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denied her motion for appointment of a receiver on September 10, 1999; she moved for reconsideration of the Order of denial on October 4, 1999; the trial court denied her motion for reconsideration on November 5, 1999; and she received a copy of the Order dated November 5, 1999 on November 20, 1999.

In fine, the Court of Appeals should not have dismissed the petition for *certiorari* on the ground of technicality. After all, the rules of procedure should not be applied in a very rigid, technical sense, their only purpose being to help secure substantial justice to the parties.[5]

WHEREFORE, we *GRANT* the petition. The assailed Resolutions of the Court of Appeals in CA-G.R. SP No. 57044 are *REVERSED*. The petition is *REINSTATED* which should be resolved with dispatch.

SO ORDERED.

Puno, C.J. (Chairperson), Corona, Azcuna, and *Garcia, JJ.,* concur.

EN BANC

[G.R. No. 147590. April 2, 2007]

ANTONIO C. CARAG, *petitioner, vs.* **NATIONAL LABOR RELATIONS COMMISSION, ISABEL G. PANGANIBAN-ORTIGUERRA, as Executive Labor Arbiter, NAFLU, and MARIVELES APPAREL CORPORATION LABOR UNION,** *respondents.*

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[5] *Remulla v. Manlongat*, G.R. No. 148189, November 11, 2004, 442 SCRA 226.

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SYLLABUS

1. **LABOR LAW AND SOCIAL LEGISLATION; NLRC RULES OF PROCEDURE; VIOLATION IN CASE AT BAR WHERE PARTY WAS NOT GIVEN OPPORTUNITY TO BE HEARD IS DENIAL OF DUE PROCESS OF LAW.—** *In her Decision, Arbiter Ortiguerra granted complainants' motion to implead Carag and at the same time, in the same Decision, found Carag personally liable for the debts of MAC consisting of ₱49,101,621 in separation pay to complainants.* Arbiter Ortiguerra never issued summons to Carag, never called him to a conference for possible settlement, never required him to submit a position paper, never set the case for hearing, never notified him to present his evidence, and never informed him that the case was submitted for decision — all in violation of Sections 2, 3, 4, 5(b), and 11(c) of Rule V of The New Rules of Procedure of the NLRC. Indisputably, there was utter absence of due process to Carag at the arbitration level. The procedure adopted by Arbiter Ortiguerra completely prevented Carag from explaining his side and presenting his evidence. This alone renders Arbiter Ortiguerra's Decision a nullity insofar as Carag is concerned. While labor arbiters are not required to conduct a formal hearing or trial, they have no license to dispense with the basic requirements of due process such as affording respondents the opportunity to be heard.

2. **COMMERCIAL LAW; CORPORATION LAW; DIRECTOR; NOT PERSONALLY LIABLE FOR THE DEBTS OF THE CORPORATION; EXCEPTIONS.—** The rule is that a director is not personally liable for the debts of the corporation, which has a separate legal personality of its own. Section 31 of the Corporation Code lays down the exceptions to the rule, as follows: *Liability of directors, trustees or officers.* - Directors or trustees who wilfully and knowingly vote for or assent to patently unlawful acts of the corporation or who are guilty of gross negligence or bad faith in directing the affairs of the corporation or acquire any personal or pecuniary interest in conflict with their duty as such directors or trustees shall be liable jointly and severally for all damages resulting therefrom suffered by the corporation, its stockholders or members and other persons. x x x Section 31 makes a director personally liable for corporate debts if he *wilfully and knowingly votes for or assents to patently unlawful*

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acts of the corporation. Section 31 also makes a director personally liable if he is *guilty of gross negligence or bad faith in directing the affairs of the corporation*.

3. ID.; ID.; ID.; ID.; ID.; DIRECTOR GUILTY OF BAD FAITH IN DIRECTING THE AFFAIRS OF THE CORPORATION; BAD FAITH MUST BE SUFFICIENTLY ESTABLISHED.— To hold a director personally liable for debts of the corporation, and thus pierce the veil of corporate fiction, the bad faith or wrongdoing of the director must be established clearly and convincingly. Bad faith is never presumed. Bad faith does not connote bad judgment or negligence. Bad faith imports a dishonest purpose. Bad faith means breach of a known duty through some ill motive or interest. Bad faith partakes of the nature of fraud.

4. ID.; ID.; ID.; ID.; ID.; ID.; NOT PRESENT IN MERE FAILURE TO COMPLY WITH NOTICE REQUIREMENT ON COMPANY CLOSURE OR DISMISSAL OF EMPLOYEES.— Neither does bad faith arise automatically just because a corporation fails to comply with the notice requirement of labor laws on company closure or dismissal of employees. The failure to give notice is not an unlawful act because the law does not define such failure as unlawful. Such failure to give notice is a violation of procedural due process but does not amount to an unlawful or criminal act. Such procedural defect is called illegal dismissal because it fails to comply with mandatory procedural requirements, but it is not illegal in the sense that it constitutes an unlawful or criminal act.

5. ID.; ID.; ID.; ID.; ID.; DIRECTOR KNOWINGLY ASSENTED TO PATENTLY UNLAWFUL ACT; NOT PRESENT IN MERE FAILURE TO COMPLY WITH NOTICE REQUIREMENT ON COMPANY CLOSURE OR DISMISSAL OF EMPLOYEES.— For a wrongdoing to make a director personally liable for debts of the corporation, the wrongdoing approved or assented to by the director must be a *patently unlawful act*. Mere failure to comply with the notice requirement of labor laws on company closure or dismissal of employees does not amount to a patently unlawful act. Patently unlawful acts are those *declared unlawful by law* which imposes penalties for commission of such unlawful acts. There must be a law declaring the act unlawful and penalizing the act.

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6. LABOR AND SOCIAL LEGISLATION; LABOR RELATIONS; EMPLOYER INCLUDES ANY PERSON ACTING IN THE INTEREST OF AN EMPLOYER; PROVISION DOES NOT MAKE A CORPORATE OFFICER PERSONALLY LIABLE FOR THE DEBTS OF THE CORPORATION.— The complainants' claim that Carag is personally liable for MAC's debts to complainants "on the basis of Article 212(e) of the Labor Code, as amended," which says: *'Employer' includes any person acting in the interest of an employer, directly or indirectly*. The term shall not include any labor organization or any of its officers or agents except when acting as employer. Indeed, complainants seek to hold Carag personally liable for the debts of MAC based solely on Article 212(e) of the Labor Code. We have already ruled in *McLeod v. NLRC* and *Spouses Santos v. NLRC* that *Article 212(e) of the Labor Code, by itself, does not make a corporate officer personally liable for the debts of the corporation.* The governing law on personal liability of directors for debts of the corporation is still Section 31 of the Corporation Code.

APPEARANCES OF COUNSEL

Siguion Reyna Montecillo and Ongsiako for petitioner.
The Solicitor General for public respondent.

D E C I S I O N

CARPIO, *J.*:

The Case

This is a petition for review on *certiorari*[1] assailing the Decision dated 29 February 2000[2] and the Resolution dated 27 March 2001[3] of the Court of Appeals (appellate court) in CA-

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[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] *Rollo*, pp. 66-87. Penned by Associate Justice Teodoro P. Regino, with Associate Justices Conchita Carpio Morales (now Associate Justice of this Court) and Jose L. Sabio, Jr., concurring.

[3] *Id*. at 89-90. Penned by Associate Justice Teodoro P. Regino, with Associate Justices Conchita Carpio Morales (now Associate Justice of this Court) and Jose L. Sabio, Jr., concurring.

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G.R. SP Nos. 54404-06. The appellate court affirmed the decision dated 17 June 1994[4] of Labor Arbiter Isabel Panganiban-Ortiguerra (Arbiter Ortiguerra) in RAB-III-08-5198-93 and the resolution dated 5 January 1995[5] of the National Labor Relations Commission (NLRC) in NLRC CA No. L-007731-94.

Arbiter Ortiguerra held that Mariveles Apparel Corporation (MAC), MAC's Chairman of the Board Antonio Carag (Carag), and MAC's President Armando David (David) (collectively, respondents) are guilty of illegal closure and are solidarily liable for the separation pay of MAC's rank and file employees. The NLRC denied the motion to reduce bond filed by MAC and Carag.

The Facts

National Federation of Labor Unions (NAFLU) and Mariveles Apparel Corporation Labor Union (MACLU) (collectively, complainants), on behalf of all of MAC's rank and file employees, filed a complaint against MAC for illegal dismissal brought about by its illegal closure of business. In their complaint dated 12 August 1993, complainants alleged the following:

2. Complainant NAFLU is the sole and exclusive bargaining agent representing all rank and file employees of [MAC]. That there is an existing valid Collective Bargaining Agreement (CBA) executed by the parties and that at the time of the cause of action herein below discussed happened there was no labor dispute between the Union and Management except cases pending in courts filed by one against the other.

3. That on July 8, 1993, **without notice of any kind filed in accordance with pertinent provisions of the Labor Code,** [MAC], for reasons known only by herself [sic] ceased operations with the intention of completely closing its shop or factory. Such intentions [sic] was manifested in a letter, allegedly claimed by [MAC] as its **notice filed only on the same day that the operations closed.**

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[4] *Id*. at 169-175.

[5] *Id*. at 201-204.

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4. That at the time of closure, employees who have rendered one to two weeks work were not paid their corresponding salaries/wages, which remain unpaid until time [sic] of this writing.

5. That there are other benefits than those above-mentioned which have been unpaid by [MAC] at the time it decided to cease operations, benefits gained by the workers both by and under the CBA and by operations [sic] of law.

6. That the closure made by [MAC] in the manner and style done is perce [sic] illegal, and had caused tremendous prejudice to all of the employees, who suffered both mental and financial anguish and who in view thereof merits [sic] award of all damages (actual, exemplary and moral), [illegible] to set [an] example to firms who in the future will [illegible] **the idea of simply prematurely closing without complying [with] the basic requirement of Notice of Closure**.[6] (Emphasis supplied)

Upon receipt of the records of the case, Arbiter Ortiguerra summoned the parties to explore options for possible settlement. The non-appearance of respondents prompted Arbiter Ortiguerra to declare the case submitted for resolution "based on the extant pleadings."

In their position paper dated 3 January 1994, complainants moved to implead Carag and David, as follows:

x x x In the present case, it is unfortunate for respondents that the records and evidence clearly demonstrate that the individual complainants are entitled to the reliefs prayed for in their complaint. However, any favorable judgment the Honorable Labor Arbiter may render in favor of herein complainants will go to naught should the Office fails [sic] to appreciate the glaring fact that the respondents [sic] corporation is no longer existing as it suddenly stopped business operation since [sic] 8 July 1993. Under this given circumstance, **the complainants have no option left but to implead Atty. ANTONIO CARAG, in his official capacity as Chairman of the Board along with MR. ARMANDO DAVID as President**. Both are also owners of the respondent corporation with office address at 10th Floor, Gamon

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[6] *Id*. at 149-150.

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Centre, Alfaro Street, Salcedo Village[,] Makati[,] Metro Manila although they may be collectively served with summons and other legal processes through counsel of record Atty. Joshua Pastores of 8th Floor, Hanston Bldg., Emerald Avenue, Ortigas[,] Pasig, Metro Manila. **This inclusion of individual respondents as party respondents in the present case is to guarantee the satisfaction of any judgment award on the basis of Article 212(c) of the Philippine Labor Code, as amended, which says:**

> **"Employer includes any person acting in the interest of an employer, directly or indirectly.** It does not, however, include any labor organization or any of its officers or agents except when acting as employer."

The provision was culled from Section 2, Republic Act 602, the Minimum Wage Act. If the employer is an artificial person, it must have an officer who can be presumed to be the employer, being "the person acting in the interest of the employer." The corporation is the employer, only in the technical sense. (*A.C. Ransom Labor Union CCLU vs. NLRC*, G.R. 69494, June 10, 1986). Where the employer-corporation, AS IN THE PRESENT CASE, is no longer existing and unable to satisfy the judgment in favor of the employee, the officer should be held liable for acting on behalf of the corporation. (*Gudez vs. NLRC*, G.R. 83023, March 22, 1990). Also in the recent celebrated case of *Camelcraft Corporation vs. NLRC*, G.R. 90634-35 (June 6, 1990), Carmen contends that she is not liable for the acts of the company, assuming it had [acted] illegally, because Camelcraft in a distinct and separate entity with a legal personality of its own. She claims that she is only an agent of the company carrying out the decisions of its board of directors, "We do not agree," said the Supreme Court. "She is, in fact and legal effect, the corporation, being not only its president and general manager but also its owner." The responsible officer of an employer can be held personally liable not to say even criminally liable for nonpayment of backwages. This is the policy of the law. If it were otherwise, corporate employers would have devious ways to evade paying backwages. (*A.C. Ransom Labor Union-CCLU v. NLRC*, G.R. 69494, June 10, 1986). If no definite proof exists as to who is the responsible officer, the president of the corporation who can be deemed to be its chief operation officer shall be presumed to be the responsible officer. In Republic Act 602, for example, criminal

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responsibility is with the "manager" or in his default, the person acting as such (*Ibid.*)[7] (Emphasis supplied)

Atty. Joshua L. Pastores (Atty. Pastores), as counsel for respondents, submitted a position paper dated 21 February 1994 and stated that complainants should not have impleaded Carag and David because MAC is actually owned by a consortium of banks. Carag and David own shares in MAC only to qualify them to serve as MAC's officers.

Without any further proceedings, Arbiter Ortiguerra rendered her Decision dated 17 June 1994 granting the motion to implead Carag and David. In the same Decision, Arbiter Ortiguerra declared Carag and David solidarily liable with MAC to complainants.

The Ruling of the Labor Arbiter

In her Decision dated 17 June 1994, Arbiter Ortiguerra ruled as follows:

> This is a complaint for illegal dismissal brought about by the illegal closure and cessation of business filed by NAFLU and Mariveles Apparel Corporation Labor Union for and in behalf of all rank and file employees against respondents Mariveles Apparel Corporation, Antonio Carag and Armando David [who are] its owners, Chairman of the Board and President, respectively.
>
> This case was originally raffled to the sala of Labor Arbiter Adolfo V. Creencia. When the latter went on sick leave, his cases were re-raffled and the instant case was assigned to the sala of the undersigned. **Upon receipt of the record of the case, the parties were summoned for them to be able to explore options for settlement**. The respondents however did not appear prompting this Office to submit the case for resolution based on extant pleadings, thus this decision.
>
> **The complainants claim that on July 8, 1993 without notice of any kind the company ceased its operation as a prelude to a final closing of the firm**. The complainants allege that up to the present the company has remained closed.

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[7] *Id*. at 153-155.

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The complainants bewail that at the time of the closure, employees who have rendered one to two weeks of work were not given their salaries and the same have remained unpaid.

The complainants aver that respondent company prior to its closure did not even bother to serve written notice to employees and to the Department of Labor and Employment at least one month before the intended date of closure. The respondents did not even establish that its closure was done in good faith. Moreover, the respondents did not pay the affected employees separation pay, the amount of which is provided in the existing Collective Bargaining Agreement between the complainants and the respondents.

The complainants pray that they be allowed to implead Atty. Antonio Carag and Mr. Armando David[,] owners and responsible officer[s] of respondent company to assure the satisfaction of the judgment, should a decision favorable to them be rendered. In support of their claims, the complainants invoked the ruling laid down by the Supreme Court in the case of *A.C. Ransom Labor Union CCLU vs. NLRC,* G.R. No. 69494, June 10, 1986 where it was held that [a] corporate officer can be held liable for acting on behalf of the corporation when the latter is no longer in existence and there are valid claims of workers that must be satisfied.

The complainants pray for the declaration of the illegality of the closure of respondents' business. Consequently, their reinstatement must be ordered and their backwages must be paid. Should reinstatement be not feasible, the complainants pray that they be paid their separation pay in accordance with the computation provided for in the CBA. Computations of separation pay due to individual complainants were adduced in evidence (Annexes "C" to "C-44", Complainants' Position Paper). The complainants also pray for the award to them of attorney's fee[s].

The respondents on the other hand by way of controversion maintain that the present complaint was filed prematurely. The respondents deny having totally closed and insist that respondent company is only on a temporary shut-down occasioned by the pending labor unrest. There being no permanent closure any claim for separation pay must not be given due course.

Respondents opposed the impleader of Atty. Antonio C. Carag and Mr. Armando David saying that they are not the owners of Mariveles Apparel Corporation and they are only minority stockholders holding qualifying shares. Piercing the veil of corporate fiction cannot be

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done in the present case for such remedy can only be availed of in case of closed or family owned corporations.

Respondents pray for the dismissal of the present complaint and the denial of complainants' motion to implead Atty. Antonio C. Carag and Mr. Armando David as party respondents.

This Office is now called upon to resolve the following issues:

1. Whether or not the respondents are guilty of illegal closure;
2. Whether or not individual respondents could be held personally liable; and
3. Whether or not the complainants are entitled to an award of attorney's fees.

After a judicious and impartial consideration of the record, this Office is of the firm belief that the complainants must prevail.

The respondents described the cessation of operations in its premises as a temporary shut-down. While such posturing may have been initially true, it is not so anymore. The cessation of operations has clearly exceeded the six months period fixed in Article 286 of the Labor Code. The temporary shutdown has ripened into a closure or cessation of operations for causes not due to serious business losses or financial reverses. Consequently, the respondents must pay the displaced employees separation pay in accordance with the computation prescribed in the CBA, to wit, one month pay for every year of service. It must be stressed that respondents did not controvert the verity of the CBA provided computation.

The complainants claim that Atty. Antonio Carag and Mr. Armando David should be held jointly and severally liable with respondent corporation. This bid is premised on the belief that the impleader of the aforesaid officers will guarantee payment of whatever may be adjudged in complainants' favor by virtue of this case. It is a basic principle in law that corporations have personality distinct and separate from the stockholders. This concept is known as corporate fiction. Normally, officers acting for and in behalf of a corporation are not held personally liable for the obligation of the corporation. In instances where corporate officers dismissed employees in bad faith or wantonly violate labor standard laws or when the company had already ceased operations and there is no

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way by which a judgment in favor of employees could be satisfied, corporate officers can be held jointly and severally liable with the company. This Office after a careful consideration of the factual backdrop of the case is inclined to grant complainants' prayer for the impleader of Atty. Antonio Carag and Mr. Armando David, to assure that valid claims of employees would not be defeated by the closure of respondent company.

The complainants pray for the award to them of moral and exemplary damages, suffice it to state that they failed to establish their entitlement to aforesaid reliefs when they did not adduce persuasive evidence on the matter.

The claim for attorney's fee[s] will be as it is hereby resolved in complainants' favor. As a consequence of the illegal closure of respondent company, the complainants were compelled to litigate to secure benefits due them under pertinent laws. For this purpose, they secured the services of a counsel to assist them in the course of the litigation. It is but just and proper to order the respondents who are responsible for the closure and subsequent filing of the case to pay attorney's fee[s].

WHEREFORE, premises considered, judgment is hereby rendered declaring respondents jointly and severally guilty of illegal closure and they are hereby ordered as follows:

1. To pay complainants separation pay computed on the basis of one (1) month for every year of service, a fraction of six (6) months to be considered as one (1) year in the total amount of ₱49,101,621.00; and

2. To pay complainants attorney's fee in an amount equivalent to 10% of the judgment award.

The claims for moral, actual and exemplary damages are dismissed for lack of evidence.

SO ORDERED.[8] (Emphasis supplied)

MAC, Carag, and David, through Atty. Pastores, filed their Memorandum before the NLRC on 26 August 1994. Carag, through a separate counsel, filed an appeal dated 30 August

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[8] *Id*. at 169-175.

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1994 before the NLRC. Carag reiterated the arguments in respondents' position paper filed before Arbiter Ortiguerra, stating that:

2.1 While Atty. Antonio C. Carag is the Chairman of the Board of MAC and Mr. Armando David is the President, they are not the owners of MAC;

2.2 MAC is owned by a consortium of banks, as stockholders, and Atty. Antonio C. Carag and Mr. Armando David are only minority stockholders of the corporation, owning only qualifying shares;

2.3 MAC is not a family[-]owned corporation, that in case of a close [sic] corporation, piercing the corporate veil its [sic] possible to hold the stockholders liable for the corporation's liabilities;

2.4 MAC is a corporation with a distinct and separate personality from that of the stockholders; piercing the corporate veil to hold the stockholders liable for corporate liabilities is only true [for] close corporations (family corporations); this is not the prevailing situation in MAC;

2.5 Atty. Antonio Carag and Mr. Armando David are professional managers and the extension of shares to them are just qualifying shares to enable them to occupy subject position.[9]

Respondents also filed separate motions to reduce bond.

The Ruling of the NLRC

In a Resolution promulgated on 5 January 1995, the NLRC Third Division denied the motions to reduce bond. The NLRC stated that to grant a reduction of bond on the ground that the appeal is meritorious would be tantamount to ruling on the merits of the appeal. The dispositive portion of the Resolution of the NLRC Third Division reads, thus:

PREMISES CONSIDERED, Motions to Reduce Bond for both respondents are hereby DISMISSED for lack of merit. Respondents are directed to post cash or surety bond in the amount of forty-eight

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[9] *Id*. at 193-194.

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million one hundred one thousand six hundred twenty-one pesos (₱48,101,621.00) within an unextendible period of fifteen (15) days from receipt hereof.

No further Motions for Reconsideration shall be entertained.

SO ORDERED.[10]

Respondents filed separate petitions for *certiorari* before this Court under Rule 65 of the 1964 Rules of Court. Carag filed his petition, docketed as G.R. No. 118820, on 13 February 1995. In the meantime, we granted MAC's prayer for the issuance of a temporary restraining order to enjoin the NLRC from enforcing Arbiter Ortiguerra's Decision. On 31 May 1995, we granted complainants' motion for consolidation of G.R. No. 118820 with G.R. No. 118839 (*MAC v. NLRC, et al.*) and G.R. No. 118880 (*David v. Arbiter Ortiguerra, et al.*). On 12 July 1999, after all the parties had filed their memoranda, we referred the consolidated cases to the appellate court in accordance with our decision in *St. Martin Funeral Home v. NLRC*.[11] Respondents filed separate petitions before the appellate court.

The Ruling of the Appellate Court

On 29 February 2000, the appellate court issued a joint decision on the separate petitions. The appellate court identified two issues as essential: (1) whether Arbiter Ortiguerra properly held Carag and David, in their capacities as corporate officers, jointly and severally liable with MAC for the money claims of the employees; and (2) whether the NLRC abused its discretion in denying the separate motions to reduce bond filed by MAC and Carag.

The appellate court held that the absence of a formal hearing before the Labor Arbiter is not a cause for Carag and David to impute grave abuse of discretion. The appellate court found that Carag and David, as the most ranking officers of MAC, had a direct hand at the time in the illegal dismissal of MAC's

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[10] *Id*. at 203.

[11] 356 Phil. 811 (1998).

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employees. The failure of Carag and David to observe the notice requirement in closing the company shows malice and bad faith, which justifies their solidary liability with MAC. The appellate court also found that the circumstances of the present case do not warrant a reduction of the appeal bond. Thus:

> IN VIEW WHEREOF, the petitions are **DISMISSED**. The decision of Labor Arbiter Isabel Panganiban-Ortiguerra dated June 17, 1994, and the Resolution dated January 5, 1995, issued by the National Labor Relations Commission are hereby **AFFIRMED**. As a consequence of dismissal, the temporary restraining order issued on March 2, 1995, by the Third Division of the Supreme Court is **LIFTED**. Costs against petitioners.
>
> SO ORDERED.[12] (Emphasis in the original)

The appellate court denied respondents' separate motions for reconsideration.[13]

In a resolution dated 20 June 2001, this Court's First Division denied the petition for Carag's failure to show sufficiently that the appellate court committed any reversible error to warrant the exercise of our discretionary appellate jurisdiction. Carag filed a motion for reconsideration of our resolution denying his petition. In a resolution dated 13 August 2001, this Court's First Division denied Carag's reconsideration with finality.

Despite our 13 August 2001 resolution, Carag filed a second motion for reconsideration with an omnibus motion for leave to file a second motion for reconsideration. This Court's First Division referred the motion to the Court *En Banc*. In a resolution dated 25 June 2002, the Court *En Banc* resolved to grant the omnibus motion for leave to file a second motion for reconsideration, reinstated the petition, and required respondents to comment on the petition. On 25 November 2003, the Court *En Banc* resolved to suspend the rules to allow the second motion for reconsideration. This Court's First Division referred the

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[12] *Rollo,* p. 86.

[13] *Id*. at 89-90.

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petition to the Court *En Banc* on 14 July 2004, and the Court *En Banc* accepted the referral on 15 March 2005.

The Issues

Carag questions the appellate court's decision of 29 February 2000 by raising the following issues before this Court:

1. Has petitioner Carag's right to due process been blatantly violated by holding him personally liable for over ₱50 million of the corporation's liability, merely as board chairman and solely on the basis of the motion to implead him in midstream of the proceedings as additional respondent, without affording him the right to present evidence and in violation of the accepted procedure prescribed by Rule V of the NLRC Rules of Procedure, as to render the ruling null and void?

2. Assuming, *arguendo,* that he had been accorded due process, is the decision holding him solidarily liable supported by evidence when the only pleadings (not evidence) before the Labor Arbiter and that of the Court of Appeals are the labor union's motion to implead him as respondent and his opposition thereto, without position papers, without evidence submitted, and without hearing on the issue of personal liability, and even when bad faith or malice, as the only legal basis for personal liability, was expressly found absent and wanting by [the] Labor Arbiter, as to render said decision null and void?

3. Did the NLRC commit grave abuse of discretion in denying petitioner's motion to reduce appeal bond?[14]

The Ruling of the Court

We find the petition meritorious.

On Denial of Due Process to Carag and David

Carag asserts that Arbiter Ortiguerra rendered her Decision of 17 June 1994 without issuing summons on him, without requiring him to submit his position paper, without setting any hearing, without giving him notice to present his

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[14] *Id*. at 15.

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evidence, and without informing him that the case had been submitted for decision — in violation of Sections 2,[15] 3,[16]

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[15] Section 2. *Mandatory Conference/Conciliation.* — Within two (2) days from receipt of an assigned case, the Labor Arbiter shall summon the parties to a conference for the purpose of amicably settling the case upon a fair compromise or determining the real parties in interest, defining and simplifying the issues in the case, entering into admissions and/or stipulations of facts, and threshing out all other preliminary matters. The notice or summons shall specify the date, time and place of the preliminary conference/pretrial and shall be accompanied by a copy of the complaint.

Should the parties arrive at any agreement as to the whole or any part of the dispute, the same shall be reduced to writing and signed by the parties and their respective counsels, if any before the Labor Arbiter. The settlement shall be approved by the Labor Arbiter after being satisfied that it was voluntarily entered into by the parties and after having explained to them the terms and consequences thereof.

A compromise agreement entered into by the parties not in the presence of the Labor Arbiter before whom the case is pending shall be approved by him if, after confronting the parties, particularly the complainants, he is satisfied that they understand the terms and conditions of the settlement and that it was entered into freely and voluntarily by them and the agreement is not contrary to law, morals, and public policies.

A compromise agreement duly entered into in accordance with this Section shall be final and binding upon the parties and the Order approving it shall have the effect of a judgment rendered by the Labor Arbiter in the final disposition of the case.

The number of conferences shall not exceed three (3) settings and shall be terminated within thirty (30) calendar days from the date of the first conference.

[16] Section 3. *Submission of Position Papers/Memorandum.* — Should the parties fail to agree upon an amicable settlement, either in whole or in part, during the conferences, the Labor Arbiter shall issue an order stating therein the matters taken up and agreed upon during the conferences and directing the parties to simultaneously file their respective verified position papers.

These verified position papers shall cover only those claims and causes of action raised in the complaint excluding those that may have been amicably settled, and shall be accompanied by all supporting documents including the affidavits of their respective witnesses which shall take the place of the latter's direct testimony. The parties shall thereafter not be allowed to allege facts, or present evidence to prove facts, not referred to and any cause or

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4,[17] 5(b),[18] and 11(c)[19] of Rule V of The New Rules of Procedure of the NLRC.[20]

It is clear from the narration in Arbiter Ortiguerra's Decision that she only summoned complainants and MAC, and not Carag, to a conference for possible settlement. In her Decision, Arbiter Ortiguerra stated that she scheduled the conference "upon receipt of the record of the case." At the time of the conference, complainants had not yet submitted their position paper which contained the motion to implead Carag. Complainants could not have submitted their position paper before the conference

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causes of action not included in the complaint or position papers, affidavits and other documents. Unless otherwise requested in writing by both parties, the Labor Arbiter shall direct both parties to submit simultaneously their position papers/memorandum with the supporting documents and affidavits within fifteen (15) calendar days from the date of the last conference, with proof of having furnished each other with copies thereof.

[17] Section 4. *Determination of Necessity of Hearing*. — Immediately after the submission by the parties of their position papers/memorandum, the Labor Arbiter shall *motu proprio* determine whether there is need for a formal trial or hearing. At this stage, he may, at his discretion and for the purpose of making such determination, ask clarificatory questions to further elicit facts or information, including but not limited to the subpoena of relevant documentary evidence, if any, from any party or witness.

[18] Section 5. *Period to Decide Case.* — x x x

x x x x x x x x x

b) If the Labor Arbiter finds no necessity of further hearing after the parties have submitted their position papers and supporting documents, he shall issue and Order to that effect and shall inform the parties, stating the reasons therefor. In any event, he shall render his decision in the case within the same period provided in paragraph (a) hereof.

[19] Section 11. *Non-appearance of Parties at Conference/Hearings.* — x x x

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c) In case of two (2) successive unjustified non-appearances by the respondent during his turn to present evidence, despite due notice, the case shall be considered submitted for decision on the basis of the evidence so far presented.

[20] Promulgated on 31 August 1990 and took effect on 9 October 1990.

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since procedurally the Arbiter directs the submission of position papers only *after* the conference.[21] Complainants submitted their position paper only on 10 January 1994, five months after filing the complaint. **In short, at the time of the conference, Carag was not yet a party to the case. Thus, Arbiter Ortiguerra could not have possibly summoned Carag to the conference.**

Carag vigorously denied receiving summons to the conference, and complainants have not produced any order of Arbiter Ortiguerra summoning Carag to the conference. A thorough search of the records of this case fails to show any order of Arbiter Ortiguerra directing Carag to attend the conference. Clearly, Arbiter Ortiguerra did not summon Carag to the conference.

When MAC failed to appear at the conference, Arbiter Ortiguerra declared the case submitted for resolution. **In her Decision, Arbiter Ortiguerra granted complainants' motion to implead Carag and at the same time, in the same Decision, found Carag personally liable for the debts of MAC consisting of ₱49,101,621 in separation pay to complainants.** Arbiter Ortiguerra never issued summons to Carag, never called him to a conference for possible settlement, never required him to submit a position paper, never set the case for hearing, never notified him to present his evidence, and never informed him that the case was submitted for decision — all in violation of Sections 2, 3, 4, 5(b), and 11(c) of Rule V of The New Rules of Procedure of the NLRC.

Indisputably, there was utter absence of due process to Carag at the arbitration level. The procedure adopted by Arbiter Ortiguerra completely prevented Carag from explaining his side and presenting his evidence. this alone renders Arbiter Ortiguerra's Decision a nullity insofar as Carag is concerned. While labor arbiters are not required to conduct a formal hearing or trial, they have no license to dispense with the basic requirements of due process such as affording respondents the opportunity to be heard. In *Habana v. NLRC*,[22] we held:

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[21] Section 3, Rule V of The New Rules of Procedure of the NLRC.

[22] 372 Phil. 873, 877-879 (1999).

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The sole issue to be resolved is whether private respondents OMANFIL and HYUNDAI were denied due process when the Labor Arbiter decided the case solely on the basis of the position paper and supporting documents submitted in evidence by Habana and De Guzman.

We rule in the affirmative. The manner in which this case was decided by the Labor Arbiter left much to be desired in terms of respect for the right of private respondents to due process —

First, there was only one conciliatory conference held in this case. This was on 10 May 1996. During the conference, the parties did not discuss at all the possibility of amicable settlement due to petitioner's stubborn insistence that private respondents be declared in default.

Second, the parties agreed to submit their respective motions — petitioner's motion to declare respondents in default and private respondents' motion for bill of particulars — for the consideration of the Labor Arbiter. The Labor Arbitration Associate, one Ms. Gloria Vivar, then informed the parties that they would be notified of the action of the Labor Arbiter on the pending motions.

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Third, since the conference on 10 May 1996 no order or notice as to what action was taken by the Labor Arbiter in disposing the pending motions was ever received by private respondents. They were not declared in default by the Labor Arbiter nor was petitioner required to submit a bill of particulars.

Fourth, neither was there any order or notice requiring private respondents to file their position paper, nor an order informing the parties that the case was already submitted for decision. What private respondents received was the assailed decision adverse to them.

It is clear from the foregoing that there was an utter absence of opportunity to be heard at the arbitration level, as the procedure adopted by the Labor Arbiter virtually prevented private respondents from explaining matters fully and presenting their side of the controversy. They had no chance whatsoever to at least acquaint the Labor Arbiter with whatever defenses they might have to the charge that they illegally dismissed petitioner. In fact, private respondents presented their position paper and documentary evidence only for the first time on appeal to the NLRC.

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The essence of due process is that a party be afforded a reasonable opportunity to be heard and to submit any evidence he may have in support of his defense. Where, as in this case, sufficient opportunity to be heard either through oral arguments or position paper and other pleadings is not accorded a party to a case, there is undoubtedly a denial of due process.

It is true that Labor Arbiters are not bound by strict rules of evidence and of procedure. The manner by which Arbiters dispose of cases before them is concededly a matter of discretion. However, that discretion must be exercised regularly, legally and within the confines of due process. They are mandated to use every reasonable means to ascertain the facts of each case, speedily, objectively and without regard to technicalities of law or procedure, all in the interest of justice and for the purpose of accuracy and correctness in adjudicating the monetary awards.

In this case, Carag was in a far worse situation. Here, Carag was not issued summons, not accorded a conciliatory conference, not ordered to submit a position paper, not accorded a hearing, not given an opportunity to present his evidence, and not notified that the case was submitted for resolution. Thus, we hold that Arbiter Ortiguerra's Decision is void as against Carag for utter absence of due process. It was error for the NLRC and the Court of Appeals to uphold Arbiter Ortiguerra's decision as against Carag.

On the Liability of Directors for Corporate Debts

This case also raises this issue: when is a director personally liable for the debts of the corporation? The rule is that a director is not personally liable for the debts of the corporation, which has a separate legal personality of its own. Section 31 of the Corporation Code lays down the exceptions to the rule, as follows:

Liability of directors, trustees or officers.— Directors or trustees who wilfully and knowingly vote for or assent to patently unlawful acts of the corporation or who are guilty of gross negligence or bad faith in directing the affairs of the corporation or acquire any personal or pecuniary interest in conflict with their duty as such directors or trustees shall be liable jointly and severally for all damages resulting

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therefrom suffered by the corporation, its stockholders or members and other persons.

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Section 31 makes a director personally liable for corporate debts if he **wilfully and knowingly votes for or assents to patently unlawful acts of the corporation.** Section 31 also makes a director personally liable if he is *guilty of gross negligence or bad faith in directing the affairs of the corporation*.

Complainants did not allege in their complaint that Carag wilfully and knowingly voted for or assented to any patently unlawful act of MAC. Complainants did not present any evidence showing that Carag wilfully and knowingly voted for or assented to any patently unlawful act of MAC. Neither did Arbiter Ortiguerra make any finding to this effect in her Decision.

Complainants did not also allege that Carag is guilty of gross negligence or bad faith in directing the affairs of MAC. Complainants did not present any evidence showing that Carag is guilty of gross negligence or bad faith in directing the affairs of MAC. Neither did Arbiter Ortiguerra make any finding to this effect in her Decision.

Arbiter Ortiguerra stated in her Decision that:

> In instances where corporate officers dismissed employees in bad faith or wantonly violate labor standard laws or when the company had already ceased operations and there is no way by which a judgment in favor of employees could be satisfied, corporate officers can be held jointly and severally liable with the company.[23]

After stating what she believed is the law on the matter, Arbiter Ortiguerra stopped there and did not make any finding that Carag is guilty of bad faith or of wanton violation of labor standard laws. Arbiter Ortiguerra did not specify what act of bad faith Carag committed, or what particular labor standard laws he violated.

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[23] *Rollo,* p. 173.

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To hold a director personally liable for debts of the corporation, and thus pierce the veil of corporate fiction, the bad faith or wrongdoing of the director must be established clearly and convincingly.[24] Bad faith is never presumed.[25] Bad faith does not connote bad judgment or negligence. Bad faith imports a dishonest purpose. Bad faith means breach of a known duty through some ill motive or interest. Bad faith partakes of the nature of fraud.[26] In *Businessday Information Systems and Services, Inc. v. NLRC*,[27] we held:

> There is merit in the contention of petitioner Raul Locsin that the complaint against him should be dismissed. A corporate officer is not personally liable for the money claims of discharged corporate employees unless he acted with evident malice and bad faith in terminating their employment. There is no evidence in this case that Locsin acted in bad faith or with malice in carrying out the retrenchment and eventual closure of the company (*Garcia vs. NLRC*, 153 SCRA 640), hence, he may not be held personally and solidarily liable with the company for the satisfaction of the judgment in favor of the retrenched employees.

Neither does bad faith arise automatically just because a corporation fails to comply with the notice requirement of labor laws on company closure or dismissal of employees. The failure to give notice is not an unlawful act because the law does not define such failure as unlawful. Such failure to give notice is a violation of procedural due process but does not amount to an unlawful or criminal act. Such procedural defect is called illegal dismissal because it fails to comply with mandatory procedural requirements, but it is not illegal in the sense that it constitutes an unlawful or criminal act.

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[24] *McLeod v. NLRC,* G.R. No. 146667, 23 January 2007, citing *Lim v. Court of Appeals*, 380 Phil. 60 (2000) and *Del Rosario v. NLRC*, G.R. No. 85416, 24 July 1990, 187 SCRA 777.

[25] *Id.*

[26] *Id.*

[27] G.R. No. 103575, 5 April 1993, 221 SCRA 9, 14.

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For a wrongdoing to make a director personally liable for debts of the corporation, the wrongdoing approved or assented to by the director must be a **patently unlawful act**. Mere failure to comply with the notice requirement of labor laws on company closure or dismissal of employees does not amount to a patently unlawful act. Patently unlawful acts are those **declared unlawful by law** which imposes penalties for commission of such unlawful acts. There must be a law declaring the act unlawful and penalizing the act.

An example of a patently unlawful act is violation of Article 287 of the Labor Code, which states that "[V]iolation of this provision is hereby **declared unlawful** and subject to the penal provisions provided under Article 288 of this Code." Likewise, Article 288 of the Labor Code on Penal Provisions and Liabilities, provides that "any violation of the provision of this Code **declared unlawful or penal in nature** shall be punished with a fine of not less than One Thousand Pesos (₱1,000.00) nor more than Ten Thousand Pesos (₱10,000.00), or imprisonment of not less than three months nor more than three years, or both such fine and imprisonment at the discretion of the court."

In this case, Article 283[28] of the Labor Code, requiring a one-month prior notice to employees and the Department of

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[28] Art. 283. *Closure of Establishment and Reduction of Personnel.* — The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the workers and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (½) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered as one (1) whole year.

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Labor and Employment before any permanent closure of a company, does not state that non-compliance with the notice is an unlawful act punishable under the Code. There is no provision in any other Article of the Labor Code declaring failure to give such notice an unlawful act and providing for its penalty.

Complainants did not allege or prove, and Arbiter Ortiguerra did not make any finding, that Carag approved or assented to any patently unlawful act to which the law attaches a penalty for its commission. On this score alone, Carag cannot be held personally liable for the separation pay of complainants.

This leaves us with Arbiter Ortiguerra's assertion that "when the company had already ceased operations and there is no way by which a judgment in favor of employees could be satisfied, corporate officers can be held jointly and severally liable with the company." This assertion echoes the complainants' claim that Carag is personally liable for MAC's debts to complainants "on the basis of Article 212(e) of the Labor Code, as amended," which says:

> **'Employer' includes any person acting in the interest of an employer, directly or indirectly.** The term shall not include any labor organization or any of its officers or agents except when acting as employer. (Emphasis supplied)

Indeed, complainants seek to hold Carag personally liable for the debts of MAC based solely on Article 212(e) of the Labor Code. This is the specific legal ground cited by complainants, and used by Arbiter Ortiguerra, in holding Carag personally liable for the debts of MAC.

We have already ruled in *McLeod v. NLRC*[29] and *Spouses Santos v. NLRC*[30] that **Article 212(e) of the Labor Code, by itself, does not make a corporate officer personally liable for the debts of the corporation**. The governing law on personal

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[29] See note 24.

[30] 354 Phil. 918 (1998).

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liability of directors for debts of the corporation is still Section 31 of the Corporation Code. Thus, we explained in *McLeod*:

> Personal liability of corporate directors, trustees or officers attaches only when (1) they assent to a patently unlawful act of the corporation, or when they are guilty of bad faith or gross negligence in directing its affairs, or when there is a conflict of interest resulting in damages to the corporation, its stockholders or other persons; (2) they consent to the issuance of watered down stocks or when, having knowledge of such issuance, do not forthwith file with the corporate secretary their written objection; (3) they agree to hold themselves personally and solidarily liable with the corporation; or (4) they are made by specific provision of law personally answerable for their corporate action.
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The ruling in *A.C. Ransom Labor Union-CCLU v. NLRC*, which the Court of Appeals cited, does not apply to this case. We quote pertinent portions of the ruling, thus:

> (a) Article 265 of the Labor Code, in part, expressly provides:
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> "Any worker whose employment has been terminated as a consequence of an unlawful lockout shall be entitled to reinstatement with full backwages."
>
> Article 273 of the Code provides that:
>
> "Any person violating any of the provisions of Article 265 of this Code **shall be punished by a fine of not exceeding five hundred pesos and/or imprisonment** for not less than one (1) day nor more than six (6) months."
>
> (b) How can the foregoing provisions be implemented when the employer is a corporation? The answer is found in Article 212 (c) of the Labor Code which provides:
>
> "(c) 'Employer' includes any person acting in the interest of an employer, directly or indirectly. The term shall not include any labor organization or any of its officers or agents except when acting as employer."
>
> The foregoing was culled from Section 2 of RA 602, the Minimum Wage Law. Since RANSOM is an artificial person, it must have an officer who can be presumed to be the employer,

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being the "person acting in the interest of (the) employer" RANSOM. The corporation, only in the technical sense, is the employer.

The responsible officer of an employer corporation can be held personally, not to say even criminally, liable for non-payment of back wages. That is the policy of the law.

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(c) If the policy of the law were otherwise, the corporation employer can have devious ways for evading payment of back wages. **In the instant case, it would appear that RANSOM, in 1969, foreseeing the possibility or probability of payment of back wages to the 22 strikers, organized ROSARIO to replace RANSOM, with the latter to be eventually phased out if the 22 strikers win their case.** RANSOM actually ceased operations on May 1, 1973, after the December 19, 1972 Decision of the Court of Industrial Relations was promulgated against RANSOM. (Emphasis supplied)

Clearly, in *A.C. Ransom*, RANSOM, through its President, organized ROSARIO to evade payment of backwages to the 22 strikers. This situation, or anything similar showing malice or bad faith on the part of Patricio, does not obtain in the present case. In *Santos v. NLRC*, the Court held, thus:

It is true, there were various cases when corporate officers were themselves held by the Court to be personally accountable for the payment of wages and money claims to its employees. In *A.C. Ransom Labor Union-CCLU vs. NLRC*, for instance, the Court ruled that under the Minimum Wage Law, the responsible officer of an employer corporation could be held personally liable for nonpayment of backwages for "(i)f the policy of the law were otherwise, the corporation employer (would) have devious ways for evading payment of backwages." In the absence of a clear identification of the officer directly responsible for failure to pay the backwages, the Court considered the President of the corporation as such officer. The case was cited in *Chua vs. NLRC* in holding personally liable the vice-president of the company, being the highest and most ranking official of the corporation next to the President who was dismissed for the latter's claim for unpaid wages.

A review of the above exceptional cases would readily disclose the attendance of facts and circumstances that could rightly sanction personal liability on the part of the company officer. In *A.C. Ransom*, the corporate entity was a family corporation and **execution against it could not be implemented because of the disposition posthaste of its leviable assets evidently in order to evade its just and due obligations. The doctrine of "piercing the veil of corporate fiction" was thus clearly appropriate.** *Chua* likewise involved another family corporation, and this time the conflict was between two brothers occupying the highest ranking positions in the company. There were incontrovertible facts which pointed to extreme personal animosity that resulted, evidently in bad faith, in the easing out from the company of one of the brothers by the other.

The basic rule is still that which can be deduced from the Court's pronouncement in *Sunio vs. National Labor Relations Commission*, thus:

> We come now to the personal liability of petitioner, Sunio, who was made jointly and severally responsible with petitioner company and CIPI for the payment of the backwages of private respondents. This is reversible error. The Assistant Regional Director's Decision failed to disclose the reason why he was made personally liable. Respondents, however, alleged as grounds thereof, his being the owner of one-half (½) interest of said corporation, and his alleged arbitrary dismissal of private respondents.
>
> Petitioner Sunio was impleaded in the Complaint in his capacity as General Manager of petitioner corporation. There appears to be no evidence on record that he acted maliciously or in bad faith in terminating the services of private respondents. His act, therefore, was within the scope of his authority and was a corporate act.
>
> It is basic that a corporation is invested by law with a personality separate and distinct from those of the persons composing it as well as from that of any other legal entity to which it may be related. Mere ownership by a single stockholder or by another corporation of all or nearly all of the capital stock of a corporation is not of itself sufficient ground for disregarding the separate corporate personality. Petitioner Sunio, therefore, should not have been made

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> personally answerable for the payment of private respondents' back salaries.

Thus, the rule is still that the doctrine of piercing the corporate veil applies only when the corporate fiction is used to defeat public convenience, justify wrong, protect fraud, or defend crime. In the absence of malice, bad faith, or a specific provision of law making a corporate officer liable, such corporate officer cannot be made personally liable for corporate liabilities. **Neither Article 212[e] nor Article 273 (now 272) of the Labor Code expressly makes any corporate officer personally liable for the debts of the corporation**. As this Court ruled in *H.L. Carlos Construction, Inc. v. Marina Properties Corporation*:

> We concur with the CA that these two respondents are not liable. Section 31 of the Corporation Code (Batas Pambansa Blg. 68) provides:
>
> > "Section 31. *Liability of directors, trustees or officers*. - Directors or trustees who willfully and knowingly vote for or assent to patently unlawful acts of the corporation or who are guilty of gross negligence or bad faith ... shall be liable jointly and severally for all damages resulting therefrom suffered by the corporation, its stockholders and other persons."
>
> The personal liability of corporate officers validly attaches only when (a) they assent to a patently unlawful act of the corporation; or (b) they are guilty of bad faith or gross negligence in directing its affairs; or (c) they incur conflict of interest, resulting in damages to the corporation, its stockholders or other persons.[31] (Boldfacing in the original; boldfacing with underscoring supplied)

Thus, it was error for Arbiter Ortiguerra, the NLRC, and the Court of Appeals to hold Carag personally liable for the separation pay owed by MAC to complainants based alone on Article 212(e) of the Labor Code. Article 212(e) does not state that corporate officers are personally liable for the unpaid salaries or separation pay of employees of the corporation. The liability

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[31] *McLeod v. NLRC, supra* note 24.

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of corporate officers for corporate debts remains governed by Section 31 of the Corporation Code.

WHEREFORE, we *GRANT* the petition. We *SET ASIDE* the Decision dated 29 February 2000 and the Resolution dated 27 March 2001 of the Court of Appeals in CA-G.R. SP Nos. 54404-06 insofar as petitioner Antonio Carag is concerned.

SO ORDERED.

Puno, C.J., Ynares-Santiago, Sandoval-Gutierrez, Austria-Martinez, Corona, Callejo, Sr., Azcuna, Tinga, Chico-Nazario, Garcia, Velasco, Jr., and *Nachura, JJ.,* concur.

Quisumbing, J., concurs in the result.

Carpio Morales, J., took no part. As CA justice, I concurred in the assailed *ponencia*.

FIRST DIVISION

[G.R. No. 149875. April 2, 2007]

AMA COMPUTER COLLEGE, INC., *petitioner, vs.* **ATTY. A. D. VALMONTE,** *respondent.*

SYLLABUS

REMEDIAL LAW; CIVIL PROCEDURE; APPEALS; PETITION FOR REVIEW ON *CERTIORARI* TO THE SUPREME COURT UNDER RULE 45; ONLY ERRORS OF LAW, PROPER.— Section 1, Rule 45 of the 1997 Rules of Civil Procedure, as amended, provides: *Filing of petition with the Supreme Court*. – A party desiring to appeal by *certiorari* from a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on *certiorari*.