

BERNADETH LONDONIO AND JOAN CORCORO, PETITIONERS, VS. BIO RESEARCH, INC. AND WILSON Y. ANG, RESPONDENTS.

G.R. No. 191459. January 17, 2011

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Petitioners Bernadeth E. Londonio (Bernadeth) and Joan T. Corcoro (Joan) were hired by respondent Bio Research Inc. (Bio Research) as graphic/visual artists on February 12 and October 19, 2004, respectively.

In a Memorandum dated April 30, 2005 which petitioners received on May 7, 2005,[1] Bio Research informed its employees including petitioners that pursuant to its plan to reduce the workforce in order to prevent losses, it would be severing their employment with the company. On May 9, 2005, Bio Research filed an Establishment Termination Report[2] with the Department of Labor and Employment (DOLE) stating that it was retrenching 18 of its employees including petitioners due to redundancy and to prevent losses.

Bernadeth and Joan were in fact retrenched on May 26 and May 18, 2005, respectively.

Joan accepted her retrenchment pay in the sum of P9,990.14 and executed a Quitclaim and Waiver[3] reading:

FOR AND IN CONSIDERATION OF THE SUM OF NINE THOUSAND NINE HUNDRED NINETY PESOS & 14/100 (P9,990.14), as financial assistance, receipt whereof in settlement of my claims, I x x x do hereby release/discharge xxx with principal office at x x x and/or its officers, from any or all claims/liabilities by way of unpaid wages, overtime pay, separation pay, retirement benefits, 13[th] month, or otherwise as may be due me incident to my past employment with the said x x x. I hereby state further that I have no more claim or cause of action of whatsoever nature whether past, present or contingent, including my alleged right for continued employment with xxx, and/or any of its officers.

This QUITCLAIM AND WAIVER may be used to secure dismissal of any complaint or action already filed or may be subsequently filed either by myself, my heirs and successors in interests.

I have executed this QUITCLAIM AND WAIVER voluntarily and of my own freewill and I understand the legal and factual consequences.

Bernadeth refused to accept hers.

Petitioners later filed a complaint for illegal dismissal, moral and exemplary damages and attorney's fees against respondent Bio Research and its co-respondent President/CEO Wilson Y. Ang (Ang). Petitioners claimed that their dismissal was done in bad faith and tainted with malice, being retaliatory in nature, following the filing by Bernadeth of a complaint against Jose Ang, Jr. (Jose), one of Bio Research's managers, for a sexual harassment incident that occurred in his office on February 19, 2005.

In support of their claim that their dismissal was retaliatory in nature, petitioners alleged that soon after the filing by Bernadeth of the sexual harassment complaint,[4] several members of the management approached Joan, to whom Bernadeth had poured her heart out after the incident, urging her to convince her friend Bernadeth to drop

the complaint, to which she (Joan) paid no heed as she expressed support for Bernadeth's cause.

Petitioners added that an administrative investigation^[5] of the sexual harassment complaint was in fact conducted by Bio Research but before it could be resolved, Jose resigned on April 15, 2005.^[6]

To refute Bio Research's claim that it had been incurring business losses, Joan cited the recommendation for her regularization on April 12, 2005, 18 days before she received a copy of the Memorandum of April 30, 2005.

Bio Research, disclaiming that the sexual harassment case had anything to do with its decision to terminate the services of petitioners, maintained that financial reverses prompted it to take such drastic action. It went on to stress that as Joan had already received her separation pay and had in fact signed a waiver and quitclaim in its favor, she is estopped from challenging the validity of her dismissal.

By Decision of March 31, 2006,^[7] the Labor Arbiter (LA) ruled in favor of petitioners, the dispositive portion of which reads:

WHEREFORE, premises considered, judgment is entered finding that complainants were illegally dismissed by respondents in bad faith, ORDERING respondents BIO RESEARCH CORP. and/or WILSON ANG (President/Manager), to reinstate complainants to their former positions, without loss of seniority rights and benefits, and pay them full backwages from date of illegal dismissal/illegal retrenchments of complainants, Bernadette Londonio on 05/26/2005, Joan Corcoro is 05/18/2005, until actually reinstated, and to pay them moral and exemplary damages in the combined amount of P125,000.00 each, plus to pay them 10% of the total award as attorney's fees. Complainants' full backwages, as of date of this decision is shown hereunder:

Bernadette Londonio

1) Basic P95,000.00 (05/26/2005-03/31/2006 10 months x P9,500)

2) 13^[th] month pay P7,307.69 (1/12 P95,000.00)

3) 5 days SILP P1,314.16 (P9,500.00/30=P316.66 x 5 x .83 year)

4) COLA P15,208.33 (P50.00 X 365/12 - P1,520.00 X 10months)

Total FB P118,830.18

Joan Corcoro

1) Basic P93,600.00 (05/18/2005 - 03/31/2006 10.4 months x P9,000)

2) 13^[th] month pay P7,800.00 (1/12 P93,600.00)

3) 5 days SILP P1,290.00 (P9,000.00/30 = P300.00 X 5 X .86 YEAR)

4) COLA P15,816.66 (P50.00 X 365/12+p1,520.00 X 10.4 Months)

Total FB P118,506.66

In finding against Bio Research, the LA held that it failed to prove financial losses to justify its call for the retrenchment of petitioners, and to use fair and reasonable criteria to ascertain who to dismiss or retain; and that Bio Research failed to comply with the requirements of Article 283 of the Labor Code "that notice should be given to the DOLE and employees concerned at least a month before the intended retrenchment.

Finally, the LA held that since Joan's receipt of her salary for the period April 11, 2005 - April 18, 2005, the amount which was lumped with her retrenchment pay, was conditioned on her signing the quitclaim, the execution thereof was done through force, hence, not valid.

On appeal by respondents, the National Labor Relations Commission (NLRC), by Resolution of February 18, 2008,[8] affirmed the LA's decision. And it denied respondents' reconsideration of its decision by Resolution of May 30, 2008.

The Court of Appeals to which respondents assailed the NLRC resolutions by certiorari, sustained the ratio decidendi behind the NLRC decision in favor of petitioners, by Decision of May 27, 2009.[9] Specifically with respect to Joan, however, it pronounced that she could no longer question the legality of her dismissal in light of her execution of the quitclaim and waiver.

Further, the appellate court departed from the NLRC ruling holding respondent Ang solidarily liable with Bio Research for the money claims of petitioners, the latter having failed to show that Ang was impelled by malice and bad faith in dismissing them. Thus the appellate court held:

Settled is the rule in this jurisdiction that a corporation is invested by law with a legal personality separate and distinct from those acting for and in behalf and, in general, from the people comprising it. Thus, obligations incurred by corporate officers acting as corporate agents are not theirs but the direct accountabilities of the corporation they represent. True, solidary liabilities may at times be incurred by corporate officers, but only when exceptional circumstances so warrant. For instance, in labor cases, corporate directors and officers may be held solidarily liable with the corporation for the termination of employment if done with malice or in bad faith.[10]

Finally, the appellate court deleted the award of moral and exemplary damages.[11]

The appellate court thus disposed:

WHEREFORE, the instant petition for certiorari is PARTIALLY GRANTED. The assailed Resolutions of the public respondent National Labor Relations Commission, in NLRC NCR-06-05472(05) CA No. 050702-06, are AFFIRMED with the following MODIFICATIONS: (1) petitioner Wilson Y. Ang is ABSOLVED from any liability adjudged against co-petitioner Bio Research, Inc.; (2) the awards of moral and exemplary damages in favor of the private respondents Bernadeth E. Londonio and Joan Corcoro are DELETED; and (3) the complaint for illegal dismissal insofar as private respondent Joan Corcoro is concerned is DISMISSED.

SO ORDERED.[12] (underscoring supplied)

Petitioners' Motion for Reconsideration of the appellate court's decision having been denied,[13] they filed the present petition for review on certiorari, contending that

. . . petitioner [Joan] is not barred to question the validity of her dismissal notwithstanding the execution of a waiver and quitclaim;

. . . they are entitled to the award of damages; and

. . . Wilson Y. Ang is solidarily liable with Bio Research.

Absent any showing that the appellate court ignored, misconstrued and misapplied facts and circumstances of substance, its affirmance of the NLRC decision holding that petitioners were illegally dismissed stands. It is settled that where the Labor Arbiter, the NLRC and the Court of Appeals all concur in their factual findings and it does not appear that they acted with grave abuse of discretion or otherwise acted without jurisdiction or in excess of the same, this Court is bound by the said findings.[14] The Labor Arbiter and the NLRC, being the most equipped and having acquired expertise in the specific matters entrusted to their jurisdiction, their findings of fact are accorded not only respect but even finality if they are supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.[15]

Verily, in determining that petitioners were illegally retrenched, the appellate court pointed out that not only did Bio Research fail to "submit in evidence its audited financial statements to show its financial condition prior to and at the time it enforced its retrenchment program"; it also failed to show that it adopted fair and reasonable standards in ascertaining who would be retained or dismissed among its employees.[16]

It is, however, with respect to the appellate court's ruling that Joan is, on account of her execution of the waiver and quitclaim, estopped from questioning her dismissal that this Court takes exception.

An employee's execution of a final settlement and receipt of amounts agreed upon do not foreclose his right to pursue a claim for illegal dismissal.[17] For, as reflected above, Joan was illegally retrenched. She is thus entitled to reinstatement without loss of seniority rights and privileges, as well as to payment of full backwages from the time of her separation until actual reinstatement, less the amount of P9,990.14 which she received as retrenchment pay.

Respecting the appellate court's freeing Ang from liability, the same is in order. Corporate officers, absent any evidence that they have exceeded their authority, are not personally liable for their official acts. For a corporation has, by legal fiction a personality separate and distinct from its officers, stockholders and members. In cases of illegal dismissal, this fictional veil may be pierced and its directors and officers held solidarily liable with it, where the dismissals of its employees are done with malice or in bad faith, which was not proven to be the case here.[18]

As for the deletion by the appellate court of the award of moral and exemplary damages, the same is in order too, petitioners having failed to substantiate their claim that their dismissal was made in bad faith.

WHEREFORE, the challenged Decision and Resolution of the Court of Appeals are AFFIRMED with the MODIFICATION in that petitioner Joan Corcoro is ordered reinstated to her former position, without loss of seniority rights and with full backwages from the time of the termination of her employment until reinstated less the amount of P9,990.14, or if reinstatement is not possible, the payment of separation pay equivalent to one half month salary for every year of service.

The Decision is, in all other respects, including the reinstatement of Bernadeth Londonio, AFFIRMED.

SO ORDERED.

Brion, Bersamin, Villarama, Jr., and Sereno, JJ., concur.

[1] Records, pp. 33-34.

[2] Id. at 42.

[3] Id. at 59-60.

[4] Cited as Annex "A" in petitioners' Position Paper, however, none was attached.

[5] Records, p. 70.

[6] Id. at 76.

[7] Id. at 81-91.

[8] Rollo, pp. 137-151. The dispositive portion of the resolution reads:

WHEREFORE, premises considered, Respondents' appeal is DISMISSED for lack of merit. The Labor Arbiter's

assailed Decision in this case is hereby AFFIRMED.

SO ORDERED.

[9] Penned by Associate Justice Mariflor P. Punzalan Castillo with the concurrence of Associate Justices Rosmari D. Carandang and Marlene Gonzales-Sison, id. at 38-55.

[10] Rollo, p. 50.

[11] Id. at 52-53.

[12] Id. at 54-55.

[13] Vide Resolution of February 17, 2010, id. at 58-63.

[14] Wyeth-Suaco Laboratories, Inc. v. National Labor Relations Commission, G.R. No. 100658, March 2, 1993, 219 SCRA 356-357.

[15] NEECO II v. National Labor Relations Commission, G.R. No. 157603, June 23, 2005, 461 SCRA 169, 184-185 citing Wyeth-Suaco Laboratories, Inc. v. National Labor Relations Commission, G.R. No. 100658, March 2, 1993, 219 SCRA 356; Zarate, Jr. v. Olegario, G.R. No. 90655, October 7, 1996, 263 SCRA 1.

[16] Rollo, pp. 47-48.

[17] Anino v. NLRC, G.R. No. 123226, May 21, 1998, 290 SCRA 489, 507.

[18] Rondina v. Court of Appeals et al., G.R. No. 172212, July 9, 2009, 592 SCRA 346, 357 citing Carag v. NLRC et al., G.R. No. 147590, April 2, 2007, 520 SCRA 28, 56.

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