

EMILIO CANO ENTERPRISES INC., PETITIONER, VS. COURT OF INDUSTRIAL RELATIONS, ET AL., RESPONDENTS.

G. R. No. L-20502. February 26, 1965

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

In a complaint for unfair labor practice filed before the Court of Industrial Relations on June 6, 1956 by a Prosecutor of the latter court, Emilio, Ariston and Rodolfo, all surnamed Cano, were made respondents in their capacity as president and proprietor, field supervisor and manager respectively, of Emilio Cano Enterprises, Inc.

After trial, Presiding Judge Jose S. Bautista rendered decision finding Emilio Cano and Rodolfo Cano guilty of unfair labor practice charge, but absolved Ariston for insufficiency of evidence. As a consequence, the two were ordered, jointly and severally, to reinstate Honorata Cruz to her former position with payment of back wages from the time of her dismissal up to her reinstatement, together with all other rights and privileges thereunto appertaining.

Meanwhile, Emilio Cano died on November 14, 1958, and the attempt to have the case dismissed against him having failed, the case was appealed to the court en banc, which in due course affirmed the decision of Judge Bautista. An order of execution was issued on August 23, 1961 the dispositive part of which reads: (1) to reinstate Honorata Cruz to her former position as ordered in the decision; and (2) to deposit with the court the amount of P7,222.58 within ten days from receipt of the order, failing which the court will order either a levy on respondents' properties or the filing of an action for contempt of court.

The order of execution having been directed against the properties of Emilio Cano Enterprises, Inc. instead of those of the respondents named in the decision, said corporation filed an ex parte motion to quash the writ on the ground that the judgment sought to be enforced was not rendered against it which is a juridical entity separate and distinct from its officials. This motion was denied. And having failed to have it reconsidered, the corporation interposed the present petition for certiorari.

The issue posed before us is: Can the judgment rendered against Emilio and Rodolfo Cano in their capacity as officials of the corporation Emilio Cano Enterprises, Inc. be made effective against the property of the latter which was not a party to the case?

The answer must be in the affirmative. While it is an undisputed rule that a corporation has a personality separate and distinct from its member or stockholders because of a fiction of the law, here we should not lose sight of fact that the Emilio Cano Enterprises, Inc. is a closed family corporation where the incorporators and directors belong to one single family. Thus, the following are its incorporators: Emilio Cano, his wife Juliana, Rodolfo and Carlos, and his daughter-in-law Ana D. Caño Hero is an instance where the corporation and its members can be considered as one. And to hold such entity liable for the acts of its members is not to ignore the legal fiction but merely to give meaning to the principle that such fiction cannot be invoked if its purpose is to use it as a shield to further an end subversive of justice.[1] And so it has been held that while a corporation is a legal entity existing

separate and apart from the persons composing it, that concept cannot be extended to a point beyond its reason and policy, and when invoked in support of an end subversive of this policy it should be disregarded by the courts (12 Am. Jur., 160-161).

A factor that should not be overlooked is that Emilio and Rodolfo Cano are here indicated, not in their private capacity, but as president and manager, respectively, of Emilio Cano Enterprises, Inc. Having been sued officially their connection with the case must be deemed to be impressed with the representation of the corporation. In fact, the court's order is for them to reinstate Honorata Cruz to her former position in the corporation and incidentally pay her the wages she had been deprived of during her separation. Verily, the order against them is in effect against the corporation. No benefit can be attained if this case were to be remanded to the court a quo merely in response to a technical substitution of parties for such would only cause an unwarranted delay that would work to Honorata's prejudice. This is contrary to the spirit of the law which enjoins a speedy adjudication of labor cases disregarding as much as possible the technicalities of procedure. We, therefore, find unmeritorious the relief herein prayed for.

WHEREFORE, petition is dismissed, with costs.

Bengzon, C. J., Concepcion, Reyes, J.B.L., Barrera, Paredes, Dizon, Regala, Makalintal, Bengzon, J.P. and Zaldivar, JJ., concur.

[1] La Campana Coffee Factory, et al. vs. Kaisahan ng mga Manggagawa, etc., et al., 93 Phil. 160: McConnel, et al vs. The Court of Appeals, et al., 111 Phil., 310.

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