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WHEREFORE, the appealed decision is *REVERSED* and the accused-appellant *ACQUITTED* on reasonable doubt. It is further ordered that he be *RELEASED* immediately.

Narvasa (Chairman), Gancayco, Griño-Aquino, and *Medialdea, JJ.*, concur.

FIRST DIVISION

[G.R. No. 84502. June 30, 1989]

CHRISTIAN CHILDREN'S FUND, *petitioner, vs.* **NATIONAL LABOR RELATIONS COMMISSION, LABOR ARBITER RICARDO OLAIREZ, ELIZABETH SALAO, FELISA MAMARIL, FELIPA PITOK, JOY GONSODEN and ELENA ECLARINO,** *respondents.*

SYLLABUS

1. LABOR AND SOCIAL LEGISLATION; LABOR STANDARDS; EMPLOYER-EMPLOYEE RELATIONSHIP; HOW DETERMINED. — A close scrutiny of this contract shows that the petitioner financially supports the charitable program undertaken by the Cristo Regis Center; *there is no formal legal relationship between petitioner and the Cristo Regis Center (Project); the Cristo Regis Center is not an agent of the petitioner; the petitioner and the Cristo Regis Center (Project) are independent of one another; and the Cristo Regis Center (Project) has no authority to, and can not and will not enter into any agreement on behalf of the petitioner or bind it or pledge credit in any way.* These are eloquent indicators that the Cristo Regis Center is not an agent of the petitioner. The above contract was good for five (5) years, and it was renewed three times, before the Cristo Regis Center ceased to operate. The contract is subject to termination when either the petitioner

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or the Cristo Regis Center violates any of its conditions. Obviously, the petitioner is not the employer of the private respondents. The funds of petitioner are different and distinct from the Cristo Regis Center. Each entity has its own separate organizational set-up. They operate independently of each other. The private respondents were under the supervision and control of the Cristo Regis Center, not the petitioner. Since the petitioner is not the employer of private respondents, it logically follows that the Cristo Regis Center, the entity that hired them, must be their employer.

2. MERCANTILE LAW; CORPORATIONS; CORPORATION BY ESTOPPEL; DOCTRINE ADHERED TO IN CASE AT BAR. — Their contention that Cristo Regis Center, not being a duly organized corporation listed in the Securities and Exchange Commission, cannot be liable for contracts entered into by it, is not tenable. This organization was created for a specific charitable objective. As an organization lawfully created, the doctrine of corporation by estoppel will apply. When a third person has entered into a contract with an association which represented itself to be a corporation, the association will be estopped from denying its corporate capacity in a suit against it by such third person. It cannot allege lack of capacity to be sued to evade responsibility on a contract it had entered into and by virtue of which it received advantages and benefits.

3. LABOR AND SOCIAL LEGISLATION; TERMINATION OF EMPLOYMENT; CLOSURE OF ESTABLISHMENT, GROUND FOR TERMINATION. — The closure of the Cristo Regis Center was inevitable. It is a cogent basis for retrenchment or termination of its employees. Private respondents were thus not illegally dismissed.

D E C I S I O N

GANCAYCO, *J.*:

The principal issue in this case is whether or not the petitioner Christian Children's Fund is the real employer of the private respondents, and not the Cristo Regis Center, an organization that is not incorporated.

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The secondary issues are whether or not the respondent Commission committed a grave abuse of discretion in dismissing the petitioner's appeal on the ground that the same had been filed beyond the reglementary period and whether or not there was illegal dismissal of the private respondents by their employer.

The petitioner questions the resolution of the Fifth Division of the National Labor Relations Commission (NLRC) in NLRC Case No. RABI-0035-85 dated January 29, 1988, dismissing its appeal on the ground that the same was filed beyond the ten-day reglementary period.[1] Petitioner's motion for reconsideration thereof was likewise denied on April 18, 1988.[2]

In the decision of Labor Arbiter Ricardo N. Olairez dated April 30, 1986, which was considered final and executory by the NLRC, the dispositive portion reads as follows:

"WHEREFORE, in the light of the foregoing considerations, the respondent Christian Children's Fund, Inc. is hereby ordered to pay complainants, as follows:

1. *ELIZABETH SALAO:*

₱25,446.00	–	One year full backwages
8,717.00	–	Separation pay, one-half month
₱34,163.00		pay of basic rate, 11 years service.

2. *FELISA MAMARIL*:

₱24,306.00	–	one year full backwages
5,960.00	–	separation pay, one-half month
₱30,266.00		pay of basic rate, 8 years service.

3. *FELIPA PITOK*:

₱24,306.00	–	One year full backwages
5,215.00	–	Separation pay, one-half month
₱29,521.00		pay of basic rate, 7 years service.

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[1] Pages 17 to 19. *Rollo*; Presiding Commissioner Lourdes C. Javier wrote the resolution. Commissioners Danilo Lorredo and Nestor C. Lim concurred in the same.

[2] Page 20. *Rollo*.

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4. *ELENA ECLARINO*:

₱23,106.00	–	One year full backwages
4,170.00	–	Separation pay, one-half month pay
₱27,276.00		of basic rate, 6 years service.

5. *JOY GONSODEN*:

₱22,266.00	–	One year full backwages
2,640.00	–	Separation pay, one-half month pay
₱24,906.00		of basic rate, 4 years service.

amounting to a total of ONE HUNDRED FORTY SIX THOUSAND ONE HUNDRED THIRTY TWO and 50/100 (₱146,132.50), plus ten (10%) percent attorney's fees (₱14,613.25) of the total amount granted or a grand total of ₱160,745.74 award.

Respondent CCF, Inc. is finally ordered to present proof of compliance with this Order within (10) days from receipt of this decision in order to obviate the issuance of a Writ of Execution.

SO ORDERED."[3]

The petitioner, through counsel, received notice of the decision of the labor arbiter on May 15, 1986. Pursuant to the ten-day reglementary period prescribed by law, the petitioner had until May 25, 1986 to file an appeal to the NLRC. The record discloses that the petitioner posted its Memorandum of Appeal and Motion for Reconsideration by way of registered mail on May 24, 1986 as shown by the registry receipts.[4] Considering that the date of mailing is deemed to be the date of filing,[5] the inevitable conclusion is that the petitioner filed the Memorandum of Appeal and Motion for Reconsideration within the reglementary period for doing so. Thus, the questioned resolutions of public respondent NLRC dismissing the appeal are without merit. It determined the date of receipt of the memorandum of appeal stamped thereon which is May 30, 1986 to be the date of filing when petitioner emphasized it was filed by sending the same through registered

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[3] Pages 29-30, *Rollo*. The computation should have read ₱160,745.20.

[4] Annexes M and M-1 to Petition.

[5] Section 2, Rule 13, Rules of Court.

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mail. The NLRC should have verified the letter envelope which should be attached to the records of the case as it reflects the date of its mailing. In failing to do so it committed a grave abuse of discretion.

The petitioner now assails the labor arbiter's decision alleging that it is not the employer of the private respondents, they being employees of the separate entity Cristo Regis Center; that the Cristo Regis Center is not an agent of the petitioner; and that the private respondents were never illegally dismissed by the petitioner, so it cannot be liable for their money claims.

On August 31, 1988, this Court issued a temporary restraining order. The petitioner was required to file a bond in the amount of ₱25,000.00.[6]

The petition is meritorious.

Although this case could have been remanded to the NLRC for further proceedings, the Court resolved to entertain the case to avoid multiplicity of suits.

To determine whether or not the petitioner is the real employer of private respondents, We must examine the contract between the petitioner and the Cristo Regis Center. The contract is reproduced in its entirety:

AGREEMENT BETWEEN THE MANILA FIELD OFFICE OF CHRISTIAN CHILDREN'S FUND, INC., AND CRISTO REGIS CENTER, FMP

PREAMBLE

Christian Children's Fund, Inc. (hereafter called CCF), and Cristo Regis Center, FMP (hereafter called the Project), desire to enter into an agreement under which CCF will offer support to the project as long as it is programmatically and financially capable and as described and limited in this Agreement. *There is no formal legal relationship between CCF and the Project except the Agreement. The project is not an agent of CCF. CCF and the Project are independent of one another. The Project has no authority to, and can not and will not*

[6] Pages 104 to 108, *Rollo*.

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enter into any agreement on behalf of CCF or bind CCF or pledge credit in any way.

THE PROJECT AGREES TO

1. Utilize CCF support for direct service to the child and his family. Administrative and capital expenses may not be funded by CCF unless agreed upon by the CCF field office.
2. Develop and utilize support sources in addition to CCF support.
3. Become knowledgeable of CCF program goals and meet, within an agreed period of time, CCF's criteria for the type of services this project seeks to offer.
4. In agreement with CCF set, with the intent of accomplishing, annual objectives which are geared to the improvement of all project services and functions.
5. Participate in CCF conferences, workshops or seminars conducted for the purpose of training and enrichment.
6. Keep adequate records on the admission and dismissal of children in a project.
7. Develop with the assistance of CCF a supportive and constructive relationship for the child with the sponsor.
8. Submit to CCF for agreement, the criteria to be used in determining eligibility for CCF assistance.
9. Furnish to CCF needed child information for sponsor assignment, needed correspondence to maintain sponsor relationships and needed information when a child's status changes within the period of time set by the CCF field office.
10. Conduct all contact with CCF sponsors through the CCF field office and not establish direct relationships or communications with sponsors. The child-sponsor relationship should be considered confidential at all times.
11. Provide special grants to help fund approved requests for specific, short-term plans which augment the regular long-term program goals of Project.

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THE PROJECT AND CCF AGREEMENT:

1. If either CCF or the Project establishes that any of the articles of this Agreement have been contravened, the relationship between CCF and the Project is subject to termination.

2. This Agreement expires 5 year(s) after the date of signature. Prior to the expiration of this Agreement, representatives of CCF and the Project will review the relationship and cooperation of the two agencies, the effect of CCF's assistance, the success of the program, and whether the need for affiliation continues. If the affiliation is to be extended, another Affiliation Agreement should be signed for a specific length of time not to exceed five years.

(SGD.) Illegible	(SGD.) Illegible
For the Project's Governing Body	For the Project
June 2, 1983	(SGD.) Illegible
Date	For Christian Children's Fund, Inc."[7]

A close scrutiny of this contract shows that the petitioner financially supports the charitable program undertaken by the Cristo Regis Center; *there is no formal legal relationship between petitioner and the Cristo Regis Center (Project); the Cristo Regis Center is not an agent of the petitioner; the petitioner and the Cristo Regis Center (Project) are independent of one another;* and *the Cristo Regis Center (Project) has no authority to, and can not and will not enter into any agreement on behalf of the petitioner or bind it or pledge credit in any way.*

These are eloquent indicators that the Cristo Regis Center is not an agent of the petitioner. The above contract was good for five (5) years, and it was renewed three times, before the Cristo Regis Center ceased to operate. The contract is subject to termination when either the petitioner or the Cristo Regis Center violates any of its conditions.

[7] Pages 160 and 161, *Rollo*; Italics supplied.

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The management of the Cristo Regis Center was entrusted to the Benedictine Sisters. The Benedictine Sisters eventually ceased management operations and withdrew from said project of the Cristo Regis Center in 1984. Thus, the petitioner had no alternative but to engage another organization aside from the Cristo Regis Center, to pursue the program. Obviously, the petitioner is not the employer of the private respondents. The funds of petitioner are different and distinct from the Cristo Regis Center. Each entity has its own separate organizational set-up. They operate independently of each other. The private respondents were under the supervision and control of the Cristo Regis Center, not the petitioner.

The closure of the project was not due to the petitioner's fault. Indeed, it was because of many complaints received about anomalies in the project which, therefore, prompted the Paragas Accounting Firm to conduct an audit of its activities in order to determine the persons responsible for such anomalies. During the auditing period, work on the project was suspended.

Since the petitioner is not the employer of private respondents, it logically follows that the Cristo Regis Center, the entity that hired them, must be their employer. Their contention that Cristo Regis Center, not being a duly organized corporation listed in the Securities and Exchange Commission, cannot be liable for contracts entered into by it, is not tenable. This organization was created for a specific charitable objective. As an organization lawfully created, the doctrine of corporation by estoppel will apply. When a third person has entered into a contract with an association which represented itself to be a corporation, the association will be estopped from denying its corporate capacity in a suit against it by such third person. It cannot allege lack of capacity to be sued to evade responsibility on a contract it had entered into and by virtue of which it received advantages and benefits.[8]

The next vital issue is whether or not the private respondents were illegally dismissed from their employment.

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[8] See *Madrigal Shipping Co., Inc. v. Ogilvie, et al.*, 104 Phil. 748 (1958). See also Section 21, Corporation Code.

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The closure of the Cristo Regis Center was inevitable. It is a cogent basis for retrenchment or termination of its employees.[9] Private respondents were thus not illegally dismissed. Accordingly, the writ of *certiorari* will issue.

WHEREFORE, the petition is hereby *GRANTED*. The resolutions of the National Labor Relations Commission dated January 29, 1988 and April 18, 1988 in NLRC Case No. RAB I-0035-85 as well as the decision of the labor arbiter of April 30, 1986 are *SET ASIDE* and the complaint against the petitioner is ordered dismissed. The temporary restraining order issued on August 31, 1988 is made permanent. No costs.

SO ORDERED.

Narvasa (Chairman), Cruz, Griño-Aquino, and *Medialdea, JJ.,* concur.

FIRST DIVISION

[G.R. No. 85475. June 30, 1989]

MANUEL A. RAMOS, *petitioner, vs.* **THE HONORABLE COURT OF APPEALS and DOMINGO RAMOS,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; P.D. 1508; PURPOSES. — One purpose of P.D. 1508 is precisely to effect a confrontation between the parties in the hope that they can resolve their differences without resort to the courts of justice. It remains to add that the other purpose of the *Katarungang Pambarangay* Law is to relieve the trial courts of cases among neighbors that hopefully can be settled

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[9] Article 283, Labor Code.