

## OROMECA LUMBER CO., INC., PETITIONER AND APPELLANT, VS. SOCIAL SECURITY COMMISSION AND SOCIAL SECURITY SYSTEM, RESPONDENTS AND APPELLEES.

*G.R. No. 14833. April 28, 1962*

Ponente: DIZON, J.

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### DIZON, J.:

On December 18, 1957 appellant Oromeca Lumber Co., Inc. filed a petition with appellee Social Security Commission—hereafter referred to as the Commission—for the refund of the premiums it had remitted to the System on November 20 and December 9, both of the year 1957, upon the ground that they corresponded to a period when it was not yet subject to the compulsory coverage provided for by the Social Security Act of 1954 (Republic Act 1161, as amended by Republic Act 1792). On December 27 of the same year the Social Security System objected to the petition claiming that appellant was already subject to compulsory coverage during the period material to the petition, because it merely took over the business of the partnership Ortega, Roman & Lacson De Leon Company doing business under the name and style of Oromeca Lumber Company since 1947, its business operations, therefore, being mere continuation of those of the latter. On March 10, 1958 the Commission denied appellant's petition. After the denial of the latter's motion for reconsideration, it took the present appeal.

The petition was submitted for resolution upon the following stipulation of facts:

"1. That this action is directed against the Social Security System and not to the Social Security Commission as inadvertently shown in the caption of the petition dated December 13, 1957 and, therefore, the said petition of the OROMECA LUMBER COMPANY, INC., is considered and deemed amended in this respect;

"2. That the partnership ORTEGA, ROMAN & LACSON DE LEON COMPANY, which did business in the name and style of OROMECA LUMBER COMPANY, was registered with the Securities and Exchange Commission on June 18, 1947 per Annex "B" of the petition and which is incorporated hereto and made part and parcel of this stipulation by reference; the parties admitting the existence and authenticity of said annex "B";

"3. That sometime in 1951, the articles of copartnership of ORTEGA, ROMAN & LACSON DE LEON COMPANY, which did business in the name and style of OROMECA LUMBER COMPANY, was amend. ed, said amendment was accordingly registered with the Securities and Exchange Commission, per Annex "A" of the petition incorporated hereto and made integral part hereof by reference, the parties also admitting the existence and authenticity of said Annex "A";

"4. That the partnership ORTEGA, ROMAN & LACSON DE LEON COMPANY, mentioned in the preceding paragraphs 2 and 3 hereof, was dissolved on April 6, 1956; the articles of dissolution having been duly recorded with the Securities and Exchange Commission;

"5. That the OROMECA LUMBER COMPANY, Inc. is a corporation duly organized under and by virtue of the laws of the Philippines, the same having been duly incorporated on April 11, 1956, per Annex "C" of the

petition which is incorporated hereto by reference; the existence and authenticity of said Annex "C" are likewise admitted;

"6. That Mr. Simeon Lim is the duly elected Vice-President and General Manager of the OROMECA LUMBER COMPANY, INC. since April 11, 1956 to the present, per Resolution of the Board, photostatic copy of which is attached hereto and made integral part hereof as Annex "F", the existence and authenticity of said resolution is also admitted;

"7. That the petitioner OROMECA LUMBER COMPANY, INC. never voluntarily registered with the Social Security System as shown by Annexes 'D' and 'E' of the petition and incorporated hereto by reference; the existence and authenticity of said annexes are admitted by the parties;

"8. That it is the honest belief of the petitioner that it did not fall under the compulsory coverage provided for by law on September 1, 1957;

"9. That the OROMECA LUMBER COMPANY, INC. was formed and organized on April 4, 1956, two days before the articles of dissolution of the partnership ORTEGA, ROMAN & LACSON DE LEON COMPANY which did business under the name and style OROMECA LUMBER COMPANY, was registered with the Securities and Exchange Commission;

"10. That the Articles of Incorporation of the OROMECA LUMBER COMPANY, INC. was filed with the Securities and Exchange Commission on April 6, 1956, the same date when the Articles of Dissolution of the partnership ORTEGA, ROMAN & LACSON DE LEON COMPANY was recorded with the Securities and Exchange Commission and which articles of incorporation was registered with the said Commission on April 11, 1956;

"11. That the primary business of the OROMECA LUMBER COMPANY, INC. as indicated in the purpose clause of the articles of incorporation Annex "B", is the lumber business and allied business, a business in which the partnership ORTEGA, ROMAN & LACSON DE LEON COMPANY was also engaged before its dissolution on April 6, 1956;" (pp. 9-11, record on appeal).

The documents referred to in the above stipulation as Annexes A, B, C, D, E and F were attached thereto.

In deciding appellant's petition, the Commission took official notice of the Articles of Dissolution of the partnership Ortega, Roman and Lacson de Leon Company—Oromeca Lumber Company—whereby the partners agreed "to wind up the affairs of the partnership and dissolve it", obviously to carry out what in their own words was "the desire and express will of the partners to have it (partnership) organized into a corporation for the purpose of expanding its business in the exploitation and development of the lumber industry in the Philippines". The resolutory part of the Articles of Dissolution provided that the dissolution and winding up of the affairs of the partnership shall be "effective upon the date of registration of the new corporation which shall assume all the assets and liabilities" of the partnership.

Appellant now contends (first assignment of error) that the Commission erred in taking cognizance of and in taking into account the contents of said Articles of Dissolution, in spite of the fact that they were not made part of the stipulation of facts. We find no merit in this contention.

The proceedings commenced by appellant before the Commission are not judicial but administrative in character. It is a well-settled rule that in proceedings of this kind the technical rules of procedure—particularly of evidence—applied in judicial trials, do not strictly apply. Moreover, said Articles of Dissolution having been expressly mentioned and referred to in paragraph 4 of the stipulation of facts, the same must be deemed to be, for all legal purposes, part and parcel thereof.

To the above must be added the circumstance that the Articles of Dissolution aforesaid are part of the public

records under the custody of the Securities and Exchange Commission, and appellant does not deny the correctness of the references or statements made in the appealed resolution concerning their contents. The technical point raised by appellant is, therefore, one that should find no favor in the consideration of the issue involved herein.

The remaining assignments of error made in appellant's brief are interrelated and should be taken up jointly.

It is the claim of appellant that having been incorporated only on April 11, 1956, it did not come under the provisions of the law concerning compulsory coverage until April 11, 1958; that, consequently, it is entitled to the refund of the remittances it made to the Social Security System from September 1, 1957 to April 11, 1958. This contention is likewise untenable.

Appellant's theory, is made to rest on the doctrine of separate corporate personality in accordance with which, upon due incorporation of an association of persons, there is created, by operation of law, a new juridical personality, distinct and separate from that of its members or of the association it had succeeded. Hence, appellant's claim that it only came into being and became an employer upon its incorporation on April 11, 1956.

Were we to consider nothing else but the fact and date of appellant's incorporation, its contention in this appeal would have to be sustained. In resolving the issue before Us, however, we cannot disregard facts and circumstances of record which clearly show that appellant corporation merely absorbed and continued the business of its predecessor, the partnership Oromeca Lumber Company. In this connection, the Stipulation of Facts shows that said partnership was registered with the Securities and Exchange Commission since June 18, 1947; that it was engaged in the lumber business and other allied businesses; that its Articles of Dissolution mentioned heretofore were approved on April 6, 1956 and recorded with the Securities and Exchange Commission on the same date; that appellant corporation was, in fact, formed and organized on April 4, 1956, that is, two days before the approval of the aforementioned Articles of Dissolution, although it was actually incorporated only on April 11, of the same year, and that appellant's business is exactly the same as that of the partnership Oromeca Lumber Company. Lastly, as we have already adverted to, the Articles of Dissolution of said partnership expressly stated that the reason for its dissolution was the desire and express will of the partners to have it organized into a corporation for the purpose of expanding its business, and that, as a matter of fact, the dissolution was made effective only upon incorporation of the new corporation which was to take over or assume all the assets and liabilities of the partnership. This makes it clear that, as held in the appealed resolution, appellant merely absorbed and continued the business of its predecessor. The conclusion is, therefore, inescapable that appellant must be deemed to have been an employer and engaged in business since June 18, 1947 when the partnership it had succeeded started its business and activities.

Wherefore, the resolution appealed from is affirmed, with costs.

Bengzon, C. J., Bautista Angelo, Concepcion, Reyes, J. B. L., Barrera, and Paredes, JJ., concur.

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