

RICARDO TANTONGCO, PETITIONER, VS. KAISAHAN NG MGA MANGGAGAWA SA LA CAMPANA (KKM) AND THE HONORABLE COURT OF INDUSTRIAL RELATIONS, RESPONDENTS.

G.R. No. L-13119. September 22, 1959

Ponente: MONTEMAYOR, J.

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MONTEMAYOR, J.:

This is a petition for certiorari and prohibition with prayer for issuance of a writ of preliminary injunction to prohibit respondent Court of Industrial Relations from proceeding with the hearing of the contempt proceedings for which petitioner Ricardo Tantongco was cited to appear and present his evidence. The contempt proceedings which petitioner seeks to stop are based on the order of the Court of Industrial Relations, dated September 30, 1957, which reads as follows:

"It appearing' that the Order of this Court, in the above-entitled case, dated February 18, 1957 (folios 134-166), has become final and executory and the respondents have failed to comply with the same, the said respondents, namely, the La Campana Starch and Coffee Factory or its manager or the person who has charge of the management, and the administrator of the Estate of Ramon Tantongco are hereby ordered to comply with said Order, within five days from receipt hereof, pariticularly the following, to wit:

"(a) To reinstate the persons named in the said Order of February 18, 1957;

"(b) To deposit the amount of P65.534.01 with this Court.

"With respect to possible back wages from August 28, 1957 as mentioned in the petition for contempt of August 30, 1957, the same shall first be determined. "Failure to comply with this Order shall be directly dealt with accordingly."

It would appear that petitioner Ricardo Tantongco failed to comply with said order and so, as already stated, he was cited to appear and to adduce evidence on his behalf to show why he should not be punished for indirect contempt.

The facts in this case may be briefly narrated thus: Sometime in June, 1951, members of the Kaisahan ng mga Manggagawa sa La Campana, a labor union to which were affiliated workers in the La Campana Starch Factory and La Campana Coffee Factory, two separate entities but under one management, presented demands for higher wages, and more privileges and benefits in connection with their work. When the management failed and refused to grant the demands, the Department of Labor intervened; but failing to settle the controversy, it certified the dispute to the Court of Industrial Relations on July 17, 1951, where it was docketed as Case No. 584-V. On the theory that the laborers presenting the demands were only the ones working in the coffee factory, said company filed through the management a motion to dismiss claiming that inasmuch as there were only 14 of them in said factory, the Court of Industrial Relations had no jurisdiction to entertain and decide the case. The motion was denied by the Court of Industrial Relations, which said:

"* * * There was only one management for the business of gawgaw and coffee with whom the laborers are

dealing regarding their work. Hence, the filing of action against Hie La Campana Starch and Coffee Factory is proper and justified."

The order of denial was appealed to this Tribunal through certiorari under G. R. No. Lr-5677. In disposing of the case, we held:

"As to the first ground, petitioners obviously do not question the fact that the number of employees of the La Campana Gaugau Packing involved in the case is more than the jurisdictional number (31) required by law, but they contend that the industrial court has no jurisdiction to try the case against La Campana Coffee Factory, Inc. because the latter has allegedly only 14 laborers and only five of these are members of respondent Kaisahan. This, contention loses force when it is noted that, as found by the industrial court—and this finding is conclusive upon us—La Campana Gaugau Packing and La Campana Coffee Factory Co. Inc., are operating-under one single management, that is, one business though with two trade names'. True, the coffee factory is a corporation, and, by legal fiction, an entity existing separate and apart from the persona composing it, that is, Tan Tong and his family. But it is settled this fiction of law, which has been introduced as a matter of convenience and to subserve the ends of justice cannot be invoked to further an end subversive of that purpose.

"* * * The attempt to make the two factories appear as two separate businesses, when in reality they are but one is but a device to defeat the ends of the law (the Act governing capital and labor relations) and should not be permitted to prevail"(La Campana Coffee Factory, et al. vs. Kaisahan ng mga Manggagawa, etc. et al., 93 Phil., 160; 49 Off. Gaz., [6] 2300.)

Upon the return of the case to the Court of Industrial Relations, the latter proceeded with the hearing. In the meantime incidental cases involving the same parties came up and were filed before the Court of Industrial Relations in the following cases:

Case No. 584—V(1)—petition for contempt against the La Campana Starch and Coffee Factory for having employed 21 new laborers in violation of the order of July 21, 1951, filed on July 25, 1951;

Case No. 584-V(2)—petition of La Campana for authority to dismiss Loreto Bernabe, filed on July 25, 1951;

Case No. 684-V(3)—petition of Union to reinstate Bonifacio Calderon with backpay, filed on August 3, 1951;

Case No. 584-V(5)—petition of Union to reinstate Marcelo Estrada and Exequiel Rapiz with back pay and to punish officials of the company for contempt, filed on February 13, 1952; and

Case No. 584-V(6)—petition of union for reinstatement of Ibardolaza and seven other member-laborers and to punish the officers of the company for contempt, filed on July 15, 1953.

These five cases were heard jointly. In the meantime Ramon Tantongco supposed to be the owner and manager of the La Campana Starch Factory and the person in charge of the La Campana Coffee Factory died on May 16, 1956. On motion of the labor union, the Court of Industrial Relations ordered the inclusion as party respondent of the administrator of the estate of Ramon Tantongco who was Ricardo Tantongco.

Ricardo Tantongco, as administrator, under a special appearance filed a motion to dismiss all the cases including the main case, that is to say, Cases No. 584-(V) to 584-V(6), on the ground that said cases involved claims for sums of money and consequently should be filed before the probate court having jurisdiction over the estate, pursuant to the provisions of Rule 3, Section 21, and Rule 88, Section 1 of the Rules of Court. On August 23, 1956, the Court of Industrial Relations denied the motion to dismiss and proceeded to hear the incidental cases against the La Campana entities.

On June 12, 1956, a partial decision was rendered in the main case No. 584-V, which partial decision was elevated to us and is still pending appeal. On February 18, 1957, the Court of Industrial Relations issued an order in incidental Cases No. 584-V(D, V(2), V(3), V(5) and V(6), directing the "management of the respondent company and or the administrator of the Estate of Ramon Tantongco", to reinstate the dismissed laborers mentioned therein

with back wages. This order of February 18, 1957, as well as the order directing the inclusion of the administrator of the estate of Ramon Tantonco as additional respondent in the incidental cases, and the order denying the petition of the administrator to dismiss said incidental cases were appealed to this tribunal through certiorari. The appeal, however, was summarily dismissed by this Court in its resolution of June 12, 1957, as follows:

"This Court, deliberating upon the allegations of the petition filed in case L-12355 (La Campana Starch Coffee Factory et al. vs. Kaisahan ng Mga Manggagawa sa La Campana, KKM, et al.,) for review, on certiorari of the decision of the Court of Industrial Relations referred to therein, and finding that there is no merit in the petition, Resolves to Dismiss the same."

The CIR order of February 18, 1957, in the incidental cases Nos. 584-V to V(6), having become final and executory, the laborers involved reported for work on August 28, 1957, but they were not admitted by the management. Consequently, the union filed a petition dated August 30, 1957, to hold respondents in said cases for contempt. After hearing the CIR issued the order of September 30, 1957, subject of this petition, ordering "the La Campana Starch and Coffee Factory or its manager or the person who has charge of its management and the administrator of the estate of Ramon Tantonco" to "reinstate the persons named in the order of February 18, 1957" and "to deposit the amount of P65,534.01." For refusal or failure to comply with said order, petitioner Ricardo Tantonco was required to appear before the attorney of the CIR in contempt proceedings.

Petitioner now seeks to prohibit the CIR from proceeding with the trial for contempt and to enjoin respondent CIR from enforcing its order of September 30, 1957. Petitioner contends that upon the death of Ramon Tantonco, the claims of the laborers should have been dismissed and that said claims should have been filed with the probate court having jurisdiction over the administration proceedings of the estate of Ramon Tantonco, pursuant to the provisions of Rule 3, Section 21 of the Rules of Court and that the failure to file said claims with the administrator forever barred said claims as provided in Rule 87, Section 5 of the Rules of Court, especially after the assets of the estate had been distributed among the heirs, and petitioner had ceased to be the administrator of the estate. As already stated this same question was raised by petitioner in G. R. No. L- 12355, entitled "La Campana Starch and Coffee Factory and Ricardo Tantonco, etc. vs. Kaisahan ng mga Manggagawa sa La Campana (KKM)," which, as already stated, was summarily dismissed by this Court in a resolution dated June 12, 1957. Consequently, said question may not again be raised in the present case. Furthermore, it may be recalled that both in the main case and in the incidental cases No. 584-V to 584-V(6), Ramon Tantonco was never a party. The party there was the La Campana Starch and Coffee Factory by which name it was sought to designate the two entities La Campana Starch Packing and the La Campana Coffee Factory. Naturally, the claims contained in said cases were not the claims contemplated by law to be submitted before the administrator. In other words the death of Ramon Tantonco did not deprive the CIR of its jurisdiction over the cases aforementioned. Moreover, the money claims of the laborers were merely incidental to their demands for reinstatement for having been unjustly dismissed, and for better working conditions.

Petitioner, however, contends that in G. R. No. L-5677, we "pierced the veil of corporate existence", and held that the La Campana Starch and Coffee Factory and its owner, Ramon Tantonco, were one; so that with the death of Ramon, the La Campana entities ceased to exist, resulting in the loss of jurisdiction of the CIR to enforce its order against said entities. The reason we applied the so-called "piercing the veil of corporate existence" in G. R. No. L-5677 was to avoid the technicality therein advanced in order to defeat the jurisdiction of the CIR. We there found that although there were ostensibly, two separate companies or entities, they were managed by the same person or persons and the workers in both were used interchangeably so that in order to determine whether or not the CIR had jurisdiction, the number of workers in both entities, not in only one, was to be considered.

However, we still believe that although the family of Ramon Tantonco was practically the owner of both the

coffee factory and the starch factory, nevertheless these entities are separate from the personality of Ramon. The coffee factory is a stock corporation and the shares are owned not only by Ramon but also by others, such as petitioner Ricardo who not only is a stockholder and director and treasurer but also the manager of the same. Furthermore, petitioner is now estopped from claiming that the two entities in question and Ramon are one. Thus in Annex 3-CIR (par. 1 thereof) which is a complaint for injunction filed by La Campana Food Products, et al and La Campana Starch Packing against the Consolidated Labor Organization of the Philippines, in Civil Case No. P-2482 in the Court of First Instance of Rizal, petitioner admitted the existence and operation of said entities; in Annex 4—CIR where petitioner appeared as General Manager representing the two entities in its agreement with the La Campana Workers Union to resolve the dispute between the two entities and the laborers in cases Nos. 1072-V and 1371-ULP, the existence of the two entities appears to have been admitted; and in Annex 5-A-CIR, an answer to the complaint of La Campana Workers Union in case No. 1471-ULP (Annex 5-CIR), petitioner admitted the allegation that said two factories were in existence and doing business with petitioner as manager of the same.

In relation to the order of the CIR requiring petitioner to appear in the contempt proceedings instituted against him, petitioner contends that after he ceased to be the administrator of the estate of Ramon Tantongco, he may not now be compelled to comply with the order of the court. In answer, it is enough to bear in mind the jurisdiction and authority of the CIR as to compliance with and violations of its orders under section 6, Commonwealth Act No. 143, which we quote below:

"* * * The Court or any Judge thereof shall have furthermore, all the inherent powers of a court of justice provided in paragraph 5 of Rule 124 of the Supreme Court, as well as the power to punish direct and indirect contempt as provided in Rule 64 of the same Court, under the same procedure and penalties provided therein.

"Any violation of any order, award, or decision of the Court of Industrial Relations shall, after such order, award or decision has become final, conclusive, and executory, constitute contempt of court: * * *

"In case the employer (or landlord) committing any such violation or contempt is an association or corporation, the manager or the person who has the charge of the management of the business of the association or corporation and the officers or directors thereof who have ordered or authorized the violation of contempt shall be liable. *** "

In conclusion, we find and hold that the La Campana Starch and Food Products Company which stands for the La Campana Starch and Coffee Factory are entities distinct from the personality of Ramon Tantongco; that after the death of Ramon these two entities continued to exist and to operate under the management of petitioner and that consequently he is the proper person and official to which the orders of the CIR are addressed and who is in duty bound to comply with the same. We further find that the CIR acted within its jurisdiction in issuing its order of September 30, 1957 and in requiring petitioner to appear to give his evidence if any in relation with the contempt proceedings instituted against him.

In view of the foregoing, the petition for certiorari is hereby denied and the writ of preliminary injunction dissolved, with costs.

Paras, C. J., Bengzon, Padilla, Bautista Angela, Labrador, Concepcion, Endencia, and Barrera, JJ., concur.

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