

****Title:** Sergio F. Naguiat, Doing Business Under the Name and Style Sergio F. Naguiat Ent., Inc., & Clark Field Taxi, Inc. vs. National Labor Relations Commission, National Organization of Workingmen and its Members, Leonardo T. Galang, et al.**

****Facts:****

1. ****Contract with AAFES:****

- Petitioner Clark Field Taxi, Inc. (CFTI), operated a taxi service within Clark Air Base under a concessionaire's contract with the Army Air Force Exchange Services (AAFES).
- Sergio F. Naguiat was CFTI's president, and Antolin T. Naguiat the vice-president.

2. ****Employment of Respondents:****

- Respondents were employed as taxicab drivers by CFTI, paying a daily boundary fee and handling all incidental expenses, including maintenance and gasoline.

3. ****Closure of Clark Air Base:****

- Due to the phase-out of US military bases, including Clark Air Base, the individual respondents' employment was terminated on November 26, 1991.

4. ****Separation Pay Negotiations:****

- AAFES Taxi Drivers Association and CFTI agreed on a separation benefit of P500 for every year of service. Most drivers accepted this, but the respondents did not.

5. ****Filing a Complaint:****

- Respondents, after disaffiliating from the union, joined the National Organization of Workingmen (NOWM) and filed a complaint for payment of separation pay based on their earnings of US\$15 daily.

6. ****Labor Arbiter's Decision:****

- The labor arbiter ordered CFTI to pay P1,200 for every year of service. This decision was appealed.

7. ****NLRC's Resolution:****

- The NLRC modified the decision, awarding US\$120 (one-half monthly earnings of \$240) or its peso equivalent per year of service and holding Naguiat Enterprises and its officers jointly and severally liable.
- The motion for reconsideration by petitioners was denied.

8. ****Supreme Court Petition:****

- Petitioners pursued the case to the Supreme Court via certiorari under Rule 65, assailing the NLRC resolutions.

****Issues:****

1. ****Grave Abuse of Discretion by NLRC:****

- Whether the NLRC committed grave abuse of discretion in increasing the severance pay awarded by the labor arbiter.

2. ****Representation Authority:****

- Whether NOWM could validly represent the respondents.

3. ****Corporate and Personal Liability:****

- Whether Sergio F. Naguiat Enterprises, Inc., and Sergio and Antolin Naguiat could be held jointly and severally liable for CFTI's obligations.

4. ****Due Process:****

- Whether the individual Naguiats were denied due process since they were not impleaded as parties to the initial complaint.

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

1. ****Grave Abuse of Discretion:****

- ****Amount of Separation Pay:**** The Court found no grave abuse of discretion in the NLRC's ruling. The NLRC correctly based the separation pay on the unrefuted claim of the drivers' monthly earnings of \$240.

- ****Financial Losses:**** Petitioners failed to provide substantial evidence of financial losses to justify not paying separation pay due to the phase-out of Clark Air Base.

2. ****Representation Authority:****

- ****Estoppel:**** Petitioners were estopped from questioning NOWM's representation authority as they had not raised this issue timely before labor proceedings.

3. ****Corporate and Personal Liability:****

- ****Naguiat Enterprises:**** There was no substantial evidence proving Naguiat Enterprises as the indirect employer or a labor-only contractor. The labor agreements and employment documents showed CFTI as the employer.

- **Sergio F. Naguiat (Liability):** As president of CFTI and involved actively in management, he could be held personally liable based on **A.C. Ransom Labor Union-CCLU vs. NLRC** interpreting corporate officers' liability for corporate torts.

- **Antolin T. Naguiat (Exemption):** Did not show participation in management sufficient to hold him personally liable.

4. **Due Process:**

- The Court found no denial of due process. The individual Naguiats submitted their position papers voluntarily, thus subjecting themselves to the jurisdiction of the labor arbiter.

Doctrine:

1. **Separation Pay Calculation:**

- The basis for separation pay includes the last monthly earnings multiplied by the years of service, as stipulated under Article 283 of the Labor Code.

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

- Corporate officers can be held jointly and severally liable for corporate obligations if found to manage and control business operations directly, especially in closely-held family corporations, as outlined in **A.C. Ransom Labor Union-CCLU vs. NLRC** and Section 100 (5) of the Corporation Code.

Class Notes:

1. **Article 283 (Labor Code):** Provides for separation pay in cases of retrenchment, closures or cessation of operations not due to financial reverses.

2. **A.C. Ransom Principle:** Establishes corporate officers' personal liability in labor claims when officers are found directly managing corporate operations.

3. **Estoppel in Labor Representation:** Fails to timely challenge representation authority precludes raising the argument later.

Historical Background:

- **Phase-out of US Military Bases:** The case arose amidst the geopolitical shift following the expiration of the US-Philippines military bases agreement, marking the closure of US military operations at Clark Air Base and consequent employment impacts on local Filipino

workers.

****WHEREFORE, the Supreme Court MODIFIED the NLRC Resolution:****

1. ****CFTI and Sergio F. Naguiat:**** Jointly and severally liable for paying the respondents \$120 or its peso equivalent per year of service.
2. ****Naguiat Enterprises and Antolin T. Naguiat:**** Absolved from liability.

****SO ORDERED.****