Germo had not proven the ICTSI contract resulted from his efforts, and a certain Ed Fornes was pivotal instead. They demanded litigation expenses and attorney's fees.
- RTC Ruling:** Due to MRII and Tompar's multiple absences, they were in default. The RTC ruled in Germo's favor, ordering MRII and Tompar to pay P4,499,412.84 in unpaid commissions, along with moral, exemplary damages, and attorney's fees.
- Appeal to CA:** MRII and Tompar contended that the case fell under NLRC jurisdiction and Germo had no legal standing. The CA upheld the RTC's findings.
- Petition for Review:** MRII and Tompar petitioned the Supreme Court, maintaining their appeal on jurisdiction and Germo's legal standing.

****Issues:****

1. Whether the regular courts had jurisdiction over the case.
2. Whether Germo had the legal personality to pursue the case.
3. Whether Tompar should be held solidarily liable with MRII for the unpaid commissions and damages.

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

1. ****Jurisdiction:**** The Supreme Court affirmed that the regular courts had proper jurisdiction. It pointed to the judicial admissions made by MRII and Tompar about the nature of their relationship with Germo, negating the employer-employee claim.
2. ****Legal Personality:**** The Court ruled that Germo had legal standing to pursue the case. His representation role in signing the TCA did not disqualify him from seeking his commissions.
3. ****Solidary Liability:**** The Court found no basis to hold Tompar solidarily liable with MRII. It reiterated that corporate officers cannot be personally liable for corporate obligations unless proven to have engaged in patently unlawful acts or gross negligence, which was not alleged or proven in this case.

The Supreme Court thus modified the CA decision by removing Tompar's solidary liability.

****Doctrine:****

1. ****Judicial Admissions:**** Parties are bound by admissions made in their pleadings and cannot change their theory on appeal.
2. ****Corporate Liability:**** Corporate officers are generally not personally liable for corporate obligations unless direct fault or bad faith is clearly proven.

****Class Notes:****

- ****Judicial admissions:**** Admissions, verbal or written, are binding and do not require proof unless made through palpable mistake (Rule 129, Sec. 4).
- ****Separation of Corporate Entity:**** Officers are not personally liable for corporate debts unless gross negligence or bad faith is proven.

Key Principles

- ****Jurisdiction:**** Monetary disputes outside employer-employee relationships fall under regular court jurisdiction.
- ****Legal Standing:**** Parties to an agreement have standing to sue based on contractual

obligations.

- **Interest Rates:** Unpaid obligations accrue interest based on prevailing jurisprudence: 12% per annum until June 30, 2013, 6% per annum thereafter, until fully paid.

Historical Background:

This case highlights common disputes in contractual relationships and the importance of clear agreements and adherence to procedural rules in litigation. It is set against the backdrop of the Philippine legal framework distinguishing between labor and civil contractual disputes, and the roles and liabilities of corporate officers.