SUPREME COURT
SECOND DIVISION

CONSUELO VALDERRAMA,
***Petitioner*,**

-versus-

G.R. No. 98239
April 25, 1996

NATIONAL LABOR RELATIONS COMMISSION, FIRST DIVISION AND MARIA ANDREA SAAVEDRA,
***Respondents*.**
x----------x

D E C I S I O N

MENDOZA, *J.*:

On October 27, 1983, Maria Andrea Saavedra, herein private respondent, filed a complaint against the COMMODEX (Phils.), Inc., petitioner Consuelo Valderrama as owner, Tranquilino. Valderrama as executive vice president and Jose Ma. Togle as vice president and general manager, for reinstatement and backwages.[1] On December 2, 1986, the Labor Arbiter rendered a decision, finding private respondent to have been illegally dismissed and holding the respondent COMMODEX liable. It was shown that private respondent had been dismissed from her employment due to her pregnancy, contrary to allegations of petitioner and her corespondents therein that the termination of her employment was

due to redundancy and retrenchment.[2] The dispositive portion of the Labor Arbiter's decision reads:

> WHEREFORE, judgment his hereby rendered ordering respondent company:
>
> 1. to reinstate complainant to her former position with full backwages at the rate of P1,474.00 per month from the date she was illegally dismissed on 16 March 1983 until actually reinstated without loss of seniority right and other benefits which she could have earned were it not for her illegal dismissal;
>
> 2. to pay complainant moral and exemplary damages in the amount of P20,000.00 and P5,000.00, respectively; and
>
> 3. to pay complainant attorney's fees equivalent to ten (10%) percent of the total award.

A writ of execution was granted, but it was returned unsatisfied.[3] The sheriff reported that COMMODEX had ceased operation, while the individual officers, who were corespondents in the case, took the position that the writ could not be enforced against then on the ground that the dispositive portion of the decision mentioned only COMMODEX.

Private respondent filed a Motion for Clarification in which she prayed:

> WHEREFORE, it is most respectfully prayed that the dispositive part of the decision be clarified to read as follows:
>
> > WHEREFORE, judgment is hereby rendered ordering respondents jointly and severally:
> >
> > 1. to reinstate complainant to her former position with full backwages at the rate of P1,474.00 per month from the date she was illegally dismissed on 16 March 1983 until actually reinstated

without loss of seniority right and other benefits which she could have earned were it not for her illegal dismissal;

2. to pay complainant moral and exemplary damages in the amount of P20,000.00 and P5,000.00, respectively; and

3. to pay complainant attorney's fee equivalent to ten (10%) percent of the total award.

Private respondent contended that the body of the decision held the petitioner and her corespondents therein to be liable and that:

> therefore, this office is not precluded from correcting the inadvertence by clarifying the words "respondent company" which ought to have been "respondents jointly and severally" in order to make the fallo or dispositive part correspond or correlate with the body of the final decision, considering that the unjust dismissal of the complainant constitutes tort or quasi-delict. (Article 2176, New Civil Code).

Petitioner and her corespondents therein filed an opposition to the motion for clarification. They contended that the decision of the Labor Arbiter had become final and executory and could no longer be amended.[4]

In reply private respondent argued that no amendment of final decision was being sought but only the correction of a mistake or a clarification of an ambiguity because "the exclusion [of the other respondents] in the dispositive part of the decision is merely a clerical error or mistake, since in the body of the decision they [petitioner and corespondents therein] were included, hence said error or mistake can yet be corrected even if the decision is already final."[5]

On April 12, 1988, Labor Arbiter, citing our ruling in A.C. Ransom Labor Union-CCLU vs. NLRC,[6] which held the president of a corporation responsible and personally liable for payment of backwages, granted the private respondent's motion and set it for hearing for reception of evidence of the relationship of the petitioner

and her corespondents therein to COMMODEX. Private respondent then presented the Articles of Incorporation, List of Stockholders and the General Information Sheet of COMMODEX,[7] which showed that of the 2,000 shares of stocks of the corporation, Consuelo Valderrama owned 1,993[8] and that she was chairman of the board and president of respondent company.[9]

On July 25, 1988, the Labor Arbiter declared petitioner Consuelo Valderrama liable for the payment of the monetary awards contained in the dispositive portion of the decision dated December 2, 1986,[10] thus:

> WHEREFORE, respondent Consuelo Valderrama, as Chairman of the Board and President of respondent COMMODEX (Phils.), Inc. who is originally impleaded is hereby deemed included as party respondent and she should, as she is hereby held liable for the awards to complainant Maria Andrea L. Saavedra.
>
> To obviate the further issuance of a Writ of Execution against her, she should, as she is hereby ordered to pay aforenamed complainant the monetary awards ordained in the Decision herein.
>
> SO ORDERED.

Petitioner appealed to the NLRC. In a resolution dated February 26, 1991, the First Division of the NLRC affirmed the Labor Arbiter's order and dismissed the appeal for lack of merit.[11] Hence, this petition. Petitioner alleges that:

1. The Decision dated 02 December 1986 has become final and executory, and, hence, can no longer be substantially amended as to include liability on the part of herein Petitioner, who was originally not named as liable in the dispositive portion of the said Decision; and

2. Petitioner cannot and should not be held personally liable jointly and severally with Commodex (Phils.), Inc. for the awards adjudged in favor of herein Private Respondent Saavedra.

We find these contentions to be without merit.

First. The rule that once a judgment becomes final it can no longer be disturbed, altered, or modified is not an inflexible one. It admits of exceptions, as where facts and circumstances transpire after a judgment has become final and executory which render its execution impossible or unjust. In such a case a the modification of the decision may be sought by the interested party and the court will modify and alter the judgment to harmonize it with justice and the facts.[12]

In the case at bar, modification of the judgment is appropriate considering that the company is no longer in operation and there is no showing that it has filed bankruptcy proceedings in which private respondent might file a claim and pursue her remedy under Article 110 of the Labor Code. Holding petitioner personally liable for the judgment in this cases is eminently just and proper considering that, although the dispositive portion of the decision mentions only the "respondent company," the text repeatedly mentions "respondents" in assessing liability for the illegal dismissal of private respondent. For indeed petitioner and others were respondents below and there can be no doubt of their personal liability. The mere happenstance that only the company is mentioned should not, therefore, be allowed to obscure the fact that in the text of the decision petitioner and her corespondents below were found guilty of having illegally dismissed private respondents and of claiming that private respondent's employment was terminated because of the retrenchment, when the truth was that she was dismissed for pregnancy. Hence they should be held personally liable for private respondent's reinstatement with backwages.[13]

> "Indeed it is well said that to get the true intent and meaning of a decision, no specific portion thereof should be resorted to but same must be considered in its entirety (Escarella vs. Director of Lands, 83 Phil., 491; 46, Off. Gaz. No. 11 p. 5487; I Moran's Comments on the Rules of Court, 1957 ed., p. 478)."[14]

Second. Not only it is clear by reference to the text of the decision of the Labor Arbiter that COMMODEX as well as its officers were being held liable so that no substantial amendment of the decision was

really made by the Labor Arbiter in ordering petitioner to comply with that decision, but under the Labor Code, petitioner is herself considered an employer. In A. C. Ransom Labor Union-CCLU vs. NLRC,[15] we held:

> (a) Article 265 of the labor Code, in part, expressly provides:
>
> Any worker whose employment has been terminated as a consequence of an unlawful lockout shall be entitled to reinstatement with full backwages.

Article 273 of the Code provides that:

> Any person violating any of the provisions of Article 265 of this Code shall be punished by a fine of not exceeding five hundred pesos and/or imprisonment for not less than one (1) day nor more than six (6) months.
>
> (b) How can the foregoing provisions be implemented when the employer is a corporation? The answer is found in Article 212 (c) of the Labor Code which provides:
>
> (c) "Employer" includes any person acting in the interest of an employer, directly or indirectly. The term shall not include any labor organization or any of its officers or agents except when acting as employer.

The foregoing was culled from Section 2 of RA 602, the Minimum Wage Law. Since Ransom is an artificial person, it must have an officer who can be presumed to be the employer, being the "person acting in the interest of (the) employer" RANSOM. The corporation, only in the technical sense, is the employer.

The responsible officer of an employer corporation can be held personally, not to say even criminally, liable for the non-payment of backwages. That is the policy of the law. in the Minimum Wage Law, Section 15 (b) provided:

> (b) If any violation of this Act is committed by the corporation, trust, partnership or association, the manager or in

his default, the person acting as such when the violation took place, shall be responsible. In the case of a government corporation, the managing head shall be made responsible, except when shown that the violation was due to an act or commission of some other person, over whom he has no control, in which case the latter shall be held responsible.

In PD 525, where a corporation fails to pay the emergency allowance therein provided, the prescribed penalty "shall be imposed upon the guilty officer or officers" of the corporation.

(c) If the policy of the law were otherwise, the corporation employer can have devious ways for evading payment of backwages. In the instant case, it would appear that RANSOM, in 1969, foreseeing the possibility or probability of payment of backwages to the 22 strikers, organized ROSARIO to replace RANSOM, with the latter to be eventually phased out if the 22 strikers win their case. RANSOM actually ceased operations on May 1, 1973, after the December 19, 1972 Decision of the Court of Industrial Relations was promulgated against RANSOM.

(d) The record does not clearly identify "the officer or officers" of RANSOM directly responsible for failure to pay the back wages of the 22 strikers. In the absence of definite proof in that regard, we believe it should be presumed that the responsible officer is the President of the corporation who can be deemed the chief operation officer thereof. Thus, in RA 602, criminal responsibility is with the "Manager or in his default, the person acting as such." In RANSOM, the President appears to be the Manager.

(e) Considering that non-payment of the back wages of the 22 strikers has been a continuing situation, it is our opinion that the personal liability of the RANSOM President, at the time the back wages were ordered to be paid should also be a continuing joint and several personal liabilities of all who may have thereafter succeeded to the office of president; otherwise the 22 strikers may be deprived of their rights by the election of a president without leviable assets.

> Petitioner seeks to distinguish that case from the one at bar on the ground that the dispositive portion of the decision in that case actually ordered the "officers and agents" of A. C. Ransom to cease and desist from committing further acts of certain labor practice. thus:
>
> IN VIEW OF ALL THE FOREGOING, the A. C. Ransom Philippine Corporation is guilty of unfair labor practice of interference and discrimination hereinabove held and specified, ordering its officers and agents to cease and desist from committing the same, finding the strike legal and justified; and to reinstate immediately to their respective positions with backwages from July 25, 1969 until actually reinstated, without loss of seniority rights and other privileges appurtenant to their employment.[16]

A corporation can only act through its officers and agents. That is why the cease and desist order was directed to the "officers and agents" of A. C. Ransom, which was actually found guilty of unfair labor practice. But that case clearly also holds that any decision against the company can be enforced against the officers in their personal capacities should the corporation fail to satisfy the judgment against it. The quoted portion of that decision explaining the basis for such ruling makes that clear. Agreeably with the ruling in A. C. Ransom Labor Union-CCLU it was held in another case that "where the Employer corporation is no longer existing and [is] unable to satisfy the judgment in favor of the employee, the officer should be held liable for acting on behalf of the corporation."[17]

Similarly it was held in Carmelcraft Corp. vs. NLRC:[18]

We also find untenable the contention of Carmen Yulo that she is not liable for the acts of the petitioner company, assuming it had acted illegally, because the Carmelcraft Corporation is a distinct and separate entity with legal personality of its own. Yulo claims she is only an agent of the company carrying out the decisions of its board of directors. We do not agree. Our finding is that she is in fact and legal effect the corporation, being not only its president and general manager but also its owner.

In this case, the documents presented by the private respondent show that petitioner controlled the company owning 1,993 of its 2,000 shares, with the rest of the stockholders owning only nominal amounts.

Third. Petitioner says the failure of private respondent to make a timely appeal bars from enforcing the decision in her favor against her (petitioner) and the officers of the corporation because the decision of December 2, 1986 of the Labor Arbiter is now final and can no longer be amended.

We have already explained that there was really no amendment of the decision but only a clarification. Bur even if appeal was required in order to correct the error, in the interest of substantial justice, especially in cases involving rights of workers, the procedural lapse in this case may be disregarded. as held in General Baptist Bible College vs. NLRC:[19]

> Technicalities have no room in labor cases, where the Rules of Court are applicable only in order to effectuate the objectives of the Labor Code and not to defeat them. The pertinent provisions of the Revised Rules of Court of the Philippines and prevailing jurisprudence may be applied by analogy or in a suppletory character to affect an expeditious resolution of labor controversies in a practical and convenient manner. We are inclined to overlook a procedural defect if only to promote substantial justice.

General rules of procedure are merely suppletory in character *vis-a-vis* labor disputes which are primarily governed by labor laws.[20] Furthermore, as provided in Art. 4 of the Labor Code, "all doubts in the implementation and interpretation of this code, including its implementing rules and regulations shall be rendered in favor of labor."[21] The rule that the NLRC may disregard technical rules of procedure in order to give life to the constitutional mandate for the protection of labor is well settled.[22]

WHEREFORE, the Petition is **DISMISSED** for lack of merit.

SO ORDERED.

Regalado, Romero, Puno and Torres, Jr., *JJ.*, concur.

---

[1] Decision of Labor Arbiter Felipe Pati, p. 1; Rollo, p. 25.
[2] Id.
[3] Rollo, p. 30.
[4] Rollo, p. 38.
[5] Rollo, p. 41.
[6] 142 SCRA 269 (1986).
[7] Rollo, p. 43.
[8] Rollo, p. 53.
[9] Order of Labor Arbiter Raymundo Valenzuela, pp. 4-5, Rollo, pp. 66-67.
[10] Rollo, pp. 63-68.
[11] Per Commissioner Romeo B. Putong and concurred in by Presiding Commissioner Bartolome S. Carale, and Commissioner Vicente S. E. Veloso III.
[12] Medado vs. Court of Appeals, 185 SCRA 80 (1990); Mabuhay Vinyl Corp. vs. NLRC, 214 SCRA 135 (1992); Sampaguita Garments Corp. vs. NLRC, 233 SCRA 260 (1994).
[13] See Chua vs. NLRC, 182 SCRA 353 (1990).
[14] Policarpio vs. P. V. B. and Associated Ins. & Surety Co., Inc., 106 Phil. 125, 131 (1959).
[15] Supra note 6 at 273-75.
[16] Petition, p. 10, Rollo, p. 11.
[17] Gudez vs. NLRC, 183 SCRA 645, 650 (1990).
[18] 186 SCRA 393 (1990).
[19] 219 SCRA 549 (1993).
[20] Art. 221 of the Labor Code.
[21] Montoya vs. Escayo, 171 SCRA 442 (1989).
[22] Principe vs. Philippine-Singapore Transport Services, Inc., 176 SCRA 514 (1989).
