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THIRD DIVISION

[G.R. No. 192318. December 5, 2016]

REYNO C. DIMSON, *petitioner, vs.* **GERRY T. CHUA,** *respondent.*

SYLLABUS

1. LABOR AND SOCIAL LEGISLATION; 2005 REVISED RULES OF PROCEDURE OF THE NATIONAL LABOR RELATIONS COMMISSION (NLRC); THE LABOR ARBITER (LA) CANNOT ACQUIRE JURISDICTION OVER THE PERSON OF THE RESPONDENT WHO WAS NEITHER SERVED WITH SUMMONS NOR VOLUNTARILY APPEARED BEFORE THE LA.— Following the explicit language of the NLRC Rules, notices or summons shall be served on the parties to the case personally. The same rule allows under special circumstances, that service of summons may be effected in accordance with the provisions of the Rules of Court. The service of summons in cases before the LAs shall be served on the parties personally or by registered mail, provided that in special circumstances, service of summons may be effected in accordance with the pertinent provisions of the Rules of Court. Supplementary or applied by analogy to these provisions are the provisions and prevailing jurisprudence in Civil Procedure. Where there is then no service of summons on or a voluntary general appearance by the defendant, the court acquires no jurisdiction to pronounce a judgment in the case. It is basic that the LA cannot acquire jurisdiction over the person of the respondent without the latter being served with summons. However, if there is no valid service of summons, the court can still acquire jurisdiction over the person of the defendant by virtue of the latter's voluntary appearance. In this case, since the respondent is one of the officers of SEASUMCO, service of summons must be made to him personally or by registered mail. However, as borne by the records, it is evident that no service of summons and notices were served on the respondent and he was not impleaded in NLRC RAB Case No. 12-01-00005-03. x x x The petitioner in fact does not even dispute the

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respondent's claim that no summons or notices were ever issued and served on him either personally or through registered mail. True to his claim, the respondent, indeed, was never summoned by the LA. Besides, even assuming that the respondent has knowledge of a labor case against SEASUMCO, this will not serve the same purpose as summons to him. More so, the respondent did not voluntarily appear before the LA as to submit himself to its jurisdiction. Contrary to the petitioner's position, the validity of a judgment or order of a court or quasi-judicial tribunal which has become final and executory may be attacked when the records show that it lacked jurisdiction to render the judgment.

2. **ID.; ID.; ID.; JUDGMENT AGAINST RESPONDENT IN THIS CASE WHERE JURISDICTION OVER HIS PERSON WAS NOT ACQUIRED IS VOID; UTTER LACK OF JURISDICTION VOIDS ANY LIABILITY OF THE RESPONDENT FOR ANY MONETARY AWARD OR JUDGMENT IN FAVOR OF THE PETITIONER.—** [A] judgment rendered against one in a case where jurisdiction over his person was not acquired is void, and a void judgment maybe assailed or impugned at any time either directly or collaterally by means of a petition filed in the same or separate case, or by resisting such judgment in any action or proceeding wherein it is invoked. Guided by the foregoing norms, the CA properly concluded that the proceedings before the LA deprived the respondent of due process. Considering that the respondent was never impleaded as a party respondent and was never validly served with summons, the LA never acquired jurisdiction over his person. Perforce, the proceedings conducted and the decision rendered are nugatory and without effect. This utter lack of jurisdiction voids any liability of the respondent for any monetary award or judgment in favor of the petitioner.

3. **COMMERCIAL LAW; CORPORATION CODE; AN OFFICER OF THE CORPORATION MAY NOT BE HELD PERSONALLY LIABLE FOR THE CORPORATION'S LABOR OBLIGATIONS UNLESS HE ACTED WITH MALICE OR BAD FAITH; TWO REQUISITES THAT MUST CONCUR TO HOLD AN OFFICER PERSONALLY LIABLE FOR CORPORATE OBLIGATIONS.—** "A corporation is a juridical entity with

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a legal personality separate and distinct from those acting for and in its behalf and, in general, from the people comprising it. Thus, as a general rule, an officer may not be held liable for the corporation's labor obligations unless he acted with evident malice and/or bad faith in dismissing an employee." Section 31 of the Corporation Code is the governing law on personal liability of officers for the debts of the corporation. To hold a director or officer personally liable for corporate obligations, two requisites must concur: (1) it must be alleged in the complaint that the director or officer assented to patently unlawful acts of the corporation or that the officer was guilty of gross negligence or bad faith; and (2) there must be proof that the officer acted in bad faith.

4. **ID.; ID.; ID.; ID.; THE TWIN REQUISITES ARE LACKING IN CASE AT BAR.—** Based on the records, the petitioner and the private respondents in the NLRC case failed to specifically allege either in their complaint or position paper that the respondent, as an officer of SEASUMCO, willfully and knowingly assented to the corporations' patently unlawful act of closing the corporation, or that the respondent had been guilty of gross negligence or bad faith in directing the affairs of the corporation. In fact, there was no evidence at all to show the respondent's participation in the petitioner's illegal dismissal. Clearly, the twin requisites of allegation and proof of bad faith, necessary to hold the respondent personally liable for the monetary awards to the petitioner, are lacking. The respondent is merely one of the officers of SEASUMCO and to single him out and require him to personally answer for the liabilities of SEASUMCO are without basis. In the absence of a finding that he acted with malice or bad faith, it was error for the labor tribunals to hold him responsible.

APPEARANCES OF COUNSEL

Francis U. Ku for petitioner.
Tanada Vivo & Tan for respondent.

D E C I S I O N

REYES, *J.*:

This is a petition for review on *certiorari*[1] assailing the Decision[2] dated August 13, 2009 and Resolution[3] dated April 14, 2010 of the Court of Appeals (CA) in CA-G.R. SP No. 02575-MIN. The appellate court nullified and set aside the Resolutions dated January 11, 2008[4] and July 31, 2008[5] of the National Labor Relations Commission (NLRC) in NLRC MAC-10-009909-2007, which affirmed the Order[6] dated August 16, 2007 of the Labor Arbiter (LA) in NLRC RAB Case No. 12-01-00005-03, granting Reyno C. Dimson's (petitioner) motion for the issuance of an amended alias writ of execution[7] to include Gerry T. Chua (respondent), as well as the other corporate officers of South East Asia Sugar Mill Corporation (SEASUMCO) and Mindanao, Azucarera Corporation (MAC), to be held solidarily liable with the said corporations for the money claims of the employees of SEASUMCO.

The Facts

The instant case filed by the petitioner, representing the other 14 complainants, against the respondent, is an offshoot of the labor case entitled "*Reyno Dimson, et al. v. SEASUMCO, MAC, United Coconut Planters Bank (UPCB), and Cotabato Sugar Central Co., Inc. (COSUCECO)*."

On September 22, 2003, the said labor case for illegal dismissal with monetary claims was decided in favor of the complainants.[8]

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[1] *Rollo*, pp. 3-28.

[2] Penned by Associate Justice Rodrigo F. Lim, Jr., with Associate Justices Elihu A. Ybañez and Ruben C. Ayson concurring; *id*. at 232-249.

[3] *Id*. at 277-278.

[4] *Id*. at 60-61.

[5] *Id*. at 63-65.

[6] Rendered by Executive Labor Arbiter Tomas B. Bautista, Jr.; *id*. at 66.

[7] *Id*. at 96.

[8] *Id*. at 176-190.

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Hence, SEASUMCO and MAC, as well as the members of their board of directors, were ordered to pay jointly and severally the sum of Three Million Eight Hundred Twenty-Seven Thousand Four Hundred Seventy Pesos and Fifty-One Centavos (₱3,827,470.51). The dispositive portion reads:

> WHEREFORE, premises considered, judgment is hereby rendered:
>
> A) Declaring that the Complainants were illegally separated from their employment, and consequently, they are entitled to payment of separation pay equivalent to one month pay per year of service and to payment of backwages reckoned from June 2000 until the finality of this decision and to payment of Service Incentive Leave Pay and 13th month pay.
>
> b) Declaring Respondents SEASUMCO and x x x MAC, including their respective presidents and board of directors jointly and severally liable to all the monetary entitlements of all Complainants as above granted.
>
> c) Dismissing the complaints/claims against Respondents UCPB and COSUCECO for lack of employer-employee relationship; and
>
> d) Ordering Respondents SEASUMCO and MAC, its respective presidents and members of the board of directors to pay jointly and severally the Complainants the amount of **THREE MILLION EIGHT HUNDRED TWENTY[-]SEVEN THOUSAND FOUR HUNDRED SEVENTY & 51/100 (₱3,827,470.51)** covering the entitlements representing partial computations of the complainants' entitlement herein.
>
> All other claims are dismissed for lack of legal and factual basis.
>
> SO ORDERED.[9]

The LA's decision became final and executory but the judgment remained unsatisfied. Consequently, the petitioner filed an*Ex-parte* Motion[10] for the issuance of an amended alias writ of execution asking for the inclusion of the board of directors and corporate officers of SEASUMCO and MAC to hold them liable for satisfaction of the said decision.

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[9] *Id*. at 189-190.

[10] *Id*. at 103-104.

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In an Order[11] dated August 16, 2007, the LA granted the motion; hence, an amended alias writ of execution[12] was issued which now included the respondent.

Aggrieved, the respondent elevated the matter to the NLRC by filing a Memorandum of Appeal[13] arguing that he was denied due process.

In a Resolution[14] dated January 11, 2008, the NLRC dismissed the appeal for lack of merit and sustained the findings of the LA.

The respondent filed a Motion for Reconsideration,[15] but the NLRC Resolution[16] dated July 31, 2008 denied his motion. Hence, he filed a petition for *certiorari* with application for temporary restraining order (TRO)/preliminary injunction[17] before the CA. He maintained that the labor tribunals violated his right to due process when the LA authorized the issuance of the amended alias writ of execution against him for the corporation's judgment debt, although he has never been a party to the underlying suit.

Meanwhile, upon the petitioner's motion, a Second Alias Writ of Execution[18] was issued on November 3, 2008, since the previous writ dated August 17, 2007 has already expired. Pursuant to this, on December 2, 2008, a Certificate of Sale/Award[19] was issued to the petitioner upon the levy on execution that was made over the shares of stocks belonging to the respondent at New Frontier Sugar Corporation (NFSC) totaling 105,344 shares with the total amount of ₱10,534,400.00.

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[11] *Id*. at 66.

[12] *Id*. at 96.

[13] *Id*. at 67-77.

[14] *Id*. at 60-61.

[15] *Id*. at 108-122.

[16] *Id*. at 63-65.

[17] *Id*. at 29-56.

[18] *Id*. at 219.

[19] *Id*. at 223-225.

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On January 30, 2009, the CA denied the respondent's application for a TRO and set the case for hearing on the propriety of the issuance of a writ of preliminary injunction (WPI).[20]

In the Resolution[21] dated April 16, 2009, the CA issued a WPI enjoining the NLRC, its sheriff and any person acting for and its behalf from transferring in the names of the petitioner and other private respondents in the NLRC case, the respondent shares of stocks with NFSC pending resolution of the petition.

On August 13, 2009, the CA rendered the assailed judgment, which nullified and set aside the rulings of the NLRC, and made the WPI permanent.[22] The CA held that the respondent was indeed denied due process based on the following ratiocination:

> In the case at bar, the records clearly show that [the respondent] was never served summons with respect to NLRC RAB Case No. 12-01- 00005-03. He, thus, cannot be made liable for any findings of the LA respecting private respondents' monetary claims. Moreover, as can likewise be gleaned from the records, private respondents monetary claims are claims against the corporation of which [the respondent] is merely an officer.[23]

In overturning the NLRC's decision, the CA emphasized that the LA cannot acquire jurisdiction over the person of the respondent without the latter being served with summons, and in the absence of service of summons or a valid waiver thereof, the hearings and judgment' rendered by the LA are null and void. The CA emphasized the rule that a corporation is clothed with a personality distinct from that of its officers and the petitioner has not shown any ground that would necessitate the piercing of the corporate veil and disregarding SEASUMCO's corporate fiction. Furthermore, the CA also noted with curiosity the respondent's claim that Agosto Sia (Sia), a co-respondent

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[20] *Id*. at 238.

[21] *Id*. at 229-231.

[22] *Id*. at 232-249.

[23] *Id*. at 243.

and likewise similarly situated as him, allegedly appealed the Order dated August 16, 2007 of the LA to the NLRC[24] and yet the latter granted Sia's appeal.[25]

Upset by the foregoing disquisition, the petitioner moved for reconsideration[26] but it was denied by the CA.[27] Hence, the present petition for review on *certiorari*.

The Issue

The main issue in this case is whether the respondent can be held solidarily liable with the corporation, of which he was an officer and a stockholder, when he was not served with summons and was never impleaded as a party to the case.

Ruling of the Court

The petition has no merit.

The issue of whether the respondent is personally liable for the monetary awards granted in favor of the petitioner, arising from the complainants' alleged illegal termination, while basically a question of law pertinent for a Rule 45 review, nevertheless, hinges for its resolution on a factual issue, the question of whether there had been improper service of summons upon the respondent which renders the judgment by the LA against him null and void. Moreover, the inconsistent rulings of the LA and the NLRC, on the one hand, and of the CA, on the other, in the present petition, make this case fall within the ambit of this Court's review.

Despite that, the issue posited in this case is not novel since a catena of cases involving the question of denial of due process and the propriety of a corporate officers' solidary liability with the corporation has already come before this Court.

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[24] *Id*. at 194-206.

[25] *Id*. at 208-210.

[26] *Id*. at 250-267.

[27] *Id*. at 277-278.

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In the main, the crux of the petitioner's argument focuses only on the liberal application of the rules of procedure and evidence before the NLRC. The petitioner contends that lack of summons is not indicative of lack of due process. Although expressly admitting that the respondent was not named as party in the illegal dismissal case before the LA, the petitioner argues that it does not mean that the respondent was denied due process since the latter was given the opportunity to express his defenses before the labor tribunals.

On the other hand, the respondent questions his inclusion in the decision of the labor tribunals below. He contends that the LA did not acquire jurisdiction over his person and emphasizes that he was never impleaded as a party respondent to the case but was merely included in the order for writ of execution of the money claims of the petitioner. He also questions his solidary liability with the corporation.

The respondent's assertions are not without basis, as can be seen from Sections 3[28] and 6[29] of Rule III of the 2005 Revised

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[28] Sec. 3. *Issuance of Summons*. – Within two (2) days from receipt of a complaint or amended complaint, the Labor Arbiter shall issue the required summons, attaching thereto a copy of the complaint or amended complaint. The summons shall specify the date, time and place of the mandatory conciliation and mediation conference in two (2) settings.

[29] Sec. 6. *Service of Notices and Resolutions*. – a) Notices or summons and copies of orders, shall be served on the parties to the case personally by the Bailiff or duly authorized public officer within three (3) days from receipt thereof or by registered mail; Provided that in special circumstances, service of summons may be effected in accordance with the pertinent provisions of the Rules of Court; Provided further, that in cases of decisions and final awards, copies thereof shall be served on both parties and their counsel or representative by registered mail; Provided further that in cases where a party to a case or his counsel on record personally seeks service of the decision upon inquiry thereon, service to said party shall be deemed effected upon actual receipt thereof; Provided finally, that where parties are so numerous, service shall be made on counsel and upon such number of complainants, as may be practicable, which shall be considered substantial compliance with Article 224 (a) of the Labor Code, as amended.

For purposes of appeal, the period shall be counted from receipt of such decisions, resolutions, or orders by the counsel or representative of record.

Rules of Procedure of the NLRC governing the issuance and services of notices and resolutions, including summons, in cases filed before the LAs.

Following the explicit language of the NLRC Rules, notices or summons shall be served on the parties to the case personally. The same rule allows under special circumstances, that service of summons may be effected in accordance with the provisions of the Rules of Court. The service of summons in cases before the LAs shall be served on the parties personally or by registered mail, provided that in special circumstances, service of summons may be effected in accordance with the pertinent provisions of the Rules of Court.

Supplementary or applied by analogy to these provisions are the provisions and prevailing jurisprudence in Civil Procedure. Where there is then no service of summons on or a voluntary general appearance by the defendant, the court acquires no jurisdiction to pronounce a judgment in the case.[30]

It is basic that the LA cannot acquire jurisdiction over the person of the respondent without the latter being served with summons. However, if there is no valid service of summons, he court can still acquire jurisdiction over the person of the defendant by virtue of the latter's voluntary appearance.[31]

In this case, since the respondent is one of the officers of SEASUMCO, service of summons must be made to him personally or by registered mail. However, as borne by the records, it is evident that no service of summons and notices

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b) The Bailiff or officer serving the notice, order, resolution or decision shall submit his return within two (2) days from date of service thereof, stating legibly in his return his name, the names of the persons served and the date of receipt, which return shall be immediately attached and shall form part of the records of the case. In case of service by registered mail, the Bailiff or officer shall write in the return, the names of persons served and the date of mailing of the resolution or decision. If no service was effected, the service officer shall state the reason therefor in the return.

[30] *Dynamic Signmaker Outdoor Advertising Services, Inc. v. Potongan*, 500 Phil. 113, 124 (2005).

[31] *Sy, et al. v. Fairland Knitcraft Co., Inc.*, 678 Phil. 265, 295 (2011).

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were served on the respondent and he was not impleaded in NLRC RAB Case No. 12-01-00005-03. He was hauled to the case after he reacted to the improper execution of his properties and was actually dragged to court by mere motion of the petitioner with whom he has no privity of contract and after the decision in the main case had already become final and executory. The respondent only received the copy of the assailed Order dated August 17, 2007 of the LA on September 5, 2007.[32]

It can be recalled that the petitioners' original complaints for illegal dismissal with money claims were only against SEASUMCO, MAC, UCPB and COSUCECO. For these complaints, the LA issued summons to a conference for a possible settlement to the said corporations, including its chairman Margarita Sia and Michael Angala. The Court scanned the records but found nothing to indicate that summons with respect to the said complaints were ever served upon the respondent. The petitioner in fact does not even dispute the respondent's claim that no summons or notices were ever issued and served on him either personally or through registered mail. True to his claim, the respondent, indeed, was never summoned by the LA. Besides, even assuming that the respondent has knowledge of a labor case against SEASUMCO, this will not serve the same purpose as summons to him.

More so, the respondent did not voluntarily appear before the LA as to submit himself to its jurisdiction. Contrary to the petitioner's position, the validity of a judgment or order of a court or quasi-judicial tribunal which has become final and executory may be attacked when the records show that it lacked jurisdiction to render the judgment. For a judgment rendered against one in a case where jurisdiction over his person was not acquired is void, and a void judgment maybe assailed or impugned at any time either directly or collaterally by means of a petition filed in the same or separate case, or by resisting such judgment in any action or proceeding wherein it is invoked.[33]

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[32] *Rollo*, p. 71.

[33] *Dynamic Signmaker Outdoor Advertising Services, Inc. v. Potongan*, *supra* note 30, at 123.

Guided by the foregoing norms, the CA properly concluded that the proceedings before the LA deprived the respondent of due process. Considering that the respondent was never impleaded as a party respondent and was never validly served with summons, the LA never acquired jurisdiction over his person. Perforce, the proceedings conducted and the decision rendered are nugatory and without effect. This utter lack of jurisdiction voids any liability of the respondent for any monetary award or judgment in favor of the petitioner.

It has not escaped the Court's attention that the respondent's co-officer, Sia, also filed an appeal before the NLRC which the latter granted despite the fact that they were similarly situated. The Court agrees with the findings of the CA on this matter:

> Indeed, we find it strange, if not queer that [the respondent] who was similarly situated as that of Sia, would have been treated differently by [NLRC]. Both were in the same, if not exact, situation. [The respondent] and Sia, as the records show, were never impleaded as respondents in the complaint filed before the [LA] and neither too were they served with summons to enable them to file their answer before that level. Nevertheless, as the record shows, Sia's appeal was granted excluding him from liability for the reason that precisely he was not impleaded as a party to the case nor summons served on him. Strangely, however, as aforestated, [the respondent's] appeal was denied and was held liable for the monetary claims of private respondents. It would thus, clearly appear from the records that [NLRC] adopted two inconsistent positions in treating the appeals interposed by [the respondent] and Sia. The records likewise show that both [the respondent] and Sia were represented by the same counsel. For unknown reasons or for reasons only known to [NLRC], [the respondent's] and Sia's appeal were treated differently notwithstanding the identical situation they were in.[34]

While it is true that the LA and the NLRC are not bound by technical rules of evidence and procedure, such should not be interpreted so as to dispense with the fundamental and essential right of every person to due process of law.[35] "At all events,

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[34] *Rollo*, pp. 247-248.

[35] See *Cada v. Time Saver Laundry/Leslie Perez*, 597 Phil. 548 (2009).

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even if administrative tribunals exercising quasi-judicial powers are not strictly bound by procedural requirements, they are still bound by law and equity to observe the fundamental requirements of due process."[36]

Finally, the Court sustains the CA's ruling that the respondent, as one of SEASUMCO's corporate officer and stockholder, should not be held solidarily liable with the corporation for its monetary liabilities with the petitioner.

Here, the LA pierced the veil of corporate fiction of SEASUMCO and held the respondent, in his personal capacity, jointly and severally liable with the corporation for the enforcement of the monetary awards to the petitioner. Even assuming that the labor tribunals had jurisdiction over the respondent, it was still improper to hold him liable for SEASUMCO's obligations to its employees.

In the recent case of *Jose Emmanuel P. Guillermo v. Crisanto P. Uson*,[37] the Court resolved the twin doctrines of piercing the veil of corporate fiction and personal liability of company officers in labor cases. According to the Court:

> The common thread running among the aforementioned cases, however, is that the veil of corporate fiction can be pierced, and responsible corporate directors and officers or even a separate but related corporation, may be impleaded and held answerable solidarity in a labor case, even after final judgment and on execution, so long as it is established that such persons have deliberately used the corporate vehicle to unjustly evade the judgment obligation, or have resorted to fraud, bad faith or malice in doing so. When the shield of a separate corporate identity is used to commit wrongdoing and opprobriously elude responsibility, the courts and the legal authorities in a labor case have not hesitated to step in and shatter the said shield and deny the usual protections to the offending party, even after final judgment. The key element is the presence of fraud, malice or bad faith. Bad faith, in this instance, does not connote bad judgment or

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[36] *Dynamic Signmaker Outdoor Advertising Services, Inc. v. Potongan*, *supra* note 30, at 124.

[37] G.R. No. 198967, March 7, 2016.

negligence but imports a dishonest purpose or some moral obliquity and conscious doing of wrong; it means breach of a known duty through motive or interest or ill will; it partakes of the nature of fraud.

As the foregoing implies, there is no hard and fast rule on when corporate fiction may be disregarded; instead, each case must be evaluated according to its peculiar circumstances. For the case at bar, applying the above criteria, a finding of personal and solidary liability against a corporate Officer like Guillermo must be rooted on a satisfactory showing of fraud, bad faith or malice, or the presence of any of the justifications for disregarding the corporate fiction. x x x.[38] (Citations omitted)

"A corporation is a juridical entity with a legal personality separate and distinct from those acting for and in its behalf and, in general, from the people comprising it. Thus, as a general rule, an officer may not be held liable for the corporation's labor obligations unless he acted with evident malice and/or bad faith in dismissing an employee."[39] Section 31[40] of the Corporation Code is the governing law on personal liability of officers for the debts of the corporation. To hold a director or officer personally liable for corporate obligations, two requisites must concur: (1) it must be alleged in the complaint that the director or officer assented to patently unlawful acts of the corporation or that the officer was guilty of gross negligence or bad faith; and (2) there must be proof that the officer acted in bad faith.[41]

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[38] *Id*.

[39] *The Coffee Bean and Tea Leaf Philippines, Inc. v. Arenas*, G.R. No. 208908, March 11, 2015, 753 SCRA 187, 196.

[40] 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.

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[41] *The Coffee Bean and Tea Leaf Philippines, Inc. v. Arenas*, *supra* note 39.

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Based on the records, the petitioner and the private respondents in the NLRC case failed to specifically allege either in their complaint or position paper that the respondent, as an officer of SEASUMCO, willfully and knowingly assented to the corporations' patently unlawful act of closing the corporation, or that the respondent had been guilty of gross negligence or bad faith in directing the affairs of the corporation. In fact, there was no evidence at all to show the respondent's participation in the petitioner's illegal dismissal. Clearly, the twin requisites of allegation and proof of bad faith, necessary to hold the respondent personally liable for the monetary awards to the petitioner, are lacking.

The respondent is merely one of the officers of SEASUMCO and to single him out and require him to personally answer for the liabilities of SEASUMCO are without basis. In the absence of a finding that he acted with malice or bad faith, it was error for the labor tribunals to hold him responsible.

The Court had repeatedly emphasized that the piercing of the veil of corporate fiction is frowned upon and can only be done if it has been clearly established that the separate and distinct personality of the corporation is used to justify a wrong, protect fraud, or perpetrate a deception.[42] To disregard the separate juridical personality of a corporation, the wrongdoing must be established clearly and convincingly. It cannot be presumed.

WHEREFORE, the petition is **DENIED**. The Decision dated August 13, 2009 and Resolution dated April 14, 2010 of the Court of Appeals in CA-G.R. SP No. 02575-MIN are **AFFIRMED**.

SO ORDERED.

Velasco, Jr. (*Chairperson*), *Peralta, Perez*, and *Jardeleza, JJ.*, concur.

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[42] *Heirs of Fe Tan Uy v. International Exchange Bank*, 703 Phil. 477, 487 (2013).