WHEREFORE, the petition is **DENIED**. The September 7, 2012 Decision and February 19, 2013 Resolution of the Court of Appeals in CA-G.R. SP No. 05626 are **AFFIRMED** with the **MODIFICATION** that the just compensation due petitioner JMA Agricultural Development Corporation shall be subject to a legal interest of 12% *per annum* from the time of taking, or on July 31, 2002. Beginning July 1, 2013, the interest imposed shall then be 6% *per annum* until fully paid.

SO ORDERED.

Bersamin, C.J. (*Chairperson*), *del Castillo* (*Working Chairperson*), *Gesmundo*, and *Carandang, JJ.*, concur.

FIRST DIVISION

[G.R. No. 208920. July 10, 2019]

JAIME BILAN MONTEALEGRE and CHAMON'TE, INC., *petitioners, vs.* **SPOUSES ABRAHAM AND REMEDIOS DE VERA,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; JUDGMENTS; A WRIT OF EXECUTION SHOULD NOT VARY THE TERMS OF THE JUDGMENT IT SEEKS TO ENFORCE, NOR MAY IT GO BEYOND THE TERMS OF THE JUDGMENT SOUGHT TO BE EXECUTED, OTHERWISE, IF IT IS IN EXCESS OF OR BEYOND THE ORIGINAL JUDGMENT OR AWARD, THE EXECUTION IS VOID.— As a general rule, a writ of execution must strictly conform to every particular of the judgment to be executed. It should not vary the terms of the judgment it seeks to enforce, nor may it go beyond the terms of the judgment sought to be executed, otherwise, if it is in excess of or beyond the original judgment or award, the execution is void. Furthermore, the power of the

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courts in executing judgments extends only to properties unquestionably belonging to the judgment debtor and liability may even be incurred by the sheriff for levying properties not belonging to the judgment debtor.

2. **MERCANTILE LAW; CORPORATION CODE; DOCTRINE OF PIERCING THE CORPORATE VEIL; THREE BASIC AREAS WHERE THE DOCTRINE OF PIERCING THE CORPORATE VEIL IS APPLICABLE, ENUMERATED.—** [The case of]*Carag v. National Labor Relations Commission* clarified that Article 212 (e) of the Labor Code, by itself, does not make a corporate officer personally liable for the debts of the corporation. It emphasized that the governing law on personal liability of directors or officers for debts of the corporation is still Section 31 of the Corporation Code.Thus, We ruled that the doctrine of piercing the corporate veil applies only in three basic areas, namely: 1) defeat of public convenience as when the corporate fiction is used as a vehicle for the evasion of an existing obligation; 2) fraud cases or when the corporate entity is used to justify a wrong, protect fraud, or defend a crime; or 3) alter ego cases, where a corporation is merely a farce since it is a mere alter ego or business conduit of a person, or where the corporation is so organized and controlled and its affairs are so conducted as to make it merely an instrumentality, agency, conduit or adjunct of another corporation.

3. **ID.; ID.; ID.; 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, SUSTAINED.—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.** In *Lozada v. Mendoza*, We likewise ruled that the general rule is corporate officers are not held solidarily liable with the corporation for separation pay because the corporation is invested by law with a personality separate and distinct from those persons composing it as well as from that of any other legal entity to which it may be related. To hold a director or officer personally liable for corporate obligation is the exception and it only occurs when the following requisites are present: (1) the complaint must allege that the director or officer assented to the patently

unlawful acts of the corporation, or that the director or officer was guilty of gross negligence or bad faith; and (2) there must be proof that the director or officer acted in bad faith.

APPEARANCES OF COUNSEL

The Law Firm of Chan Robles & Associates for petitioners.
The Law Offices of Dangazo Valmoria Lopez & Associates for respondents.

D E C I S I O N

JARDELEZA, *J.*:

This is a petition for review on *certiorari*[1] assailing the Decision[2] dated January 18, 2013 and Resolution[3] dated August 30, 2013 of the Court of Appeals (CA) in CA-G.R. SP No. 126037 quashing the writ of execution and the alias writ of execution against respondent spouses Abraham and Remedios de Vera (respondents).

Jerson Servandil (Servandil) filed a complaint[4] for illegal dismissal against A. De Vera Corporation (Corporation). The case was referred to the National Labor Relations Commission (NLRC) and raffled to Labor Arbiter (LA) Joel Lustria.[5]

On November 27, 2003, the LA rendered a Decision[6] against the Corporation, finding it guilty of illegal dismissal and holding it liable to Servandil for backwages, separation pay and unpaid salary. The dispositive portion of the LA's Decision reads:

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[1] *Rollo*, pp. 3-37.

[2] *Id*. at 42-50; penned by Associate Justice Mariflor P. Punzalan Castillo, with Associate Justices Amy C. Lazaro-Javier (now a member of this Court) and Zenaida T. Galapate-Laguilles concurring.

[3] *Id*. at 51-53.

[4] *Id*. at 118.

[5] *Id*. at 43.

[6] *Id*. at 126-132.

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WHEREFORE, premises considered, judgment is hereby rendered finding respondent guilty of illegal dismissal. Consequently, respondent is ordered liable:

1. To pay the complainant the amount of ₱363,293.55, representing his backwages, computed only up to the promulgation of this decision;
2. To pay the complainant the amount of ₱53,300.00, representing his separation pay;
3. To pay complainant the amount of ₱11,890.00, representing his unpaid salary from July 1, 1998 to September 27, 1998.

Other claims are dismissed for lack of merit.

SO ORDERED.[7]

The corporation filed an appeal before the NLRC, which was dismissed for lack of jurisdiction because of the failure to post the appeal bond. The NLRC, in its Resolution[8] dated January 31, 2005, likewise denied the corporation's motion for reconsideration.

The CA likewise denied the petition for *certiorari* filed before it.[9] When the case was elevated to the Supreme Court, the petition was denied on April 23, 2007 for failure to show any reversible error in the CA Decision.[10]

Meanwhile, on March 15, 2005, the NLRC issued an Entry of Judgment[11] declaring that its January 31, 2005 Resolution had become final and executory.

Consequently, a Writ of Execution[12] dated May 22, 2007 was issued commanding the sheriff to proceed against the

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[7] *Id*. at 131-132.

[8] *Id*. at 137-138.

[9] *Id*. at 140-150.

[10] *Id*. at 157.

[11] *Id*. at 158.

[12] *Id*. at 159-164.

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movable and immovable properties of the corporation and respondent Abraham De Vera, *viz.*:

NOW THEREFORE, you are hereby commanded to proceed to the premises of the respondents A. DE VERA CORPORATION and ABRAHAM DE VERA, located at 16/F Citibank Tower, Citibank Plaza, 8741 Paseo de Roxas, Valero St., Makati City or wherever they maybe found within the Philippines, to collect the amount of THREE HUNDRED SIXTY THREE THOUSAND TWO HUNDRED NINETY THREE AND 55/100 (₱363,293.55) PESOS, representing complainant's backwages; the sum of FIFTY THREE THOUSAND THREE HUNDRED (₱53,300.00) PESOS, as his separation pay, plus the amount of ELEVEN THOUSAND EIGHT HUNDRED NINETY (₱11,890.00), representing his unpaid salary from July 1, 1998 to September 27, 1998. Any proceeds thereof shall be turned over to the NLRC Cashier for proper disposition to the complainant.

In case you failed to collect sufficient amount in cash, you are hereby further commanded to proceed against the movable and immovable properties of the respondents not exempt from the execution, and all proceeds must be deposited to the NLRC Cashier of this Commission. For further appropriate action.[13]

When the Writ of Execution was returned unsatisfied, Servandil moved for the issuance of an alias writ of execution which was granted. The pertinent portions of the Alias Writ of Execution[14] dated February 11, 2008 read:

NOW THEREFORE, you are hereby commanded to proceed to the premises of the respondents A. DE VERA CORPORATION and ABRAHAM DE VERA, located at 16/F Citibank Tower, Citibank Plaza, 8741 Paseo de Roxas, Valero St., Makati City or wherever they maybe found within the Philippines, to collect the amount of THREE HUNDRED SIXTY THREE THOUSAND TWO HUNDRED NINETY THREE AND 55/100 (₱363,293.55) PESOS, representing complainant's backwages; the sum of FIFTY THREE THOUSAND THREE HUNDRED (₱53,300.00) PESOS, as his separation pay, plus the amount of ELEVEN THOUSAND EIGHT HUNDRED NINETY

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[13] *Id*. at 163.

[14] *Id*. at 165-167.

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(₱11,890.00), representing his unpaid salary from July 1, 1998 to September 27, 1998. Any proceeds thereof shall be turned over to the NLRC Cashier for proper disposition to the complainant.

In case you failed to collect sufficient amount in cash, you are hereby further commanded to proceed against the movable and immovable properties of the respondents not exempt from the execution, and all proceeds must be deposited to the NLRC Cashier of this Commission. For further appropriate action.[15]

Pursuant to this writ, a parcel of land (property) registered in the name of respondents was levied upon and sold to petitioners Jaime Bilan Montealegre and Chamon'te, Inc. (petitioners) at a public auction on May 16, 2008.[16] As no redemption was made during the period provided by law, petitioners filed an omnibus motion[17] seeking the issuance of a final deed of sale, cancellation of title in the name of respondents, and the issuance of a new title in their names.

It was during this time that respondents realized that only the corporation was impleaded as party-respondent in Servandil's complaint for illegal dismissal. Thus, respondents filed a verified counter-manifestation with omnibus motion[18] stating that the property sold at auction does not belong to the judgment debtor, the corporation, but to respondents, who were not impleaded as party-respondents in the case for illegal dismissal. They likewise claimed that the property was conjugal and there was no showing that an advantage or benefit accrued to their conjugal partnership.

The LA denied respondents' omnibus motion in an August 25, 2011 Order,[19] the dispositive portion of which reads:

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[15] *Id*. at 166.

[16] *Id*. at 171-173.

[17] *Id*. at 174-183.

[18] *Id*. at 188-202.

[19] *Id*. at 518-528.

WHEREFORE, responsive to the foregoing, judgment is hereby rendered, directing Sheriff Manolito G. Manuel to issue and execute a Final Deed of Conveyance and/or Final Deed of Sale of the subject property in favor of the Purchasers/Appellees, JAIME BILAN MONTEALEGRE and [CHAMON'TE], INC.

Likewise, let the levy effected by the RTC Cebu Court Sheriff Rome C. Asombrado to the subject property be, as it is hereby LIFTED/CANCELLED, on the ground afore-stated.

SO ORDERED.[20]

Aggrieved, respondents filed a petition before the NLRC with prayer for the issuance of a temporary restraining order (TRO) and/or writ of preliminary injunction to enjoin the LA or his representative from enforcing the August 25, 2011 Order.[21]

On October 10, 2011 and November 3, 2011, the NLRC issued a TRO and a writ of preliminary injunction,[22] respectively.

However, on March 29, 2012, it denied respondents' petition, affirming *in toto* the August 25, 2011 Order of the LA.[23] The NLRC noted that respondent Abraham filed an earlier omnibus motion dated May 19, 2008, which sought to annul the Notice of Sheriffs Sales for the levy and public sale of the property, and this omnibus motion was resolved in an Order[24] dated December 8, 2009. The December 8, 2009 Order declared that the levy and sale of the property is valid. Considering that no motion for reconsideration or appeal was filed, the December 8, 2009 Order became final and executory.[25] The NLRC held that respondents are prohibited to question a final and executory December 8, 2009 Order by assailing the August 25, 2011 Order, which merely enforced the earlier Order. More, the NLRC

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[20] *Id*. at 95, 528.

[21] *Id*. at 44.

[22] *Id*.

[23] *Rollo*, p. 113.

[24] *Id*. at 302-320.

[25] *Id*. at 103.

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rejected respondent Abraham's argument that the corporation is a distinct entity and therefore, its creditors cannot go after his property. The NLRC reasoned that, although as a rule, the officers and members of a corporation are not personally liable for acts done in performance of their duties, an exceptional circumstance exists in this case, *i.e.*, the corporation is no longer existing and is unable to satisfy the judgment in favor of the employee. Finally, the NLRC declared that the validity of the levy and sale of the property cannot likewise be questioned on the basis that the property levied upon is a conjugal property of respondents. This is because respondent Remedios failed to file a third-party claim within five days from the last day of posting or publication of the notice of execution sale.[26] The NLRC likewise denied respondents' motion for reconsideration.[27]

Aggrieved, respondents filed a petition for *certiorari*[28] before the CA.

On January 18, 2013, the CA granted the petition and reversed the NLRC Resolutions. The decretal portion of the CA Decision[29] states:

WHEREFORE, premises considered, the instant petition is ***GRANTED***. The Resolutions dated 29 March 2012 and 28 May 2012, respectively, of public respondent NLRC are ***REVERSED*** and ***SET ASIDE***. The Order of public respondent Labor Arbiter dated 25 August 2011 is ***ANULLED*** and the Writ of Execution dated 22 May 2007 and Alias Writ of Execution dated 11 February 2008 are ***QUASHED***.

The Labor Arbiter is **DIRECTED** to implement the final and executory Decision of the National Labor Relations Commission dated 27 November 2003 against all the assets of A. De Vera Corporation, in conformity with the terms of the dispositive portion of the said decision.

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[26] *Id*. at 102-109.

[27] *Id*. at 115-117.

[28] *Id*. at 54-93.

[29] *Supra* note 2.

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SO ORDERED.[30]

The CA stated that the respondent in the November 27, 2003 LA Decision[31] refers to the corporation and no other party-respondent was impleaded. The LA, however, ordered the execution against "A. De Vera Corporation and Abraham De Vera." Clearly, the writ of execution and the alias writ of execution modified and/or amended the final decision dated November 27, 2003. Respondent Abraham was never impleaded as a party-respondent in the complaint for illegal dismissal against A. De Vera Corporation. Therefore, the LA exceeded his authority and acted without jurisdiction in issuing said writs of execution, which do not conform to the dispositive of the final judgment. Thus, the December 8, 2009[32] and August 25, 2011[33] Orders directing the issuance of a final deed of sale to petitioners cannot validate the void writs of execution and could never attain finality.[34]

On August 30, 2013, the CA denied petitioners' motion for reconsideration.[35] It ruled that, contrary to petitioners' contentions, it is not undisputed that the corporation has ceased to exist. While Servandil alleged this fact before the LA, said closure is not supported by the evidence on record. Furthermore, the ruling in *A.C. Ransom Labor Union- CCLU v. NLRC*,[36] which made corporate officers liable in case of closure of the corporation is inapplicable in this case. Unlike in the present case, the corporate officers in *A.C. Ransom* were impleaded from the very beginning.

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[30] *Rollo*, p. 49.

[31] *Id.* at 126-132.

[32] *Supra* note 24.

[33] *Supra* note 19.

[34] *Rollo*, pp. 46-48.

[35] *Id.* at 51-53.

[36] G.R. No. 69494, June 10, 1986, 142 SCRA 269.

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Hence, this petition arguing that the CA gravely erred in ruling that: 1) the Writ of Execution and the Alias Writ of Execution are void because they do not conform to the dispositive portion of the November 17, 2003 Decision holding the corporation liable for illegal dismissal; 2) respondent Abraham De Vera cannot be held liable as responsible officer of the corporation because he is not a party in the case filed against the corporation; 3) the corporation had not ceased to exist when the respondents themselves had not rebutted the same; and 4) the orders of LA Lustria dated December 8, 2009 and August 25, 2011 are null and void on the ground that they are the offshoot of a void writ of execution. Petitioners likewise faulted the CA for giving due course to respondents' petition in violation of the NLRC rules of procedure.[37]

We deny the petition.

The main issue for our resolution is whether the CA correctly declared null the writs of execution issued by the LA and the subsequent orders and resolutions of the LA and NLRC implementing said writs of execution against respondents' property.

We hold that the CA acted correctly.

As a general rule, a writ of execution must strictly conform to every particular of the judgment to be executed. It should not vary the terms of the judgment it seeks to enforce, nor may it go beyond the terms of the judgment sought to be executed, otherwise, if it is in excess of or beyond the original judgment or award, the execution is void.[38] Furthermore, the power of the courts in executing judgments extends only to properties unquestionably belonging to the judgment debtor and liability may even be incurred by the sheriff for levying properties not belonging to the judgment debtor.[39]

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[37] *Rollo*, p. 14.

[38] *Pascual v. Daquioag*, G.R. No. 162063, March 31, 2014, 720 SCRA 230, 240-241.

[39] *Pantranco Employees Association (PEA-PTGWO) v. National Labor Relations Commission*, G.R. No. 170689, March 17, 2009, 581 SCRA 598, 612.

In *Mandaue Dinghow Dimsum House, Co., Inc. v. National Labor Relations Commission-Fourth Division*[40] we ruled:

> The Order and the Alias Writ of Execution issued by the LA are null and void for lack of jurisdiction and for altering the tenor of the NLRC decision dated October 24, 2000 which directed Mandaue Dinghow alone to pay the private respondents' separation pay. The private respondents did not assail this ruling. Thus, the same became final and executory. Even granting that the NLRC committed a mistake in failing to indicate in the dispositive portion that Uytengsu was solidarity liable with Mandaue Dinghow, the correction — which is substantial — can no longer be allowed in this case because the judgment has already become final and executory.[41]

Here, it is undisputed that the final and executory November 27, 2003 LA Decision[42] adjudged the corporation guilty of illegal dismissal and ordered it to pay Servandil separation pay and backwages. It did not mention respondents' liability. Nevertheless, the Writ of Execution dated May 22, 2007 and the Alias Writ of Execution dated February 11, 2008 were directed against the movable and immovable properties of both the corporation and respondent Abraham. Clearly, the writs of execution here exceeded the terms of the final and executory judgment of the LA.

Consequently, the CA correctly set aside the levy and sale of the subject property pursuant to said writs and the August 25, 2011 Order, which directed the issuance of a Final Deed of Sale in favor of petitioners, for being the offshoot of a void execution, as well as the NLRC Resolutions dated March 29, 2012 and May 28, 2012, which affirmed the August 25, 2011 Order.[43]

Petitioners also want us to disregard the corporation's separate personality and hold respondent Abraham De Vera liable.

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[40] G.R. No. 161134, March 3, 2008, 547 SCRA 402.

[41] *Id.* at 413-414.

[42] *Supra* note 6.

[43] *Rollo*, p. 49.

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Petitioners allege that the corporation has already ceased to operate and there is no other way by which the LA judgment could have been satisfied other than through the levy and sale of the property belonging to respondent Abraham De Vera. Consequently, they claim that the levy and sale of the property pursuant to the writs of execution and orders of the LA are likewise valid.[44]

Petitioners cite the rulings in *A.C. Ransom Labor Union-CCLU v. NLRC*[45] and *Restaurante Las Conchas v. Llego*[46] to justify their contention that respondent Abraham may be held liable as the corporation's responsible officer.

Contrary to petitioners' assertions, the piercing of the veil of corporate fiction is unwarranted in this case.

In *Zaragoza v. Tan*,[47] We examined the factual milieu of *A.C. Ransom* and the application of the piercing of the veil doctrine. Ransom was found guilty of unfair labor practice and was ordered, together with its officers and agents, to reinstate twenty-two union members to their respective positions with payment of backwages. When the decision became final and executory, the writ of execution could not be implemented against Ransom because it already disposed its leviable assets. The Court found that while the case was still pending, Ransom put up another corporation, Rosario Industrial Corporation, as a ploy to evade Ransom's obligation to its employees. Therein, We allowed the piercing of the corporate fiction by making Ransom's officers personally liable.

We further explained that *Carag v. National Labor Relations Commission*[48] clarified that Article 212(e) of the Labor Code,

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[44] *Id*. at 24-25.

[45] *Supra* note 36.

[46] G.R. No. 119085, September 9, 1999, 314 SCRA 24.

[47] G.R. No. 225544, December 4, 2017, 847 SCRA 437.

[48] G.R. No. 147590, April 2, 2007, 520 SCRA 28, as cited in *Zaragoza v. Tan, id*. at 452.

by itself, does not make a corporate officer personally liable for the debts of the corporation. It emphasized that the governing law on personal liability of directors or officers for debts of the corporation is still Section 31 of the Corporation Code.[49] Thus, We ruled that the doctrine of piercing the corporate veil applies only in three basic areas, namely: 1) defeat of public convenience as when the corporate fiction is used as a vehicle for the evasion of an existing obligation; 2) fraud cases or when the corporate entity is used to justify a wrong, protect fraud, or defend a crime; or 3) alter ego cases, where a corporation is merely a farce since it is a mere alter ego or business conduit of a person, or where the corporation is so organized and controlled and its affairs are so conducted as to make it merely an instrumentality, agency, conduit or adjunct of another corporation. **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.**[50]

In *Lozada v. Mendoza*,[51] We likewise ruled that the general rule is corporate officers are not held solidarily liable with the corporation for separation pay because the corporation is invested by law with a personality separate and distinct from those persons composing it as well as from that of any other legal entity to

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[49] Sec. 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 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.

When a director, trustee or officer attempts to acquire or acquires, in violation of his duty, any interest adverse to the corporation in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the corporation and must account for the profits which otherwise would have accrued to the corporation.

[50] *Supra* note 39 at 616.

[51] G.R. No. 196134, October 12, 2016, 805 SCRA 673.

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which it may be related. To hold a director or officer personally liable for corporate obligation is the exception and it only occurs when the following requisites are present: (1) the complaint must allege that the director or officer assented to the patently unlawful acts of the corporation, or that the director or officer was guilty of gross negligence or bad faith; and (2) there must be proof that the director or officer acted in bad faith.[52]

Here, the two requisites are wanting. Servandil's complaint failed to allege or impute bad faith or malice on the part of respondent Abraham De Vera. There was likewise nothing in the November 27, 2003 LA Decision that would establish that respondent Abraham De Vera acted in bad faith when Servandil was dismissed from the service. There was likewise no invocation of bad faith on the part of respondent Abraham De Vera to evade any judgment against the corporation.

WHEREFORE, the petition is **DENIED**. The Decision dated January 18, 2013 and Resolution dated August 30, 2013 of the Court of Appeals in CA-G.R. SP No. 126037 are **AFFIRMED**.

SO ORDERED.

Bersamin, C.J. (Chairperson), del Castillo, Gesmundo, and *Carandang, JJ.*, concur.

SECOND DIVISION

[G.R. No. 216574. July 10, 2019]

FACT-FINDING INVESTIGATION BUREAU (FFIB) - OFFICE OF THE DEPUTY OMBUDSMAN FOR THE MILITARY AND OTHER LAW ENFORCEMENT OFFICES, *petitioner, vs.* **RENATO P. MIRANDA,** *respondent.*

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[52] *Id*. at 681.