

### Title: Del Rosario v. NLRC, G.R. No. 86802, 265 Phil. 805 (1988)

### Facts:

**\*\*Step-by-Step Overview:\*\***

1. **\*\*Initial Complaint:\*\***

- **\*\*June 4, 1985:\*\*** Respondent Leonardo Atienza filed a complaint with the Philippine Overseas Employment Administration (POEA) against Philsa Construction & Trading Co., Inc. (Philsa) for salary differentials and vacation leave benefits.

2. **\*\*POEA's Decision:\*\***

- **\*\*February 4, 1986:\*\*** POEA dismissed Atienza's complaint for lack of merit.

3. **\*\*Appeal to NLRC:\*\***

- **\*\*Appeal Filed:\*\*** Atienza appealed POEA's decision to the National Labor Relations Commission (NLRC).

- **\*\*April 30, 1987:\*\*** NLRC overturned the POEA's decision, ordering Philsa and Arieb Enterprises to jointly pay Atienza \$16,039 in salary differentials and \$2,420.03 in vacation leave benefits.

4. **\*\*Supreme Court Entry:\*\***

- **\*\*August 31, 1987:\*\*** The Supreme Court dismissed Philsa's petition against NLRC's decision, with entry of judgment noted on September 24, 1987.

5. **\*\*POEA Writ of Execution:\*\***

- **\*\*Issued:\*\*** POEA issued a writ of execution, returned unfulfilled due to Philsa's non-operational and financially incapable status.

6. **\*\*Motion for Alias Writ:\*\***

- **\*\*Private Respondent's Motion:\*\*** Atienza moved for an alias writ of execution against Philsa's officers, specifically targeting Francisco V. del Rosario, president and general manager.

- **\*\*Opposition:\*\*** Del Rosario and the officers opposed this motion.

- **\*\*February 12, 1988:\*\*** POEA ordered an alias writ of execution, directing collection from Del Rosario's properties and Philsa's bonds for judgment satisfaction.

7. **\*\*Further Appeals and Motions:\*\***

- **\*\*Appeal to NLRC:\*\*** Del Rosario appealed this POEA decision.

- **September 23, 1988:** NLRC dismissed Del Rosario's appeal.
- **Motion for Reconsideration:** Filed by Del Rosario.
- **October 21, 1988:** NLRC denied the motion for reconsideration.

8. **Petition to Supreme Court:**

- **October 28, 1988:** Del Rosario filed a petition asserting grave abuse of discretion by the NLRC.
- **November 10, 1988:** The Court issued a temporary restraining order on NLRC's decisions.
- **June 14, 1989:** The Supreme Court granted due course to the petition.

**### Issues:**

1. **Corporate Personality:** Whether the corporate veil of Philsa should be disregarded to hold Del Rosario personally liable for the company's obligations.
2. **Fraud and Liability:** Whether there was fraud on the part of Del Rosario in allowing the license of Philsa to lapse, thereby avoiding liability for Atienza's claim.
3. **Proper Recourse:** Whether the POEA correctly directed the alias writ of execution initially against Del Rosario and then against the bonds.

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

**Resolution of Issues:**

1. **Corporate Personality:**

- The Court emphasized a corporation's separate juridical personality, which should not be disregarded unless misuse to justify wrong or fraud is established convincingly.
- The POEA and NLRC failed to provide evidence of intentional misuse or fraud by Del Rosario when Philsa allowed its license to expire.

2. **Fraud and Liability:**

- Findings indicated that Philsa's license expired before any judgment was made in favor of Atienza. Therefore, no fraud or evasion of payment could be inferred.
- The existence of another corporation (Philsa International Placement & Services Corp) with similar incorporators, established years before the complaint, does not imply intent to defraud.

3. **Proper Recourse:**

- The Court noted that the bonds under POEA rules are to ensure payment of liabilities, and execution must first target these bonds before the officers' personal properties.

- POEA's immediate directive to execute against Del Rosario's properties without exhausting the bonds violated procedural norms.

### ### Doctrine:

1. **Separate Corporate Personality:** A corporation's separate juridical personality is inviolable unless there is clear and convincing evidence of fraud, wrongdoing, or misuse (piercing the corporate veil).
2. **Priority of Bonds:** Enforcement of judgments against recruitment agencies must initially target the bonds filed under POEA rules before pursuing personal properties of officers.

### ### Class Notes:

1. **Piercing the Corporate Veil:** Requires clear and convincing evidence of misuse, fraud, or wrongdoing, not mere assumption.
2. **Corporate and Personal Liability:** The corporate entity's separate personality protects stockholders and officers unless exceptional circumstances are proven.
3. **POEA Bonds:** Serve as primary recourse for liabilities, and enforcement should first target these bonds as per POEA rules.
4. **Fraudulent Intent:** Must be established with concrete facts, not speculative assumptions.

### ### Historical Background:

This case underscores the historical and legal context of labor disputes in the Philippines, particularly regarding the obligations of recruitment agencies and their officers towards overseas workers. It highlights the judiciary's role in maintaining corporate integrity and the proper application of rules designed to protect labor interests without unjustly penalizing corporate officers absent proven misconduct.

### **Relevant Statutes and Principles:**

- **Corporate Law:** Principles of separate juridical personality and grounds for piercing the corporate veil.
- **Labor Law:** POEA Rules governing recruitment agency liabilities and bond requirements.

This case serves as a notable example of how the Supreme Court of the Philippines navigates and interprets these intersecting bodies of law to ensure fair and lawful outcomes in corporate and labor disputes.