

Title: Valderrama v. NLRC, et al.

Facts:

On October 27, 1983, Maria Andrea Saavedra, the private respondent, lodged a complaint against COMMODEX (Phils.), Inc., naming Consuelo Valderrama as the owner, Tranquilino Valderrama as the executive vice president, and Jose Ma. Togle as vice president and general manager. She sought reinstatement and back wages following her termination.

On December 2, 1986, the Labor Arbiter ruled in Saavedra's favor, declaring her termination illegal and ordering COMMODEX to:

1. Reinstatement Saavedra with full back wages from March 16, 1983, amounting to P1,474.00 per month until reinstatement.
2. Pay Saavedra P20,000.00 in moral damages and P5,000.00 in exemplary damages.
3. Cover attorney's fees equivalent to 10% of the total award.

A writ of execution was issued but returned unsatisfied due to COMMODEX's cessation of operations. Private respondent moved for clarification of the decision to reflect joint and several liability for the individual officers initially omitted in the dispositive portion. She argued the body of the decision indicated their liability.

Respondents opposed the motion, asserting the decision's finality. However, Saavedra disputed this, deeming the omission a clerical error permissible for correction.

On April 12, 1988, the Labor Arbiter, referencing *A.C. Ransom Labor Union v. NLRC*, found Consuelo Valderrama, as a principal officer, personally liable for the monetary awards. She moved to appeal this decision to the NLRC.

The NLRC's First Division upheld the Labor Arbiter's ruling on February 26, 1991, prompting Valderrama's petition to the Supreme Court.

Issues:

1. Whether the final and executory nature of the December 2, 1986, decision precludes its amendment to include Consuelo Valderrama in the dispositive portion.
2. Whether Valderrama can be held personally and jointly liable with COMMODEX for monetary awards granted to saavedra.

Court's Decision:

The Supreme Court dismissed Valderrama's petition for lack of merit, addressing the issues

as follows:

1. **Finality and Amendment of Decision**:

The Court clarified that the principle of immutability of final judgments allows for certain exceptions. Post-judgment developments rendering execution impossible or unjust can justify modification. Given COMMODEX's non-operational status and absent bankruptcy proceedings, modifying the judgment to address personal liability of the corporation's officers was deemed appropriate and just. The Labor Arbiter's decision referenced "respondents" multiple times, signifying intended joint liability thwarted by an apparent clerical error in the dispositive part. Hence, aligning the dispositive portion with the judgment's body did not constitute an impermissible substantive amendment.

2. **Personal Liability of Corporate Officers**:

The Court upheld that corporate officers can be personally liable for labor law violations under the Labor Code provisions extant in *A.C. Ransom Labor Union v. NLRC*. The law delineates the employer role to include individuals acting in corporate interest. In *Consuelo Valderrama's* case, her predominant ownership and control (owning 1,993 of 2,000 shares) qualified her as substantially the corporation itself. Consequently, her accountability for COMMODEX's commitments, aligned with cited jurisprudence, was reaffirmed.

Doctrine:

The case reiterates the legal doctrine that corporate officers can be held personally liable for labor law violations committed in their managerial capacities. Specifically, if a corporation ceases operation and cannot satisfy a judgment, its responsible officers must bear personal liability, ensuring access to remedies for labor violations.

Class Notes:

- **Finality of Judgments**: Judgments that are final and executory may still be modified in instances where post-judgment circumstances make execution unjust or impractical.
- **Personal Liability of Corporate Officers**: Under the Labor Code (Articles 265, 273, 212(c)), officers acting in the corporation's interest can be deemed employers and held personally liable for labor violations.
- **Judgment Clarifications**: Errors, especially clerical, in final judgments can be corrected to align the dispositive portion with the decision's body without constituting a substantive amendment.

Key Statutes:

- **Article 2176, New Civil Code** - Pertains to obligations arising from unlawful acts, considered torts or quasi-delicts.
- **Article 265, Labor Code** - Entitles unlawfully terminated workers to reinstatement with back wages.
- **Article 273, Labor Code** - Prescribes penalties for violations of certain labor law provisions.
- **Article 212(c), Labor Code** - Defines “employer” to include those acting in the employer’s interest.

Historical Background:

The case surfaced in the broader historical context of labor protection and corporate liability. It illustrates the judiciary’s evolving stance to ensure justice within the confines of operational realities, emphasizing robust enforcement of labor rights. This case lies within a timeline during which Philippine labor jurisprudence increasingly held individuals in executive capacities accountable for corporate wrongdoings, reflecting the shift toward greater employee protection and corporate responsibility.