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FIRST DIVISION

[G.R. No. 153193. December 6, 2006]

PAMPLONA PLANTATION COMPANY, *petitioner, vs.* **RAMON ACOSTA, GREGORIA ARABE, RUFINO BACUBAC, JOSEPH BARBA, VIRGINIA BARRERA, MARY ANN BELLO, LANDO BALORON, ELBERTO BUQUIRAN, ANTONIO CANOLAS, HERMINIGILDO CANOLAS, ROMAN CASUSI, GEOFFREY DENLAOSO, NOLI DENLAOSO, PEDRO DENLAOSO, DANNY DINGLASA, ROSENDO DURON, MARIA EMPERADO, MARIO EMPERADO, MELECIO EMPERADO, PEDRO EMPERADO, PETER ESPARWA, MANUEL GARCIA, SAMUEL GARCIA, DARWIN GARNICA, JUANITA GIMOL, ANACLETA GUAN, LUIS GUAN, FLORO GUEVARRA, LAUREANO LOPEZ, LORETO LUZON, PAQUITO NAPAO, NILO ORTEGA, EMILIANO PANANGGANAN, FREDERICO PANANGGANAN, JOSELO PANANGGANAN, SIMEON PANANGGANAN, PABLO PAO, ANTONIO QUILESTINO, EUFEMIA RABOTIN, LUISA REGALA, ROMEO REGALA, SALOME RAGALA, NERIO REYES, CELSO RUFA, ABUNDIO SABION, ROLANDO SALASAYO, JIMMY SALIN, PILARIO SALIN, SOFRONIO SOLAMILLO, JOSELITO TINGHIL, ROMY TINGHIL, ABELLO TOROY, ADELAIDA TOROY, CRESENCIO TOROY, ELPIDIA TOROY, JONATHAN TOROY, ERNESTO TORRES, FELIX TORRES, GUILLERMO TORRES, NARCISO TORRES, NELSON TORRES, ROSALIO TORRES, WILFREDO TORRES, CRISTOPHER YBANAY, LORETO YBANAY and REYNALDO YBIAS,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; APPEALS; ONLY QUESTIONS OF LAW MAY BE RAISED THEREIN; EXCEPTION.— At the outset,

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it should be stated that under Rule 45 of the Rules of Court, only questions of law may be raised, the reason being that this Court is not a trier of facts, and it is not for this Court to reexamine and reevaluate the evidence on record. Considering, however, that the CA and the Labor Arbiter came up with an opinion different from that of the NLRC, the Court is now constrained to review the evidence on record.

2. ID.; EVIDENCE; ADMISSIONS; NEGATIVE PREGNANTS; DENIALS PREGNANT WITH THE ADMISSION OF THE SUBSTANTIAL FACTS IN THE PLEADING RESPONDED TO WHICH ARE NOT SQUARELY DENIED; CASE AT BAR.— Petitioner contests the CA's conclusion that the 22 respondents were its employees. Petitioner insists that based on their affidavits, respondents admitted that they were employees of the Pamplona Plantation Leisure Corporation, hence, their complaint for illegal dismissal should have been directed against it. The Court disagrees. Petitioner is estopped from denying that respondents worked for it. In the first place, it never raised this defense in the proceedings before the Labor Arbiter. Notably, the defense it raised pertained to the nature of respondents' employment, *i.e.*, whether they are seasonal employees, contractors, or worked under the *pakyaw* system. Thus, in its Position Paper, petitioner alleged that some of the respondents are coconut filers and copra hookers or *sakadors*; some are seasonal employees who worked as scoopers or *lugiteros*; some are contractors; and some worked under the *pakyaw* system. In support of these allegations, petitioner even presented the company's payroll, which will allegedly prove its allegations. By setting forth these defenses, petitioner, in effect, admitted that respondents worked for it, albeit in different capacities. Such allegations are negative pregnants — denials pregnant with the admission of the substantial facts in the pleading responded to which are not squarely denied, and amounts to an acknowledgement that respondents were indeed employed by petitioner.

3. LABOR AND SOCIAL LEGISLATION; LABOR RELATIONS; TERMINATION OF EMPLOYMENT; DISMISSAL; EMPLOYER HAS THE BURDEN OF PROVING THAT THE DISMISSAL WAS FOR A VALID AND JUST CAUSE; DISMISSAL CONSIDERED ILLEGAL WHERE THE EMPLOYER FAILED TO DISCHARGE THIS BURDEN OF

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PROOF.— Petitioner also disputes the CA's finding that respondent Joselito Tinghil was illegally dismissed. According to the CA, petitioner did not at all controvert or dispute Tinghil's allegation that he was not told not to report for work anymore due to his involvement in union activities. The CA's finding finds sufficient basis from the records of this case. In his Affidavit executed on October 9, 1997, Tinghil stated that some time in May 3, 1997, he, together with other union officers and company employees, were called personally by the project manager, Lito Bundok, who expressed his "disgust" with their union activities. They were then informed that they will not be allowed to report for work anymore. Petitioner did not at all contest Tinghil's allegations. Instead, it merely countered that Tinghil's narration in his affidavit are vague. It is well-settled that the employer has the burden of proving that the dismissal was for a valid and just cause. Failure to discharge this burden of proof substantially means that the dismissal was not justified and therefore, illegal. Given petitioner's failure to discharge this burden, the Court sustains the finding of illegal dismissal *vis-à-vis* respondent Joselito Tinghil.

4. ID.; ID.; ID.; ILLEGAL DISMISSAL; CORPORATE OFFICER IS NOT PERSONALLY LIABLE FOR THE MONEY CLAIMS OF DISCHARGED EMPLOYEES UNLESS HE ACTED WITH EVIDENT MALICE AND BAD FAITH IN TERMINATING THEIR EMPLOYMENT; CASE AT BAR.— Lastly, petitioner believes that its manager, Jose Luis Bondoc, should not have been held solidarily liable with the company for the wage differentials awarded to respondents. Petitioner argues that Bondoc is merely an employee of the company and not a corporate director or officer who can be held personally liable therefor. The rule is that officers of a corporation are not personally liable for their official acts unless it is shown that they have exceeded their authority. However, the legal fiction that a corporation has a personality separate and distinct from stockholders and members may be disregarded if it is used as a means to perpetuate fraud or an illegal act or as a vehicle for the evasion of an existing obligation, the circumvention of statutes, or to confuse legitimate issues. Moreover, 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

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employment. Under Section 25 of the Corporation Code, three officers are specifically provided for which a corporation must have: president, secretary, and treasurer. The law, however, does not limit corporate officers to these three. Section 25 gives corporations the widest latitude to provide for such other offices, as they may deem necessary. The by-laws may and usually do provide for such other officers, *e.g.*, vice-president, cashier, auditor, and general manager. In this case, there is no basis from which it may be deduced that Bondoc, as manager of petitioner, is also a corporate officer such that he may be held liable for the money claims awarded in favor of respondents. Even assuming that he is a corporate officer, still, there is no showing that he acted with evident malice and bad faith. Bondoc may have signed and approved the payrolls; nevertheless, it does not follow that he had a direct hand in determining the amount of respondents' corresponding salaries and other benefits. Bondoc, therefore, should not have been held liable together with petitioner.

APPEARANCES OF COUNSEL

Batuhan Blando Concepcion for petitioner.
Yap-Siton Law Offices for respondents.

D E C I S I O N

AUSTRIA-MARTINEZ, *J.*:

There were originally 66 complainants in the case before the Labor Arbiter for underpayment, overtime pay, premium pay for rest day and holiday, service incentive leave pay, damages, attorney's fees, and 13th month pay. The complainants claimed that they were regular rank and file employees of the Pamplona Plantation Co., Inc. (petitioner) with different hiring periods, work designations, and salary rates. Petitioner, however, denied this, alleging that some of the complainants are seasonal employees, some are contractors, others were hired under the *pakyaw* system, while the rest were hired by the Pamplona Plantation Leisure Corporation, which has a separate and distinct entity from it.

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In a Decision dated September 30, 1998, the Labor Arbiter (LA) held petitioner and its manager, Jose Luis Bondoc, liable for underpayment as complainants were regular employees of petitioner. They were also held guilty of illegal dismissal with regard to complainants Joselito Tinghil and Pedro Emperado.

On appeal to the National Labor Relations Commission (NLRC), the LA's Decision was reversed and another one was entered dismissing all the complaints per Decision dated June 30, 2000. It was the NLRC's finding that the complaint should have been directed against the Pamplona Plantation Leisure Corporation since complainants' individual affidavits contained the allegations that their tasks pertained to their work "in the golf course."

The Court of Appeals (CA),[1] in turn, vacated and set aside the NLRC's dismissal in its Decision dated November 26, 2001, and reinstated the LA's Decision with the modification that the award of wage differentials was limited to the following twenty-two (22) persons, namely: Rolando Baloron, Samuel Garcia, Darwin Garnica, Simeon Panangganan, Pablo Pao, Felix Torres, Manuel Garcia, Paquito Napao, Celso Rufa, Joselito Tinghil, Elpidia Toroy, Ernesto Torres, Laureano Lopez, Joseph Barba, Hermenigildo Cañolas, Salome Regala, Guillermo Torres, Narcisa Torres, Nelson Torres, Loreto Ybanay, Luis Guan, and Christopher Ybanay (respondents), while the finding of illegal dismissal with regard to Pedro Emparado and the award of attorney's fees were deleted.

Hence, the present petition for review under Rule 45 of the Rules of Court based on the following grounds:

I

THE COURT OF APPEALS HAS DECIDED IN A WAY NOT IN ACCORD WITH LAW AND ESTABLISHED JURISPRUDENCE, CONTRARY TO THE ADMISSION OF PARTIES AND WITH GRAVE ABUSE OF DISCRETION IN THE APPRECIATION OF FACTS:

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[1] Penned by Associate Justice Renato C. Dacudao, with Associate Justices Ruben T. Reyes and Mariano C. Del Castillo, concurring.

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1. In holding petitioner liable for the wage differentials of 22 respondents who themselves admit and allege in their own Affidavits that their employees was another entity – Pamplona Plantation Leisure Corporation, and not herein Petitioner Company.

2. In affirming that respondent Joselito Tinghil was illegally dismissed by Petitioner, when in fact, Joselito Tinghil, as narrated by him in his own Affidavit, was working with Pamplona Plantation Leisure Corporation, and not herein Petitioner.

3. In even finding that Joselito Tinghil was illegally dismissed in the first place, when there is no evidence to support his allegation.

II

THE DECISION OF THE COURT OF APPEALS HOLDING PETITIONER'S MANAGER PERSONALLY LIABLE FOR CORPORATE ACTS IS NOT IN ACCORD WITH LAW.[2]

At the outset, it should be stated that under Rule 45 of the Rules of Court, only questions of law may be raised, the reason being that this Court is not a trier of facts, and it is not for this Court to reexamine and reevaluate the evidence on record.[3] Considering, however, that the CA and the Labor Arbiter came up with an opinion different from that of the NLRC, the Court is now constrained to review the evidence on record.[4]

Petitioner contests the CA's conclusion that the 22 respondents were its employees. Petitioner insists that based on their affidavits, respondents admitted that they were employees of the Pamplona Plantation Leisure Corporation, hence, their complaint for illegal dismissal should have been directed against it.

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[2] *Rollo*, p. 15.

[3] *Becton Dickinson Philippines, Inc. v. National Labor Relations Commission*, G.R. No. 159969 & 160116, November 15, 2005, 475 SCRA 123, 144.

[4] *Mendoza v. National Labor Relations Commission*, 369 Phil. 1113, 1122 (1999); *Equitable PCIbank v. Caguioa*, G.R. No. 159170, August 12, 2005, 466 SCRA 686, 693.

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The Court disagrees. Petitioner is estopped from denying that respondents worked for it. In the first place, it never raised this defense in the proceedings before the Labor Arbiter. Notably, the defense it raised pertained to the nature of respondents' employment, *i.e.*, whether they are seasonal employees, contractors, or worked under the *pakyaw* system. Thus, in its Position Paper, petitioner alleged that some of the respondents are coconut filers and copra hookers or *sakadors*; some are seasonal employees who worked as scoopers or *lugiteros*; some are contractors; and some worked under the *pakyaw* system.[5] In support of these allegations, petitioner even presented the company's payroll,[6] which will allegedly prove its allegations.

By setting forth these defenses, petitioner, in effect, admitted that respondents worked for it, albeit in different capacities. Such allegations are negative pregnants — denials pregnant with the admission of the substantial facts in the pleading responded to which are not squarely denied,[7] and amounts to an acknowledgement that respondents were indeed employed by petitioner.

On this score, the Court adopts the findings in *Pamplona Plantation Company, Inc. v. Tinghil*,[8] which involves the same petitioner in this case and some of its workers. In that case, petitioner contended that the case should have been dismissed because of the respondents' failure to implead the Pamplona Plantation Leisure Corporation, Inc. as an indispensable party, since as admitted in their respective affidavits, it was their true and real employer. The Court, however, rejected petitioner's contention and concluded that by piercing the veil of corporate fiction, the two corporations — the Pamplona Plantation Corporation, Inc. and the Pamplona Plantation Leisure Corporation — are one and the same. Thus, the Court ruled:

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[5] Records, pp. 163-165.

[6] *Id.* at 170-201.

[7] *Republic v. Sandiganbayan*, 453 Phil. 1059, 1107 (2003).

[8] G.R. No. 159121, February 3, 2005, 450 SCRA 421.

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An examination of the facts reveals that, for both the coconut plantation and the golf course, there is only one management which the laborers deal with regarding their work. A portion of the plantation (also called Hacienda Pamplona) had actually been converted into a golf course and other recreational facilities. The weekly payrolls issued by petitioner-company bore the name "Pamplona Plantation Co., Inc." It is also a fact that respondents all received their pay from the same person, Petitioner Bondoc — the managing director of the company. Since the workers were working for a firm known as Pamplona Plantation Co., Inc., the reason they sued their employer through that name was natural and understandable.

True, the Petitioner Pamplona Plantation Co., Inc., and the Pamplona Plantation Leisure Corporation appear to be separate corporate entities. But it is settled that this fiction of law cannot be invoked to further an end subversive of justice.

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In the present case, the corporations have basically the same incorporators and directors and are headed by the same official. Both use only one office and one payroll and are under one management. In their individual Affidavits, respondents allege that they worked under the supervision and control of Petitioner Bondoc — the common managing director of both the petitioner-company and the leisure corporation. Some of the laborers of the plantation also work in the golf course. **Thus, the attempt to make the two corporations appear as two separate entities, *insofar as the workers are concerned*, should be viewed as a devious but obvious means to defeat the ends of the law. Such a ploy should not be permitted to cloud the truth and perpetrate an injustice.**

We note that this defense of separate corporate identity was not raised during the proceedings before the labor arbiter. The main argument therein raised by petitioners was their alleged lack of employer-employee relationship with, and power of control over, the means and methods of work of respondents because of the seasonal nature of the latter's work.

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Indeed, it was only after this NLRC Decision was issued that the petitioners harped on the separate personality of the Pamplona Plantation Co., Inc., *vis-à-vis* the Pamplona Plantation Leisure Corporation.

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As cited above, the NLRC dismissed the Complaints because of the alleged admission of respondents in their Affidavits that they had been working at the golf course. However, it failed to appreciate the rest of their averments. Just because they worked at the golf course did not necessarily mean that they were not employed to do other tasks, especially since the golf course was merely a portion of the coconut plantation. Even petitioners admitted that respondents had been hired as coconut filers, coconut scoopers or charcoal makers. **Consequently, NLRC's conclusion derived from the Affidavits of respondents stating that they were employees of the Pamplona Plantation Leisure Corporation *alone* was the result of an improper selective appreciation of the entire evidence.**

Furthermore, we note that, contrary to the NLRC's findings, some respondents indicated that their employer was the Pamplona Plantation Leisure Corporation, while others said that it was the Pamplona Plantation Co., Inc. But in all these Affidavits, both the leisure corporation and petitioner-company were identified or described as entities engaged in the development and operation of sugar and coconut plantations, as well as recreational facilities such as a golf course. These allegations reveal that petitioner successfully confused the workers as to who their true and real employer was. All things considered, their faulty belief that the plantation company and the leisure corporation were one and the same can be attributed solely to petitioners. It would certainly be unjust to prejudice the claims of the workers because of the misleading actions of their employer.[9]

Consequently, petitioner cannot now deny that respondents are its employees.

Petitioner also disputes the CA's finding that respondent Joselito Tinghil was illegally dismissed. According to the CA, petitioner did not at all controvert or dispute Tinghil's allegation that he was not told not to report for work anymore due to his involvement in union activities.[10]

The CA's finding finds sufficient basis from the records of this case. In his Affidavit executed on October 9, 1997, Tinghil stated that some time in May 3, 1997, he, together with other

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[9] *Supra* note 8 at 429-433.

[10] CA Decision, p. 8.

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union officers and company employees, were called personally by the project manager, Lito Bundok,[11] who expressed his "disgust" with their union activities. They were then informed that they will not be allowed to report for work anymore.[12] Petitioner did not at all contest Tinghil's allegations. Instead, it merely countered that Tinghil's narration in his affidavit are vague.[13]

It is well-settled that the employer has the burden of proving that the dismissal was for a valid and just cause. Failure to discharge this burden of proof substantially means that the dismissal was not justified and therefore, illegal.[14] Given petitioner's failure to discharge this burden, the Court sustains the finding of illegal dismissal *vis-à-vis* respondent Joselito Tinghil.

Lastly, petitioner believes that its manager, Jose Luis Bondoc, should not have been held solidarily liable with the company for the wage differentials awarded to respondents. Petitioner argues that Bondoc is merely an employee of the company and not a corporate director or officer who can be held personally liable therefor.

The rule is that officers of a corporation are not personally liable for their official acts unless it is shown that they have exceeded their authority. However, the legal fiction that a corporation has a personality separate and distinct from stockholders and members may be disregarded if it is used as a means to perpetuate fraud or an illegal act or as a vehicle for the evasion of an existing obligation, the circumvention of statutes, or to confuse legitimate issues.[15]

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[11] Also spelled as Bondoc in some other parts of the records.

[12] *Rollo*, p. 64.

[13] *Id.* at 174.

[14] *Skippers Pacific, Inc. v. Mira*, 440 Phil. 906, 918 (2002); *Pascua v. National Labor Relations Commission*, 351 Phil. 48, 62 (1998).

[15] *Nicario v. National Labor Relations Commission*, 356 Phil. 936, 949 (1998).

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Moreover, 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.[16]

Under Section 25 of the Corporation Code, three officers are specifically provided for which a corporation must have: president, secretary, and treasurer. The law, however, does not limit corporate officers to these three. Section 25 gives corporations the widest latitude to provide for such other offices, as they may deem necessary. The by-laws may and usually do provide for such other officers, *e.g.*, vice-president, cashier, auditor, and general manager.[17]

In this case, there is no basis from which it may be deduced that Bondoc, as manager of petitioner, is also a corporate officer such that he may be held liable for the money claims awarded in favor of respondents. Even assuming that he is a corporate officer, still, there is no showing that he acted with evident malice and bad faith. Bondoc may have signed and approved the payrolls; nevertheless, it does not follow that he had a direct hand in determining the amount of respondents' corresponding salaries and other benefits. Bondoc, therefore, should not have been held liable together with petitioner.

WHEREFORE, the petition is *PARTIALLY GRANTED*. The Court of Appeals Decision dated November 26, 2001 is hereby *MODIFIED* in that Jose Luis Bondoc is absolved of any personal liability as regards the money claims awarded to respondents. In all other respects, the Decision is *AFFIRMED*.

SO ORDERED.

Panganiban, C.J. (Chairperson), Ynares-Santiago, Callejo, Sr., and *Chico-Nazario, JJ.*, concur.

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[16] *Midas Touch Food Corporation v. National Labor Relations Commission*, 328 Phil. 1033, 1045 (1996).

[17] *Union Motors Corporation v. National Labor Relations Commission*, 373 Phil. 310, 319-320 (1999).