Supreme Court E-Library

SECOND DIVISION

[G.R. No. 150959. August 4, 2006]

UNITED PARAGON MINING CORPORATION, *petitioner, vs.* **COURT OF APPEALS, former 12th DIVISION, ATTY. MURLY P. MENDEZ and CESARIO[1] F. ERMITA,** *respondents.*

SYLLABUS

1. COMMERCIAL LAW; CORPORATIONS; EXERCISE OF CORPORATE POWERS, BY WHOM. — We start with the basic concept that a corporation, like petitioner UPMC, has no power except those expressly conferred on it by the Corporation Code and those that are implied or incidental to its existence. In turn, a corporation exercises said powers through its board of directors and/or its duly authorized officers and agents. It has thus been observed that the power of a corporation to sue and be sued in any court is lodged with its board of directors that exercises its corporate powers. In turn, physical acts of the corporation, like the signing of documents, can be performed only by natural persons duly authorized for the purpose by the corporate by-laws or by a specific act of the board of directors.

2. ID.; ID.; ID.; ABSENT THE AUTHORITY OF THE BOARD OF DIRECTORS, NO PERSON, NOT EVEN OFFICERS OF THE CORPORATION, CAN VALIDLY BIND THE CORPORATION; PETITION, INCLUDING VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING, FATALLY DEFECTIVE IN THE CASE AT BAR. — It is petitioner's posture that there is no necessity for a board resolution authorizing its Personnel Superintendent to file in its behalf the *certiorari* petition in CA-G.R. SP No. 44450 because said petition arose out of the labor dispute filed against it and its Personnel Superintendent, Feliciano M. Daniel. It is argued that in Cesario's complaint for illegal dismissal, Daniel was made a co-respondent of the corporation. Upon this premise,

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[1] Also referred as Ceasario.

Supreme Court E-Library

UPMC argues that Daniel has all the right to answer the complaint and to appeal an unfavorable judgment therein, which he actually did, in his capacity as the corporation's Personnel Superintendent and as its representative. Plodding on, petitioner contends that were the CA to insist that Daniel could not represent the corporation, it follows that the proceedings before the Voluntary Arbitrator could only be binding as against Daniel because the company then could not have been duly represented in said proceedings. Throughout the proceedings before the Voluntary Arbitrator, that is, from the filing of the position papers up to the filing of the motion for reconsideration, UPMC was duly represented by its counsel, Atty. Archimedes O. Yanto. True it is that Cesario's complaint for illegal dismissal was filed against the corporation and Daniel. It appears obvious to us, however, that Daniel was merely a nominal party in that proceedings, as in fact he was impleaded thereat in his capacity as UPMC's Personnel Superintendent who signed the termination letter. For sure, Cesario's complaint contains no allegation whatsoever for specific claim or charge against Daniel in whatever capacity. As it is, Daniel was not in anyway affected by the outcome of the illegal dismissal case because only the corporation was made liable therein to Cesario. Being not a real party-in-interest, Daniel has no right to file the petition in CA-G.R. SP No. 44450 in behalf of the corporation without any authority from its board of directors. It is basic in law that a corporation has a legal personality entirely separate and distinct from that of its officers and the latter cannot act for and on its behalf without being so authorized by its governing board. In *Premium Marble Resources, Inc. v. Court of Appeals*, we made it clear that in the absence of an authority from the board of directors, no person, not even the officers of the corporation, can validly bind the latter[.] x x x Given the reality that the petition in CA-G.R. SP No. 44450 was filed by Daniel in behalf of and in representation of petitioner UPMC without an enabling resolution of the latter's board of directors, that petition was fatally defective, inclusive of the verification and the certification of non-forum shopping executed by Daniel himself.

3. **REMEDIAL LAW; CIVIL PROCEDURE; RELAXATION OF RULES OF PROCEDURE, WHEN PROPER; NOT APPLICABLE IN CASE AT BAR.**— True, ample jurisprudence exists to the effect that subsequent and substantial compliance

Supreme Court E-Library

of a petitioner may call for the relaxation of the rules of procedure in the interest of justice. But to merit the Court's liberal consideration, petitioner must show reasonable cause justifying non-compliance with the rules and must convince the Court that the outright dismissal of the petition would defeat the administration of justice. Here, petitioner has not adequately explained its failure to have the certification against forum shopping signed by its duly authorized officer. Instead, it merely persisted in its thesis that it was not necessary to show proof that its Personnel Superintendent was duly authorized to file that petition and to sign the verification thereof and the certification against forumshopping despite the absence of the necessary board authorization, thereby repeating in the process its basic submission that CA-G.R. SP No. 44450 is merely a continuation of the proceedings before the Voluntary Arbitrator and that its Personnel Superintendent was impleaded as one of the respondents in Cesario's complaint for illegal dismissal.

APPEARANCES OF COUNSEL

Archimedes O. Yanto for petitioner.
Leopoldo S. Perillo, Sr. for C.F. Ermita.

D E C I S I O N

GARCIA, *J.*:

Assailed and sought to be set aside in this petition for review under Rule 45 of the Rules of Court is the Decision[2] dated July 24, 2001 of the Court of Appeals (CA), as reiterated in its Resolution[3] of November 7, 2001, dismissing the petition for *certiorari* with prayer for a temporary restraining order and preliminary injunction thereat filed by the herein petitioner in CA-G.R. SP No. 44450, entitled *United Paragon Mining Corporation, represented by Feliciano M. Daniel v. Atty. Murly*

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[2] Penned by Associate Justice Conrado M. Vasquez, Jr. and concurred in by Associate Justices Martin S. Villarama, Jr. and Sergio L. Pestaño; *Rollo*, pp. 28-32.

[3] *Id.* at 33-A.

Supreme Court E-Library

P. Mendez, in his capacity as Accredited Voluntary Arbitrator, Region V, and Cesario F. Ermita.

The facts:

Prior to the instant controversy, private respondent Cesario F. Ermita (Cesario, for brevity) was a regular employee working as a foreman of petitioner United Paragon Mining Corporation (UPMC, hereafter).

On January 18, 1996, Cesario received a termination letter bearing date January 16, 1996 and signed by UPMC's Personnel Superintendent, Feliciano M. Daniel, informing Cesario that his employment as foreman is terminated effective thirty days after his receipt of the letter. As stated in the letter, the termination was on account of Cesario's violation of company rules against infliction of bodily injuries on a co-employee, it being alleged therein that Cesario inflicted bodily injuries on a co-employee, a certain Jerry Romero, as well as for unlawfully possessing a deadly weapon, a bolo, again in violation of company rules.

As a result of the termination, the matter was brought to the grievance machinery as mandated under the Collective Bargaining Agreement existing at that time between UPMC and the United Paragon Supervisors Union. Having failed to reach a settlement thereat, the parties agreed to submit the dispute to voluntary arbitration. Accordingly, the complaint for illegal dismissal was referred to Voluntary Arbitrator Atty. Murly P. Mendez of the National Conciliation and Mediation Board, Regional Branch No. V, Legaspi City, whereat the same was docketed as VA Case No. RB5-657-04-002-96.

On February 28, 1997, Voluntary Arbitrator Mendez rendered a decision[4] in Cesario's favor, stating that although the procedural requirements in the termination of an employee had been complied with, the termination of Cesario was unjustified because it was arrived at through gross misapprehension of facts. Explains the Voluntary Arbitrator:

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[4] *Id.* at 98.

Supreme Court E-Library

An analysis of the tenor of the termination letter would seem to indicate that Ceasario Ermita was separated from service simply because his explanation was not acceptable to the company. Stated more bluntly, Ermita was terminated not because there was a definite finding of fact relative to his supposed culpability, but because his answer did not find favor with management.

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The evidence on record partakes of the uncorroborated statement of Jerry Romero claiming that he was assaulted by [Cesario]. This claim has been disputed and is denied by [Cesario] in the statement executed by him on January 2, 1996 as well as in his written explanation (Annex 6, Respondent's Position Paper).

On this point, it can be argued that since this is a case of one's word against another, the best that could be said of management's evidence is that it has achieved a level at an equi-poise with that of the Constitution. The spirit of prevailing jurisprudence as well as a liberal interpretation of the new Constitutional provision on labor, would mandate that where a doubt exists, the same should be resolved in favor of labor. The position of [Cesario] appears to have been strengthened by the document jointly signed by [him] and Jerry Romero, the supposed victim of the assault charged.

This amicable settlement would serve to negate the charge of physical injury against [Cesario] as a basis for termination, it appearing that even [his] supposed victim, Jerry Romero, who has been made to appear as a complainant in the proceedings which resulted in the termination letter, has admitted in this amicable settlement (Annex A, Complainant's Position Paper) that *"hindi naming sinasadya yon at itong ginawa naming sulat na ito ay siya ang magpapatunay na ayos kaming dalawa at walang problema sa isa't isa."*

This admission, that comes no less from the supposed accuser of [Cesario], clearly establishes the fact that whatever may have happened between them on New Year's eve was something that neither of them willfully and voluntarily did. Since it has been established that the supposed scuffle between [Cesario] and Romero was *"hindi sinasadya,"* then it would necessarily follow that there could not have been a willful and voluntary assault by [Cesario] upon Romero. This situation is further rendered more puzzling by the fact that the suspected assailant was himself the bearer of the tell-tale marks of injury.

Supreme Court E-Library

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It has been established to the satisfaction of this Arbitrator that the bolo seen that night was used to chop wood to be burnt in the bonfire. This statement by people who happened to be unbiased and disinterested remains uncontested and undisputed.

Further, the preponderance of evidence shows that it was not [Cesario] who used said bolo, but his son.

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On these points, it is the finding of this Arbitrator, and it is so ruled, that Ceasario Ermita was unjustifiably terminated.[5] (Words in brackets supplied).

On the basis of the above, the Voluntary Arbitrator, in his aforementioned decision of February 28, 1997, ordered Cesario's reinstatement, to wit:

WHEREFORE, judgment is hereby issued ordering respondent United Paragon Mining Corporation to immediately reinstate Ceasario F. Ermita to his former position prior to the termination without loss of seniority nor interruption of service, and to pay said Ceasario F. Ermita his back wages, including such other fringe benefits as he would have been entitled to, from the date of his termination effective February 17, 1996 up to the time of actual reinstatement. Attorney's fees are hereby granted equivalent to 10 per cent of such monetary award as the complainant is entitled to.

For lack of merit, all other claims for damages are hereby dismissed.

SO ORDERED.

In time, UPMC moved for a reconsideration of the decision insofar as it ordered Cesario's reinstatement which UPMC sought to avert by offering separation pay instead. UPMC cites the following against the decreed reinstatement: 1) Cesario's position has already been filled up; and 2) reinstatement is no longer appropriate in view of the supposed strained relations between Cesario and UPMC.

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[5] *Id.* at 93-94.

Supreme Court E-Library

In his Order[6] of April 22, 1997, the Voluntary Arbitrator denied the desired reconsideration stressing that UPMC's management misapprehended the facts when it caused Cesario's termination, which cannot support the claim of the existence of strained relations between him and the corporation.

Unsatisfied, UPMC, thru its Personnel Superintendent Feliciano M. Daniel, elevated the case to the CA on a Petition for *Certiorari* with Prayer for Temporary Restraining Order and Injunction, thereat docketed as CA-G.R. SP No. 44450, asserting that the Voluntary Arbitrator committed grave abuse of discretion, erroneous interpretation of the law and denial of substantial justice.

In the herein assailed Decision[7] dated July 24, 2001, the CA, without going into the merits of the petition, dismissed the same on the following grounds:

1) The petition for *certiorari* was not the proper remedy in order to seek review or nullify decisions or final orders issued by the Labor Arbiter;

2) The verification in the petition is ineffective and insufficient because it was merely signed by the company's Personnel Superintendent without alleging or showing that he is authorized for the said purpose and that the verification was based on knowledge and information;

3) The petitioner's ground of grave abuse of discretion, erroneous interpretation of the law and denial of justice are actually dwelling on the appreciation of facts, which cannot be entertained in a petition for *certiorari*.

With its motion for reconsideration having been denied by the CA in its Resolution of November 7, 2001,[8] petitioner UPMC is now with this Court *via* the present recourse, submitting for our consideration the following questions:

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[6] *Id.* at 102-105.

[7] *Supra* note 2.

[8] *Supra* note 3.

Supreme Court E-Library

I

WHETHER OR NOT THE COURT OF APPEALS ERRED IN DISMISSING THE PETITION AFTER FINDING THAT THE PROPER REMEDY SHOULD HAVE BEEN A PETITION FOR REVIEW ON *CERTIORARI* AND NOT A PETITION FOR *CERTIORARI*;

II

WHETHER OR NOT THE PUBLIC RESPONDENT COURT OF APPEALS ERRED IN DISMISSING THE PETITION AFTER FINDING THAT THE VERIFICATION PORTION OF THE PETITION WAS INEFFECTIVE AND INSUFFICIENT IN THE ABSENCE OF ALLEGATION OR SHOWING THAT FELICIANO DANIEL, AS PERSONNEL SUPERINTENDENT WAS DULY AUTHORIZED TO FILE THE PETITION;

III

WHETHER OR NOT THE PUBLIC RESPONDENT COURT OF APPEALS ERRED IN DISMISSING THE PETITION AFTER FINDING THAT THE PETITION LACKS MERIT BECAUSE IT DWELLED ON THE APPRECIATION OF FACTS WHICH IS NOT PROPER IN PETITION FOR *CERTIORARI*.

The recourse must have to be *DENIED*, no reversible error having been committed by the CA in its challenged decision.

We start with the basic concept that a corporation, like petitioner UPMC, has no power except those expressly conferred on it by the Corporation Code and those that are implied or incidental to its existence. In turn, a corporation exercises said powers through its board of directors and/or its duly authorized officers and agents. It has thus been observed that the power of a corporation to sue and be sued in any court is lodged with its board of directors that exercises its corporate powers. In turn, physical acts of the corporation, like the signing of documents, can be performed only by natural persons duly authorized for the purpose by the corporate by-laws or by a specific act of the board of directors.[9]

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[9] *Monfort Hermanos Agricultural Development Corporation v. Monfort III*, G.R. No. 152542, July 8, 2004, 434 SCRA 27.

Supreme Court E-Library

It is petitioner's posture that there is no necessity for a board resolution authorizing its Personnel Superintendent to file in its behalf the *certiorari* petition in CA-G.R. SP No. 44450 because said petition arose out of the labor dispute filed against it and its Personnel Superintendent, Feliciano M. Daniel. It is argued that in Cesario's complaint for illegal dismissal, Daniel was made a co-respondent of the corporation. Upon this premise, UPMC argues that Daniel has all the right to answer the complaint and to appeal an unfavorable judgment therein, which he actually did, in his capacity as the corporation's Personnel Superintendent and as its representative. Plodding on, petitioner contends that were the CA to insist that Daniel could not represent the corporation, it follows that the proceedings before the Voluntary Arbitrator could only be binding as against Daniel because the company then could not have been duly represented in said proceedings.

Throughout the proceedings before the Voluntary Arbitrator, that is, from the filing of the position papers up to the filing of the motion for reconsideration, UPMC was duly represented by its counsel, Atty. Archimedes O. Yanto. True it is that Cesario's complaint for illegal dismissal was filed against the corporation and Daniel. It appears obvious to us, however, that Daniel was merely a nominal party in that proceedings, as in fact he was impleaded thereat in his capacity as UPMC's Personnel Superintendent who signed the termination letter. For sure, Cesario's complaint contains no allegation whatsoever for specific claim or charge against Daniel in whatever capacity. As it is, Daniel was not in anyway affected by the outcome of the illegal dismissal case because only the corporation was made liable therein to Cesario. Being not a real party-in-interest, Daniel has no right to file the petition in CA-G.R. SP No. 44450 in behalf of the corporation without any authority from its board of directors. It is basic in law that a corporation has a legal personality entirely separate and distinct from that of its officers and the latter cannot act for and on its behalf without being so authorized by its governing board.

Supreme Court E-Library

In *Premium Marble Resources, Inc. v. Court of Appeals*,[10] we made it clear that in the absence of an authority from the board of directors, no person, not even the officers of the corporation, can validly bind the latter:

> We agree with the finding of public respondent Court of Appeals, that "in the absence of any board resolution from its board of directors the [sic] authority to act for and in behalf of the corporation, the present action must necessary fail. The power of the corporation to sue and be sued in any court is lodged with the board of directors that exercises its corporate powers. Thus, the issue of authority and the invalidity of plaintiff-appellant's subscription which is still pending, is a matter that is also addressed, considering the premises, to the sound judgment of the Securities and Exchange Commission."

Given the reality that the petition in CA-G.R. SP No. 44450 was filed by Daniel in behalf of and in representation of petitioner UPMC without an enabling resolution of the latter's board of directors, that petition was fatally defective, inclusive of the verification and the certification of non-forum shopping executed by Daniel himself.

True, ample jurisprudence exists to the effect that subsequent and substantial compliance of a petitioner may call for the relaxation of the rules of procedure in the interest of justice.[11] But to merit the Court's liberal consideration, petitioner must show reasonable cause justifying non-compliance with the rules and must convince the Court that the outright dismissal of the petition would defeat the administration of justice.[12] Here, petitioner has not adequately explained its failure to have the certification against forum shopping signed by its duly authorized officer. Instead, it merely persisted in its thesis that it was not necessary to show proof that its Personnel Superintendent was duly authorized to file that petition and to sign the verification thereof

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[10] G.R. No. 96551, November 4, 1996, 264 SCRA 11.

[11] *Bank of the Philippine Islands v. Court of Appeals*, 450 Phil. 532 (2003).

[12] *Philippine Valve Mfg. Company v. National Labor Relations Commission*, G.R. No. 152304, November 12, 2004, 442 SCRA 383.

Supreme Court E-Library

and the certification against forumshopping despite the absence of the necessary board authorization, thereby repeating in the process its basic submission that CA-G.R. SP No. 44450 is merely a continuation of the proceedings before the Voluntary Arbitrator and that its Personnel Superintendent was impleaded as one of the respondents in Cesario's complaint for illegal dismissal.

With the view we take of this case, we deem it unnecessary to address petitioner's other grievances.

WHEREFORE, the instant petition is *DENIED* and the assailed CA decision and resolution are *AFFIRMED*.

Costs against petitioner.

SO ORDERED.

Puno (Chairperson), Sandoval-Gutierrez, Corona, and *Azcuna, JJ.,* concur.

EN BANC

[G.R. No. 162759. August 4, 2006]

LOIDA NICOLAS-LEWIS, GREGORIO B. MACABENTA, ALEJANDRO A. ESCLAMADO, ARMANDO B. HEREDIA, REUBEN S. SEGURITAN, ERIC LACHICA FURBEYRE, TERESITA A. CRUZ, JOSEFINA OPENA DISTERHOFT, MERCEDES V. OPENA, CORNELIO R. NATIVIDAD, EVELYN D. NATIVIDAD, *petitioners, vs.* **COMMISSION ON ELECTIONS,** *respondent.*

SYLLABUS

1. POLITICAL LAW; CONSTITUTIONAL LAW; SUFFRAGE; ELIGIBILITY TO VOTE, GOVERNING PROVISIONS; ABSENTEE VOTING MECHANISM, EXPLAINED. — In *esse*,