

JOSE ANTONIO U. GONZALEZ, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION, SINFRONIO PACAMARA, JR., EDGAR ACACIA, LOURDES APUAN, MARCIAL AQUINO, HONORATO BARRONGO, RICARDO B...

Ponente: BARRIOS, J.

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BARRIOS, J.:

Alleging that the National Labor Relations Commission (or NLRC for brevity) committed grave abuse of discretion amounting to lack or excess of jurisdiction, the petitioner Jose Antonio Gonzalez (or Gonzalez) filed this Petition for Certiorari with Prayer for Temporary Restraining Order and / or Writ of Preliminary Injunction assailing its twin Resolution dated February 29, 2000 which dismissed his appeal and Resolution dated October 26, 2001 which denied the appeal for lack of merit.

The above enumerated respondents are employees of the Metropolitan Theatre Foundation, Inc. (or MET). Initially they filed a case only against MET for illegal dismissal, but on the second amendment of their complaint, they impleaded Gonzalez as a respondent as the President of the MET and the basis of their complaint was changed to non-payment of salaries / wages.

The respondents hold different positions ranging from utility to director. In their cause of action against MET and Gonzalez, they uniformly alleged that except for partial payments made to them their salaries as well as their 13th month pay remained unpaid.

When the instant complaint was being adjudicated before the Labor Arbiter, MET essentially averred that it was suffering financial difficulties and could no longer sustain its operations. Because of these losses and the lack of government funds to sustain expenses, the MET has from time to time been cut off from electrical, water and telephone services. Since the operation and administration of the MET had been taken over by the Government Service Insurance System, the MET has been deprived of income. MET by then was completely inoperative but it declared that whatever income it could still squeeze would be divided among the employees. Gonzalez, in his capacity as the President of the Foundation, has been attempting to convene a Board meeting but these were futile because the Directors could no longer be located.

In defense of his own self, Gonzalez filed a separate position paper and stated that the MET is a non-stock, non-profit corporation which has a personality separate and distinct from its officers and members. Hence claims against the MET should be paid out of its assets and Gonzalez should not be personally liable for the financial obligations of the MET to its employees. He defended that the inability of the MET to meet its obligation to pay its employees is not attributable to him and is a matter beyond his control for which he should not be faulted nor be made liable for. He was merely included in the complaint because he is the president of the MET, a job for which he is not paid and assumed out of a sheer sense of duty to help in the promotion of culture and the arts and he should not be punished for it.

On November 3, 1997 the Labor Arbiter rendered judgment disposing that:

WHEREFORE, judgment is hereby rendered ordering respondents Metropolitan Theatre Foundation, Inc. and Jose Antonio Gonzalez to pay, jointly and severally, complainants the following amounts appearing opposite their respective names, as follows:

(1) Edgar Acacio

- (a) P38,98.3 (sic) as unpaid wages
- (b) P5,345.00 as 13th month pay for 1995
- (c) P2,227.08 as proportionate 13th month pay for 1996;

(2) Lourdes Apuan

- (a) P38,958.53 as unpaid wages
- (b) P7,050.00 as 13th month pay for 1995
- (c) P2,937.50 as proportionate 13th month pay for 1996;

(3) Marcial Aquino

- (a) P44,431.25 as unpaid wages
- (b) P5,800.00 as 13th month pay for 1995
- (c) P2,416.66 as proportionate 13th month pay for 1996;

(4) Honorato Barrongo

- (a) P54,937.27 as unpaid wages
- (b) P5,100.00 as 13th month pay for 1995
- (c) P2,125.00 as proportionate 13th month pay for 1996;

(5) Ricardo Bergado

- (a) P42,050.89 as unpaid wages
- (b) P5,625.00 as 13th month pay for 1995
- (c) P2,343.75 as proportionate 13th month pay for 1996;

(6) Raquel Bobos

- (a) P66,061.59 as unpaid wages
- (b) P6,300.00 as 13th month pay for 1995
- (c) P2,625.00 as proportionate 13th month pay for 1996;

(7) Romulo Bobos

- (a) P60,331.80 as unpaid wages
- (b) P5,345.00 as 13th month pay for 1995
- (c) P3,227.08 as proportionate 13th month pay for 1996;

(8) Rodelin Bool

- (a) P71,059.85 as unpaid wages
- (b) P5,625.00 as 13th month pay for 1995
- (c) P2,343.75 as proportionate 13th month pay for 1996;

(9) Ernesto Borbe

- (a) P34,047.97 as unpaid wages
- (b) P4,800.00 as 13th month pay for 1995
- (c) P2,000.00 as proportionate 13th month pay for 1996;

(10) Adelaida Briones

- (a) P46,467.24 as unpaid wages
- (b) P5,790.00 as 13th month pay for 1995
- (c) P2,412.50 as proportionate 13th month pay for 1996;

(11) Jose Castro

- (a) P56,438.49 as unpaid wages
- (b) P5,625.00 as 13th month pay for 1995
- (c) P2,343.75 as proportionate 13th month pay for 1996;

(12) Ma. Luisa Cirilo

- (a) P13,076.11 as unpaid wages
- (b) P5,345.00 as 13th month pay for 1995
- (c) P2,22.00 (sic) as proportionate 13th month pay for 1996;

(13) Tristan Contreras

- (a) P44,117.65 as unpaid wages
- (b) P5,345.00 as 13th month pay for 1995
- (c) P2,227.00 as proportionate 13th month pay for 1996;

(14) Alfredo David

- (a) P42,234.82 as unpaid wages
- (b) P5,345.00 as 13th month pay for 1995
- (c) P2,227.08 as proportionate 13th month pay for 1996;

(15) Gualberto Galera

- (a) P54,041.11 as unpaid wages
- (b) P5,800.00 as 13th month pay for 1995
- (c) P2,416.66 as proportionate 13th month pay for 1996;

(16) Jovencio Hoyohoy

- (a) P25,550.77 as unpaid wages
- (b) P5,100.00 as 13th month pay for 1995
- (c) P2,125.00 as proportionate 13th month pay for 1996;

(17) Alwin Ignacio

- (a) P19,497.67 as unpaid wages
- (b) P4,841.00 as 13th month pay for 1995
- (c) P2,017.08 as proportionate 13th month pay for 1996;

(18) Renato Lamson

- (a) P41,375.00 as unpaid wages
- (b) P5,700.00 as 13th month pay for 1995
- (c) P2,375.00 as proportionate 13th month pay for 1996;

(19) Sixto Lapore

- (a) P56,900.94 as unpaid wages

- (b) P6,500.00 as 13th month for 1995
- (c) P2,708.33 as proportionate 13th month pay for 1996;

(20) Raul Manarang

- (a) P35,096.60 as unpaid wages
- (b) P5,800.00 as 13th month pay for 1995
- (c) P2,416.66 as proportionate 13th month pay for 1996;

(21) Abelardo Napuran

- (a) P30,401.00 as unpaid wages
- (b) P5,100.00 as 13th month pay for 1995
- (c) P2,145.00 as proportionate 13th month pay for 1996;

(22) Benjamin Marito

- (a) P41,401.74 as unpaid wages
- (b) P5,345.00 as 13th month pay for 1995
- (c) P2,227.08 as proportionate 13th month pay for 1996;

(23) Sinfronio Pacamara, Jr.

- (a) P22,856.45 as unpaid wages
- (b) P5,220.00 as 13th month pay for 1995
- (c) P2,175.00 as proportionate 13th month pay for 1996;

(24) Elsa Pascual

- (a) P25,712.46 as unpaid wages
- (b) P5,640.00 as 13th month pay for 1995
- (c) P2,350.00 as proportionate 13th month pay for 1996;

(25) Fermina Pascual

- (a) P42,869.00 as unpaid wages
- (b) P5,220.00 as 13th month pay for 1995
- (c) P2,175.00 as proportionate 13th month pay for 1996;

(26) Alfonso Reyes, Jr.

- (a) P40,864.54 as unpaid wages
- (b) P5,625.00 as 13th month pay for 1995
- (c) P2,412.50 as proportionate 13th month pay for 1996;

(27) Estrella Reyes

- (a) P48,061.33 as unpaid wages
- (b) P5,790.00 as 13th month pay for 1995
- (c) P2,412.50 as proportionate 13th month pay for 1996;

(28) Kristian Vic Seneca

- (a) P25,712.62 as unpaid wages
- (b) P4,900.0 as 13th month pay for 1995
- (c) P2,041.66 as proportionate 13th month pay for 1996;

(29) Benigno Supan

- (a) P52,274.87 as unpaid wages
- (b) P5,950.00 as 13th month pay for 1995;
- (c) P2,390.16 as proportionate 13th month pay for 1996;

(30) Leonardo Tolentino

- (a) P25,943.11 as unpaid wages
- (b) P5,625.00 as 13th month pay for 1995
- (c) P2,343.75 as proportionate 13th month pay for 1996;

(31) Benhur Valderama

- (a) P23,970.85 as unpaid wages
- (b) P4,700.00 as 13th month pay for 1995
- (c) P1,958.33 as proportionate 13th month pay for 1996;

(32) Nenita Mesina

- (a) P66,974.37 as unpaid wages
- (b) P6,380.00 as 13th month pay for 1995
- (c) P2,658.33 as proportionate 13th month pay for 1996;

(33) Enrique Caballero

- (a) P252,272.98 as unpaid wages
- (b) P11,200.00 as 13th month pay for 1995
- (c) P4,666.66 as proportionate 13th month pay for 1996;

(34) Evangelista Cedilla

- (a) P255,017.55 as unpaid wages
- (b) P13,000.00 as 13th month pay for 1995
- (c) P5,416.66 as proportionate 13th month pay for 1996;

(35) Ramon Cruz

- (a) P100,228.70 as unpaid wages
- (b) P7,600.00 as 13th month pay for 1995
- (c) P3,166.66 as proportionate 13th month pay for 1996;

(36) Julius Paredes

- (a) P135,010.69 as unpaid wages
- (b) P10,000.00 as 13th month pay for 1995
- (c) P4,166.66 as proportionate 13th month pay for 1996;

(37) Isidra Cortina

- (a) P33,424.14 as unpaid wages
- (b) P4,350.00 as 13th month pay for 1995
- (c) P1,812.50 as proportionate 13th month pay for 1996;

(38) Juanito Lamson

- (a) P43,158.37 as unpaid wages

- (b) P4,350.00 as 13th month pay for 1995
- (c) P1,812.50 as proportionate 13th month pay for 1996;

(39) Guadalupe Lorenzana

- (a) P23,636.69 as unpaid wages
- (b) P4,350.00 as 13th month pay for 1995
- (c) P1,812.50 as proportionate 13th month pay for 1996;

(40) Tita Llorca

- (a) P11,595.26 as unpaid wages
- (b) P4,350.00 as 13th month pay for 1995
- (c) P1,812.50 as proportionate 13th month for 1996.

Further, respondents are ordered to pay, jointly and severally, complainants attorney's fees in an amount equivalent to ten percent (10%) of their total awards.

SO ORDERED. (pp. 103-108, rollo)

From the above decision Gonzalez and the MET interposed their appeal to the NLRC.

The NLRC in its Order dated July 20, 1999 stated in part that:

On file, no record of a Joint Declaration was filed/submitted by the employer and the counsel pursuant to Section 6, Rule VI of the NLRC New Rules of Procedure.

In view whereof, the employer as well as counsel are hereby ordered to submit within ten (10) days from receipt of this Order a Joint Declaration under oath attesting that the surety bond posted is genuine and its shall be in effect until final disposition of the case. (p. 364, record)

Finding that there was no compliance made, the NLRC on February 29, 2000 issued the first assailed Resolution declaring:

WHEREFORE, premises considered, the appeal filed by respondents-appellants is hereby DISMISSED. (p. 368, record)

From this, Gonzalez filed a Manifestation and Motion on April 3, 2000 explaining that he in fact submitted a Compliance to the previous Order of the NLRC by mail covered by Registry No. 3 issued by the Ermita Post Office on August 18, 1999. Resolving this, the NLRC issued the second assailed Order dated October 26, 2001 disposing that:

WHEREFORE, the instant appeal is DENIED for lack of merit. (p. 453, record)

Thus this petition filed by Gonzalez.

In support thereof, Gonzalez presented the following issues for this Court's Resolution:

I

WHETHER OR NOT RESPONDENT NLRC COMMITTED GRAVE ABUSE OF DISCRETION TANTAMOUNT TO LACK, OR IN EXCESS OF JURISDICTION IN ISSUING ITS RESOLUTIONS DATED FEBRUARY 29, 2000 AND OCTOBER 26, 2001.

II

WHETHER OR NOT PETITIONER GONZALEZ SHOULD BE HELD SOLIDARILY LIABLE WITH

METROPOLITAN THEATRE FOUNDATION, INC. FOR THE COMPLAINANTS' RESPECTIVE UNPAID WAGES, 13TH MONTH PAY FOR 1995, PROPORTIONATE 13TH MONTH PAY FOR 1996, AND ATTORNEY'S FEES. (p. 145, rollo)

We find merit in the petition.

In denying the appeal before it, the NLRC ratiocinated that:

After a careful review of the records as well as the arguments of both parties, we believe as we ought to believe that the Manifestation and Motion for Reconsideration dated April 3, 2000 by respondents' counsel does not conform in substance as to be given legal sanction by this Commission.

Section 14, Rule VII of the NLRC Rules of Procedure is succinctly clear on this point, to quote:

"Section 14. MOTION FOR RECONSIDERATION. Motion for reconsideration of any order, resolution, or decision of the Commission shall not be entertained except when based on palpable or patent errors, provided that the motion is UNDER OATH and filed within then (10) calendar days from receipt of order, resolution or decision with proof of service that a copy of the same has been furnished, within the reglementary period, the adverse party, and provided further, that only one such motion from the same party shall be entertained." (emphasis supplied)

Concededly, the Manifestation and Motion is not under oath. Thus, after due consideration of the Manifestation and Motion dated April 3, 2000 filed by respondents-appellants, in effect a motion for reconsideration from out Resolution of February 29, 2000, this Commission resolved to deny the same for lack of merit. The denial is FINAL and no further motion for reconsideration shall be entertained. (supra)

Time and again it has been ruled that (R)ules of Procedure must be faithfully followed. But the rules may be relaxed, for persuasive and weighty reasons, to relieve a litigant of an injustice commensurate with his failure to comply with the prescribed procedure (Far Corporation vs. Magdaluyo, 443 SCRA 218, 219). Undeniably the Manifestation and Motion dated April 3, 2000 was not under oath. However considering the attending circumstances of this case, the NLRC should have set aside the rigid rules and construed it with liberality. What is more essential is that Gonzalez was able to abide by the Order of the NLRC dated July 20, 1999, requiring him to submit a Joint Declaration. The fact that this was not attached to the case record immediately as this went astray among the heap of records of the NLRC, should not be attributable to Gonzalez. The corresponding Certifications (pp. 440-441, record) from the Quezon City Central Post Office showing clear proof that Gonzalez mailed the Joint Declaration, were made part of the record. If this Court would rigidly apply too the rules of procedure and dismiss the case on an onerous technicality, substantial justice would be sacrificed resulting in inequity.

On the second issue of whether or not Gonzalez should be held solidarily liable with MET, the answer is in the negative. The liability of the MET to the respondents was never put in issue for it even admitted that indeed it was not able to pay its employees their wages due to its financial difficulties and inability to sustain its operations because of lack of subsidy from the government. However to declare Gonzalez, its President, solidarily liable with MET is without legal basis and an injustice. There was never an allegation that Gonzalez was negligent or in bad faith in the exercise and performance of his duties as president of MET, neither was there an allegation that the corporation was used to cover fraud or illegality. The general rule is that a corporation is clothed with personality separate and distinct from the persons composing it. Such corporation may not be held liable for the obligation of the persons composing it; and neither can its stockholders be held liable for such obligation. x x x. This separate and distinct personality of a corporation is a fiction created by law for convenience and to prevent injustice (Martinez vs. Court of Appeals, 438 SCRA 130). Accordingly, there is no reason to pierce the veil of corporate entity and Gonzalez should not be held liable for the claims of the respondents.

We thus find ample basis for the issuance of the extraordinary writ of certiorari to correct the said errors committed in the assailed Orders.

WHEREFORE, the petition is GRANTED and the assailed Orders are ANNULLED and SET ASIDE. The complaint as against Gonzalez is DISMISSED.

SO ORDERED.

Lampas peralta and Romilla-lontok, JJ., concur.

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