809 Phil. 438

FIRST DIVISION

[G.R. No. 210032, April 25, 2017]

DUTCH MOVERS, INC. CESAR LEE AND YOLANDA LEE, PETITIONERS, VS. EDILBERTO[1] LEQUIN, CHRISTOPHER R. SALVADOR, REYNALDO[2] L. SINGSING, AND RAFFY B. MASCARDO, RESPONDENTS.

D E C I S I O N

DEL CASTILLO, J.:

Before the Court is a Petition for Review on *Certiorari* assailing the July 1, 2013 Decision[3] of the Court of Appeals in CA-G.R. SP No. 113774. The CA reversed and set aside the October 29, 2009[4] and January 29, 2010[5] Resolutions of the National Labor Relations Commission (NLRC), which in turn reversed and set aside the Order[6] dated September 4, 2009 of Labor Arbiter Lilia S. Savari (LA Savari).

Also challenged is the November 13, 2013 CA Resolution.[7] which denied the Motion for Reconsideration on the assailed Decision.

Factual Antecedents

This case is an offshoot of the illegal dismissal Complaint[8] filed by Edilberto Lequin (Lequin), Christopher Salvador, Reynaldo Singsing, and Raffy Mascardo (respondents) against Dutch Movers, Inc. (DMI), and/or spouses Cesar Lee and Yolanda Lee (petitioners), its alleged President/Owner, and Manager respectively.

In their Amended Complaint and Position Paper,[9] respondents stated that DMI, a domestic corporation engaged in hauling liquefied petroleum gas, employed Lequin as truck driver and the rest of respondents as helpers; on December 28, 2004, Cesar Lee, through the Supervisor Nazario Furio, informed them that DMI would cease its hauling operation for no reason; as such, they requested DMI to issue a formal notice regarding the matter but to no avail. Later, upon respondents' request, the DOLE NCR[10] issued a certification[11] revealing that DMI did not file any notice of business closure. Thus, respondents argued that they were illegally dismissed as their termination was without cause and only on the pretext of closure.

On October 28, 2005, LA Aliman D. Mangandog dismissed[12] the case for lack of cause of action.

On November 23, 2007, the NLRC reversed and set aside the LA Decision. It ruled that respondents were illegally dismissed because DMI simply placed them on standby, and no longer provide them with work. The dispositive portion of the NLRC Decision[13] reads:

> WHEREFORE, the Decision dated October 28, 2005 is hereby REVERSED and SET ASIDE and a new judgment is hereby rendered ordering respondent Dutch Movers, Inc. to reinstate complainants to their former positions without loss of seniority rights and other privileges. Respondent corporation is also hereby ordered to pay complainants their full backwages from the time they were illegally dismissed up to the date of their actual reinstatement and ten (10%) percent of the monetary award as for attorney's fees.
>
> SO ORDERED.[14]

The NLRC Decision became final and executory on December 30, 2007.[15] And, on February 14, 2008, the NLRC issued an Entry of Judgment[16] on the case.

Consequently, respondents filed a Motion for Writ of Execution.[17] Later, they submitted a Reiterating Motion for Writ of Execution with Updated Computation of Full Backwages.[18] Pending resolution of these motions, respondents filed a Manifestation and Motion to Implead[19] stating that upon investigation, they discovered that DMI no longer operates. They, nonetheless, insisted that petitioners - who managed and operated DMI, and consistently represented to respondents that they were the owners of DMI - continue to work at Toyota Alabang, which they (petitioners) also own and operate. They further averred that the Articles of Incorporation (AOI) of DMI ironically did not include petitioners as its directors or officers; and those named directors and officers were persons unknown to them. They likewise claimed that per inquiry with the SEC[20] and the DOLE, they learned that DMI did not tile any notice of business closure; and the creation and operation of DMI was attended with fraud making it convenient for petitioners to evade their legal obligations to them.

Given these developments, respondents prayed that petitioners, and the officers named in DMI's AOI, which included Edgar N. Smith and Millicent C. Smith (spouses Smith), be impleaded, and be held solidarity liable with DMI in paying the judgment awards.

In their Opposition to Motion to Implead,[21] spouses Smith alleged that as part of their services as lawyers, they lent their names to petitioners to assist them in incorporating DMI. Allegedly, after such undertaking, spouses Smith promptly transferred their supposed rights in DMI in favor of petitioners.

Spouses Smith stressed that they never participated in the management and operations of DMI, and they were not its stockholders, directors, officers or managers at the time respondents were terminated. They further insisted that they were not afforded due process as they were not impleaded from the inception of the illegal dismissal case; and hence, thy cannot be held liable for the liabilities of DMI.

On April 1, 2009, LA Savari issued an Order[22] holding petitioners liable for the judgment awards. LA Savari decreed that petitioners represented themselves to respondents as the owners of DMI; and were the ones who managed the same. She further noted that petitioners were afforded due process as they were impleaded from the beginning of this case.

Later, respondents filed anew a Reiterating Motion for Writ of Execution and Approve[d) Updated Computation of Full Backwages.[23]

On July 31, 2009, LA Savari issued a Writ of Execution, the pertinent portion of which reads:

> NOW THEREFORE, you [Deputy Sheriff] are commanded to proceed to respondents DUTCH MOVERS and/or CESAR LEE and YOLANDA LEE with address at c/o Toyota Alabang, Alabang Zapote Road, Las Piñas City or wherever they may be found within the jurisdiction of the Republic of the Philippines and collect from said respondents the amount of THREE MILLION EIGHT HUNDRED EIGHTEEN THOUSAND ONE HUNDRED EIGHTY SIX PESOS & 66/100 (Php3,818,186.66) representing Complainants' awards plus 10%, Attorney's fees in the amount of THREE HUNDRED EIGHTY ONE THOUSAND EIGHT HUNDRED EIGHTEEN PESOS & 66/100 (Php381,818.66) and execution fee in the amount of FORTY THOUSAND FIVE HUNDRED PESOS (Php40,500.00) or a total of FOUR MILLION TWO HUNDRED FORTY THOUSAND FIVE HUNDRED FIVE PESOS & 32/100 (Php4,240,505.32) x x x[24]

Petitioners moved[25] to quash the Writ of Execution contending that the April 1, 2009 LA Order was void because the LA has no jurisdiction to modify the final and executory NLRC Decision and the same cannot anymore be altered or modified since there was no finding of bad faith against them.

Ruling of the Labor Arbiter

On September 4, 2009, LA Savari denied petitioners' Motion to Quash because it did not contain any ground that must be set forth in such motion.

Thus, petitioners appealed to the NLRC.

Ruling of the National Labor Relations Commission

On October 29, 2009, the NLRC quashed the Writ of Execution insofar as it held petitioners liable to pay the judgment awards. The decretal portion of the NLRC Resolution reads:

> WHEREFORE, in view of the foregoing, the assailed Order dated September 4, 2009 denying respondents' Motion to Quash Writ is hereby REVERSED and SET ASIDE. The Writ of Execution dated July 13,[26] 2009 is hereby QUASHED insofar as it holds individual respondents Cesar Lee and Yolanda Lee liable for the judgment award against the complainants.
>
> Let the entire record of the case be forwarded to the Labor Arbiter of origin for appropriate proceedings.
>
> SO ORDERED.[27]

The NLRC ruled that the Writ of Execution should only pertain to DMI since petitioners were not held liable to pay the awards under the final and executory

NLRC Decision. It added that petitioners could not be sued personally for the acts of DMI because the latter had a separate and distinct personality from the persons comprising it; and, there was no showing that petitioners were stockholders or officers of DMI; or even granting that they were, they were not shown to have acted in bad faith against respondents.

On January 29, 2010, the NLRC denied respondents' Motion for Reconsideration.

Undaunted, respondents filed a Petition for *Certiorari* with the CA ascribing grave abuse of discretion against the NLRC in quashing the Writ of Execution insofar as it held petitioners liable to pay the judgment awards.

Ruling of the Court of Appeals

On July 1, 2013, the CA reversed and set aside the NLRC Resolutions, and accordingly affirmed the Writ of Execution impleading petitioners as party-respondents liable to answer for the judgment awards.

The CA ratiocinated that as a rule, once a judgment becomes final and executory, it cannot anymore be altered or modified; however, an exception to this rule is when there is a supervening event, which renders the execution of judgment unjust or impossible. It added that petitioners were afforded due process as they were impleaded from the beginning of the case; and, respondents identified petitioners as the persons who hired them, and were the ones behind DMI. It also noted that such participation of petitioners was confirmed by DIVII's two incorporators who attested that they lent their names to petitioners to assist the latter in incorporating DMI; and, after their undertaking, these individuals relinquished their purported interests in DMI in favor of petitioners.

On November 13, 2013, the CA denied the Motion for Reconsideration on the assailed Decision.

Thus, petitioners filed this Petition raising the following grounds:

> THE HONORABLE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN RULING THAT RESPONDENTS SHOULD BE LIABLE FOR THE JUDGMENT AWARD TO RESPONDENTS BASED ON THE FOLLOWING:
>
> I
>
> THE VALDERAMA VS. NLRC AND DAVID VS. CA ARE NOT APPLICABLE IN THE INSTANT CASE.
>
> II
>
> THERE IS NO LEGAL BASIS TO PIERCE THE VEIL OF CORPORATE FICTION OF DUTCH MOVERS, INC.[28]

Petitioners argue that the circumstances in *Valderrama v. National Labor Relations Commission*[29] differ with those of the instant case. They explain that in *Valderrama*, the LA therein granted a motion for clarification. In this case, however, the LA made petitioners liable through a mere manifestation and motion to implead

filed by respondents. They further stated that in *Valderrama*, the body of the decision pointed out the liability of the individual respondents therein while here, there was no mention in the November 23, 2007 NLRC Decision regarding petitioners' liability. As such they posit that they cannot be held liable under said NLRC Decision.

In addition, petitioners claim that there is no basis to pierce the veil of corporate fiction because DMI had a separate and distinct personality from the officers comprising it. They also insist that there was no showing that the termination of respondents was attended by bad faith.

In fine, petitioners argue that despite the allegation that they operated and managed the affairs of DMI, they cannot be held accountable for its liability in the absence of any showing of bad faith on their part.

Respondents, on their end, counter that petitioners were identified as the ones who owned and managed DMI and therefore, they should be held liable to pay the judgment awards. They also stress that petitioners were consistently impleaded since the filing of the complaint and thus, they were given the opportunity to be heard.

Issue

Whether petitioners are personally liable to pay the judgment awards in favor of respondents

Our Ruling

The Court denies the Petition.

To begin with, the Court is not a trier of facts and only questions of law may be raised in a petition under Rule 45 of the Rules of Court. This rule, nevertheless, allows certain exceptions, which include such instance where the factual findings of the CA are contrary to those of the lower court or tribunal. Considering the divergent factual findings of the CA and the NLRC in this case, the Court deems it necessary to examine, review and evaluate anew the evidence on record.[30]

Moreover, after a thorough review of the records, the Court finds that contrary to petitioners' claim, *Valderrama v. National Labor Relations Commission*,[31] and *David v. Court of Appeals*[32] are applicable here. In said cases, the Court held that the principle of immutability of judgment, or the rule that once a judgment has become final and executory, the same can no longer be altered or modified and the court's duty is only to order its execution, is not absolute. One of its exceptions is when there is a supervening event occurring after the judgment becomes final and executory, which renders the decision unenforceable.[33]

To note, a supervening event refers to facts that transpired after a judgment has become final and executory, or to new situation that developed after the same attained finality. Supervening events include matters that the parties were unaware of before or during trial as they were not yet existing during that time.[34]