

QUERUBIN L. ALBA AND RIZALINDA D. DE GUZMAN, PETITIONERS, VS. ROBERT L. YUPANGCO, RESPONDENT.

G.R. No. 188233. June 29, 2010

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Querubin L. Alba and Rizalinda D. De Guzman (petitioners) filed separate complaints for illegal dismissal and payment of retirement benefits against Y.L. Land Corporation and Ultra Motors Corporation, respectively. Robert L. Yupangco (respondent) was impleaded in his capacity as President of both corporations. The complaints were consolidated before Labor Arbiter Patricio L. Libo-on.

By Decision of October 25, 1999, the Labor Arbiter rendered judgment in favor of petitioners, disposing as follows:

WHEREFORE, premises considered, judgment is hereby rendered ordering the respondents as follows:

QUERUBIN L. ALBA

- To immediately reinstate complainant to his former position with full backwages computed in the amount of Three Hundred Eighty Thousand (P380,000.00) Pesos [from March 25, 1999 up to the date of this decision];
- And if complainant opts not to be reinstated, in which case, in lieu of reinstatement respondent [sic] is ordered to pay complainant separation pay equivalent to one-half (1/2) month salary for every year of service;
- To pay complainant his earned commission in the amount of Five Hundred Thousand (P500,000.00) Pesos.

RIZALINDA D. DE GUZMAN

- To pay her retirement pay equivalent to seventy-five (75%) percent of her basic monthly salary, or in the amount of Six Hundred Thousand (P600,000.00) Pesos;
- Pay her unpaid commission of Four Hundred Forty Eight Thousand Six Hundred Eighty One and 52/100 (P448,681.52) Pesos; and
- Pay the balance of her unused vacation and sick leave benefits in the amount of Eighty One Thousand Eight Hundred Forty Two and 33/100 (P81,842.33) [P50,000.00/26 days = P1,923.9769 x 155.5 = P299,038.45 - P217,196.12 = P81,842.33]

All other claims are denied for lack of merit.

SO ORDERED.[1] (emphasis and underscoring in the original)

For failure to put up a supersedeas bond, the National Labor Relations Commission (NLRC) denied respondent's appeal, by Resolution of December 29, 1999. Entry of judgment was thereafter recorded on August 10, 2000 certifying that the Resolution had become final and executory on June 24, 2000.

On September 27, 2000, upon petitioners' motion, the Labor Arbiter issued a Writ of Execution. The writ was returned unsatisfied, however, prompting petitioners to file a motion for the issuance of an alias writ.

No opposition having been filed, the Labor Arbiter issued an alias writ of execution on September 11, 2001 which was implemented by NLRC Sheriff Stephen B. Andres by distraining respondent's club share (Certificate No. 1931) at the Manila Golf and Country Club, Inc.

On December 14, 2001, one Regina Victoria de Ocampo filed an Affidavit of Third Party Claim which was, by Order dated February 23, 2006, dismissed with prejudice.

The Labor Arbiter subsequently issued a 2nd alias writ of execution on May 15, 2006. Respondent, by motion, challenged the impending sale of his club share, arguing, inter alia, that he should not be held solidarily liable with his co-respondent corporations for the judgment obligation. One Alejandro B. Hontiveros also filed a third party claim. The Labor Arbiter denied respondent's motion and Hontiveros' claim by Order of February 22, 2007.

Petitioners thereafter filed a motion for the issuance of a 3rd alias writ of execution which was granted by Order of June 5, 2007. This time, respondent moved for the quashal of said alias writ, alleging that it was issued beyond the five-year prescriptive period under the NLRC Rules of Procedure. And he again questioned the enforcement of the judgment obligation on his personal property, inviting attention to the dispositive portion of the final and executory decision of the Labor Arbiter which did not state his liability as joint and solidary with the corporate obligors.

Respondent nevertheless deposited Bank of Philippine Islands Manager's Check No. 0918 in the amount of P730,235.13 representing his liability equivalent to one-third of the monetary obligation.

By Order of September 5, 2007, the Labor Arbiter denied respondent's motion to quash the 3rd alias writ. Brushing aside respondent's contention that his liability is merely joint, the Labor Arbiter ruled:

Such issue regarding the personal liability of the officers of a corporation for the payment of wages and money claims to its employees, as in the instant case, has long been resolved by the Supreme Court in a long list of cases [A.C. Ransom Labor Union-CLU vs. NLRC (142 SCRA 269) and reiterated in the cases of Chua vs. NLRC (182 SCRA 353), Gudez vs. NLRC (183 SCRA 644)]. In the aforementioned cases, the Supreme Court has expressly held that the irresponsible officer of the corporation (e.g. President) is liable for the corporation's obligations to its workers. Thus, respondent Yupangco, being the president of the respondent YL Land and Ultra Motors Corp., is properly jointly and severally liable with the defendant corporations for the labor claims of Complainants Alba and De Guzman.[2] x x x (emphasis and underscoring supplied)

On respondent's appeal, the NLRC, by Resolution of February 27, 2008, affirmed the Labor Arbiter's Order of September 5, 2007 and denied respondent's Motion for Reconsideration by Resolution of May 30, 2008.

On respondent's petition for prohibition, the Court of Appeals, by Decision of February 20, 2009,[3] set aside the assailed issuances of the NLRC, it holding that the execution of judgment against respondent beyond his 1/3 share of the monetary obligation is tainted with grave abuse of discretion, the October 25, 1999 Decision of the Labor Arbiter being silent as to his and his co-obligor-corporations' solidary liability. Thus the appellate court enjoined the Labor Arbiter and NLRC from proceeding with the enforcement of the alias writ in so far as it allowed execution of the judgment against respondent beyond his one third (1/3) share in the monetary obligation.

Petitioners' motion for reconsideration having been denied by Resolution of June 5, 2009,[4] they filed the present petition for review on certiorari, contending that respondent had waived any possible defense as to his liability for belatedly raising the same - seven years after the finality of the Labor Arbiter's October 25, 1999 Decision.

As reflected above, the Labor Arbiter held that respondent's liability is solidary.

There is solidary liability when the obligation expressly so states, when the law so provides, or when the nature of the obligation so requires. *MAM Realty Development Corporation v. NLRC*,^[5] on solidary liability of corporate officers in labor disputes, enlightens:

x x x A corporation being a juridical entity, may act only through its directors, officers and employees. Obligations incurred by them, acting as such corporate agents are not theirs but the direct accountabilities of the corporation they represent. True solidary liabilities may at times be incurred but only when exceptional circumstances warrant such as, generally, in the following cases:

1. When directors and trustees or, in appropriate cases, the officers of a corporation:

(a) vote for or assent to patently unlawful acts of the corporation;

(b) act in bad faith or with gross negligence in directing the corporate affairs;

x x x x

In labor cases, for instance, the Court has held corporate directors and officers solidarily liable with the corporation for the termination of employment of employees done with malice or in bad faith.^[6] (*italics in the original; emphasis and underscoring supplied*)

From the October 25, 1999 Decision of the Labor Arbiter, there is no finding or indication that petitioners' dismissal was effected with malice or bad faith. Respondent's liability could thus only be joint, not solidary.

By declaring that respondent's liability is solidary, the Labor Arbiter modified the already final and executory October 25, 1999 Decision. That is impermissible, even if the modification is meant to correct erroneous conclusions of fact and law, whether it be made by the court that rendered it or by the highest court in the land.^[7] The only recognized exceptions are the corrections of clerical errors or the making of so-called nunc pro tunc entries^[8] which cause no prejudice to any party and in cases where the judgment is void.^[9] Said exceptions are not present in the present case.

Since the alias writ of execution did not conform, is different from and thus went beyond or varied the tenor of the judgment which gave it life, it is a nullity.^[10] To maintain otherwise would be to ignore the constitutional provision against depriving a person of his property without due process of law.^[11]

Petitioners' attribution of laches to respondent does not thus lie, the Labor Arbiter's modification of the final and executory judgment being a nullity.

WHEREFORE, the petition is DENIED.

SO ORDERED.

Carpio Morales, (Chairperson), Brion, Bersamin, Abad,^[*] and Villarama, Jr., JJ., concur.

[*] Additional member per Special Order No. 843 dated May 17, 2010.

[1] CA rollo, pp. 31-32.

[2] *Id.* at 63-64.

[3] Penned by Associate Justice Jose Catral Mendoza (now a Member of this Court) with the concurrence of Associate Justices Portia Aliño-Hormachuelos and Ramon M. Bato, Jr., *id.* at 530-544.

[4] Id. at 587.

[5] G.R. No. 114787, June 2, 1995, 244 SCRA 797.

[6] Id. at 802-803.

[7] Mayon Estate Corporation v. Altura, et.al., G.R. No. 134462, October 18, 2004, 440 SCRA 377, 386.

[8] A nunc pro tunc entry only places in proper form on the record, a judgment that has been previously rendered.

[9] Manning International Corporation v. NLRC, G.R. No. 83018, March 13, 1991, 195 SCRA 155.

[10] B.E. San Diego, Inc. v. Alzul, G.R. No. 169501, June 8, 2007, 524 SCRA 402, 433.

[11] Cabang v. Basay, G.R. No. 180587, March 20, 2009.

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