

### Republic of the Philippines SUPREME COURT Manila

#### **EN BANC**

LEO ROSALES. EDGAR R. SOLIS. JONATHAN G. RANIOLA, LITO FELICIANO. RAYMUNDO DIDAL. JR. NESTOR SALIN, ARNULFO S. **ABRIL, RUBEN FLORES, DANTE MELCHOR** FERMA AND SELGA,

Petitioners,

- versus -

NEW A.N.J.H. ENTERPRISES & N.H. OIL MILL CORPORATION, NOEL AWAYAN, FE MA. AWAYAN, **BYRON** ILAGAN. HEIDI A. ILAGAN AND AVELINO AWAYAN,

Respondents.

G.R. No. 203355

Present:

SERENO, C.J., CARPIO, VELASCO, JR., LEONARDO-DE CASTRO, BRION, PERALTA, BERSAMIN, DEL CASTILLO, VILLARAMA, JR., PEREZ. MENDOZA, REYES.\* PERLAS-BERNABE, LEONEN, and JARDELEZA, JJ.

Promulgated:

	August 18, 2015
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## DECISION

#### VELASCO, JR., J.:

This is a Petition for Review on Certiorari under Rule 45 of the Rules of Court assailing the September 5, 2012 Decision<sup>1</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 124395, which, in turn, affirmed the Resolutions of the National Labor Relations Commission (NLRC) dated December 28, 2011<sup>2</sup> and February 28, 2012<sup>3</sup> in NLRC-LAC Case No. 07-001796-11.

<sup>\*</sup>On official leave. \*\*On leave.

<sup>&</sup>lt;sup>1</sup>Rollo, pp. 44-67. Penned by Associate Justice Vicente S.E. Veloso, with Associate Justices Jane Aurora C. Lantion and Eduardo B. Peralta, Jr. concurring.

<sup>&</sup>lt;sup>2</sup>Id. at 100-110. Penned by NLRC Presiding Commissioner Herminio V. Suelo, with Commissioners Angelo Ang Palana and Numeriano D. Villena concurring, Fourth Division.

Respondent New ANJH Enterprises (New ANJH) is a sole proprietorship owned by respondent Noel Awayan (Noel). Petitioners are its former employees who worked as machine operators, drivers, helpers, lead and boiler men.

Allegedly due to dwindling capital, on February 11, 2010, Noel wrote the Director of the Department of Labor and Employment (DOLE) Region IV-A a letter regarding New ANJH's impending cessation of operations and the sale of its assets to respondent NH Oil Mill Corporation (NH Oil), as well as the termination of thirty-three (33) employees by reason thereof.<sup>4</sup> On February 13, 2010, Noel met with the 33 affected employees, which included petitioners, to inform them of his plan.<sup>5</sup> On even date, he gave the employees uniformly-worded Notices dated February 12, 2010<sup>6</sup> informing them of the cessation of operations of New ANJH effective March 15, 2010 and the sale of its assets to a corporation. Noel also offered the employees, including petitioners, their separation pay.

On March 5, 2010, Noel signed a Deed of Sale selling the equipment, machines, tools and/or other devices being used by New ANJH Enterprises for the manufacturing and/or extraction of coconut oil for 950,000 to NH Oil, as represented by respondent Heidi A. Ilagan (Heidi), Noel's sister.<sup>7</sup>

Parenthetically, the Articles of Incorporation of NH Oil were prepared on January 27, 2010 with Noel appearing to have more than two-thirds (2/3) of the subscribed capital stock of the corporation.<sup>8</sup> The remaining shares had been subscribed by Heidi and other members of the Awayan family.<sup>9</sup>

On March 8, 2010, respondents New ANJH and Noel filed before the NLRC Sub-Regional Arbitration Branch No. IV (NLRC-SRAB-IV), San Pablo City a "*Letter Request for Intervention*," which was docketed as SRAB-IV-03-5066-10-L. The letter request reads:

Please be informed that the business operations of the New ANJH Enterprises, a single Proprietorship engaged in oil extraction situated in San Pablo City, will be **permanently closed** effective 15 March 2010 due

<sup>&</sup>lt;sup>8</sup>Id. at 141-146. The following are the incorporators of NH Oil Mill Corporation with their respective subscribed and paid-up shares:

Name	No. of Shares	Subscribed	Paid-Up
1. Noel D. Awayan	7,900	790,000.00	237,000.00
2. Heide A. Ilagan	1,900	190,000.00	57,000.00
3. Marife D. Awayan	100	10,000.00	3,000.00
4. Jay Byron S. Ilagan	50	5,000.00	1,500.00
5. Imelda S. Awayan	<u>50</u>	5,000.00	1,500.00
TOTAL		1,000,000.00	300,000.00

<sup>&</sup>lt;sup>4</sup> Id. at 192-194.

<sup>&</sup>lt;sup>5</sup> Id. at 195-196.

<sup>&</sup>lt;sup>6</sup> Id. at 435- 444.

<sup>&</sup>lt;sup>7</sup> Id. at 190-191.

to lack of capital caused by enormous uncollected receivables/debts and the necessity for the plant to undergo general repairs and maintenance.

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In this connection, we respectfully request that we be allowed to effect the **payment of the separation benefits** to our employees before your Office and with your kind intervention to ensure that we are **properly guided by the provisions of law** in this undertaking.<sup>10</sup> (emphasis supplied)

On March 16, 2010, petitioners Lito Feliciano (Feliciano), Edgar Solis (Solis), and Nestor Salin (Salin) received their respective separation pays, signed the corresponding check vouchers and executed *Quitclaims and Release* before Labor Arbiter Melchisedek A. Guan (LA Guan) of NLRC-SRAB-IV San Pablo Office.<sup>11</sup>

On March 27, 2010, petitioner Leo Rosales (Rosales) similarly received his separation pay from Noel and signed a *Quitclaim and Release*.<sup>12</sup> On March 29, 2010, the other petitioners, Arnulfo Abril (Abril), Raymundo Didal (Didal), Ruben Flores (Flores), Melchor Selga (Selga), Jonathan Ranola (Ranola), and Dante Ferma (Ferma) also received their separation benefits and signed their respective *Quitclaims and Release* and check vouchers.<sup>13</sup>

Following the payments thus made to petitioners and their execution of *Quitclaims and Release*, LA Guan issued four (4) Orders, to wit: three Orders all dated March 22, 2010 for petitioners Feliciano, Solis, and Salin;<sup>14</sup> and one Order dated April 8, 2010 for petitioners Abril, Flores, Didal, Ferma, Rosales, Selga and Ranola.<sup>15</sup> In the said Orders, LA Guan declared the "labor dispute" between New ANJH and petitioners as "dismissed with prejudice on ground of settlement."<sup>16</sup>

Petitioners, however, filed a complaint for illegal dismissal, docketed as NLRC Case No. RAB-IV-04-00649-10-L, with NLRC Regional Arbitration Branch IV (NLRC-RAB-IV) in Calamba City. They alleged in their complaint that while New ANJH stopped its operations on March 15, 2010, it resumed its operations as NH Oil using the same machineries and with the same owners and management.<sup>17</sup> Petitioners thus claimed that the sale of the assets of New ANJH to NH Oil was a circumvention of their security of tenure.

<sup>&</sup>lt;sup>10</sup> Id. at 307.

<sup>&</sup>lt;sup>11</sup> Id. at 447-448, 451-452, 455-456.

<sup>&</sup>lt;sup>12</sup> Id. at 445-446.

<sup>&</sup>lt;sup>13</sup> Id. at 449-450, 453-454, 457-464.

<sup>&</sup>lt;sup>14</sup> Id. at 184-189.

<sup>&</sup>lt;sup>15</sup> Id. at 182-183.

<sup>&</sup>lt;sup>16</sup> Id. at 183, 185, 187, and 189.

<sup>&</sup>lt;sup>17</sup> Id. at 116-121.

In a Decision dated April 29, 2011,<sup>18</sup> Executive Labor Arbiter Generoso V. Santos (ELA Santos) found that petitioners had been illegally dismissed and ordered their reinstatement and the payment of One Million Six Thousand Forty-Five and 87/100 Pesos (1,006,045.87) corresponding to the petitioners' full backwages less the amount paid to them as their respective "separation pay." In ruling for the petitioners, ELA Santos ratiocinated that the buyer "in the 'impending sale' undisclosed in the notices of [petitioners] is divulged by subsequent development to be practically the same as the seller." Hence, for ELA Santos, it was extremely difficult to conclude that the sale was genuine and can validly justify the termination of the petitioners.

Respondents filed their Notice of Appeal with Appeal Memorandum<sup>19</sup> along with a Verified Motion to Reduce Bond<sup>20</sup> with the NLRC. They also posted 60% of the award ordered by the LA, or Six Hundred Three Thousand Six Hundred Twenty-Seven and 52/100 Pesos (603,627.52), as their appeal bond.<sup>21</sup>

Meanwhile, petitioners also filed a Memorandum of Partial Appeal contending that ELA Santos erred in failing to award them moral and exemplary damages.<sup>22</sup>

On September 24, 2011, the NLRC issued a Decision<sup>23</sup> denying respondents' Verified Motion to Reduce Bond for lack of merit and so dismissing their appeal for non-perfection. In the same Decision, the NLRC also granted petitioners' partial appeal by modifying ELA Santos' Decision to include the award of 20,000.00 to each petitioner as moral and exemplary damages.<sup>24</sup>

Respondents filed their Motion for Reconsideration with Motion to Admit Additional Appeal Cash Bond<sup>25</sup> with corresponding payment of additional cash bond.<sup>26</sup>

While the motion was opposed by petitioners,<sup>27</sup> the NLRC, in its Resolution dated December 28, 2011,<sup>28</sup> reversed its earlier Decision and ordered the dismissal of petitioners' complaint on the ground that it was barred by the Orders issued by LA Guan under the doctrine of *res judicata*. Further, the NLRC pointed out that the sale of New ANJH's assets to NH

<sup>18</sup> Id. at 238-251.

<sup>19</sup> Id. at 254-274.

<sup>20</sup> Id. at 275-277. <sup>21</sup> Id.

<sup>21</sup> Id. <sup>22</sup> Id. at 286-288.

<sup>22</sup> Id. at 286-288.
<sup>23</sup> Id. at 290-297.

<sup>24</sup> Id. at 290-29

<sup>25</sup> Id. at 298-331.

<sup>&</sup>lt;sup>26</sup> Id. at 331.

<sup>&</sup>lt;sup>27</sup> Id. at 340-346.

<sup>&</sup>lt;sup>28</sup> Supra note 2.

Oil Mill was in the exercise of sound management prerogative and there was no proof that it was made to defeat petitioners' security of tenure.

In its Resolution dated February 28, 2012,<sup>29</sup> the NLRC denied petitioners' Motion for Reconsideration. Hence, petitioners filed a petition for certiorari with the CA.

In the assailed Decision,<sup>30</sup> the appellate court denied the petition for certiorari, thereby affirming the NLRC's Resolutions dated December 28, 2011 and February 28, 2012.

In its Decision, the appellate court held that private respondents had substantially complied with the rule requiring the posting of an appeal bond equivalent to the total award given to the employees. More importantly, so the CA held, the Orders rendered by LA Guan in NLRC Case No. SRAB-IV-03-5066-10-L were considered final and binding upon the parties and had the force and effect of a judgment rendered by the labor arbiter. Thus, the appellate court declared that the petitioners' complaint for illegal dismissal was already barred by *res judicata*.

Aggrieved by the CA's Decision, petitioners are now before this Court on a petition for review on certiorari.

We find the petition to be with merit.

The suspension of the period to perfect the appeal upon the filing of a motion to reduce bond

On the issue of perfecting the appeal, the CA was correct when it pointed out that Rule VI of the New Rules of Procedure of the NLRC provides that a motion to reduce bond shall be entertained "upon the posting of a bond in a reasonable amount in relation to the monetary award." As to what the "reasonable amount" is, the NLRC has wide discretion in determining the reasonableness of the bond for purposes of perfecting an appeal. In *Garcia v. KJ Commercial*,<sup>31</sup> this Court explained:

The filing of a motion to reduce bond and compliance with the two conditions stop the running of the period to perfect an appeal. xxx

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<u>The NLRC has full discretion to grant or deny the motion to</u> reduce bond, and it may rule on the motion beyond the 10-day period

<sup>&</sup>lt;sup>29</sup> Supra note 3.

<sup>&</sup>lt;sup>30</sup> Supra note 1.

<sup>&</sup>lt;sup>31</sup> G.R. No. 196830, February 29, 2012, 667 SCRA 396.

within which to perfect an appeal. Obviously, at the time of the filing of the motion to reduce bond and posting of a bond in a reasonable amount, there is no assurance whether the appellant's motion is indeed based on "meritorious ground" and whether the bond he or she posted is of a "reasonable amount." Thus, the appellant always runs the risk of failing to perfect an appeal.

xxx In order to give full effect to the provisions on motion to reduce bond, the appellant must be allowed to wait for the ruling of the NLRC on the motion even beyond the 10-day period to perfect an appeal. If the NLRC grants the motion and rules that there is indeed meritorious ground and that the amount of the bond posted is reasonable, then the appeal is perfected. If the NLRC denies the motion, the appellant may still file a motion for reconsideration as provided under Section 15, Rule VII of the Rules. If the NLRC grants the motion for reconsideration and rules that there is indeed meritorious ground and that the amount of the bond posted is reasonable, then the appeal is perfected. If the NLRC denies the motion, then the decision of the labor arbiter becomes final and executory.

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In any case, the rule that the filing of a motion to reduce bond shall not stop the running of the period to perfect an appeal is not absolute. The Court may relax the rule. In *Intertranz Container Lines, Inc. v. Bautista*, the Court held:

"Jurisprudence tells us that in labor cases, an appeal from a decision involving a monetary award may be perfected only upon the posting of cash or surety bond. The Court, however, has relaxed this requirement under certain exceptional circumstances in order to resolve controversies on their merits. These circumstances include: (1) fundamental consideration of substantial justice; (2) prevention of miscarriage of justice or of unjust enrichment; and (3) special circumstances of the case combined with its legal merits, and the amount and the issue involved."<sup>32</sup> (emphasis and underscoring supplied)

In this case, the NLRC had reconsidered its original position and declared that the 60% bond was reasonable given the merits of the justification provided by respondents in their Motion to Reduce Bond, as supplemented by their Motion for Reconsideration with Motion to Admit Additional Appeal Cash Bond. The CA affirmed the merits of the grounds cited by respondents in their motions and the reasonableness of the bond originally posted by respondents. This is in accord with the guidelines established in *McBurnie v. Ganzon*,<sup>33</sup> where this Court declared that the posting of a provisional cash or surety bond equivalent to ten percent (10%) of the monetary award subject of the appeal is sufficient provided that there is meritorious ground therefor, *viz*:

[O]n the matter of the filing and acceptance of motions to reduce appeal bond, as provided in Section 6, Rule VI of the 2011 NLRC Rules of

<sup>&</sup>lt;sup>32</sup> Id. at 409 - 411.

<sup>&</sup>lt;sup>33</sup> G.R. Nos. 178034 & 178117, G.R. Nos. 186984-85, October 17, 2013, 707 SCRA 646.

Procedure, the Court hereby RESOLVES that henceforth, the following guidelines shall be observed:

(a) The filing of a motion to reduce appeal bond shall be entertained by the NLRC subject to the following conditions: (1) there is meritorious ground; and (2) a bond in a reasonable amount is posted;

(b) For purposes of compliance with condition no. (2), a motion shall be accompanied by the posting of a provisional cash or surety bond equivalent to <u>ten percent (10%) of the monetary</u> <u>award subject of the appeal</u>, exclusive of damages and attorney's fees;

(c) Compliance with the foregoing conditions shall suffice to suspend the running of the 10-day reglementary period to perfect an appeal from the labor arbiter's decision to the NLRC;

(d) The NLRC retains its authority and duty to resolve the motion to reduce bond and determine the final amount of bond that shall be posted by the appellant, still in accordance with the standards of meritorious grounds and reasonable amount; and

(e) In the event that the NLRC denies the motion to reduce bond, or requires a bond that exceeds the amount of the provisional bond, the appellant shall be given a fresh period of ten (10) days from notice of the NLRC order within which to perfect the appeal by posting the required appeal bond.<sup>34</sup>(emphasis and underscoring added)

It is noted that the respondents have eventually posted the full amount of the award ordered by the labor arbiter. Thus, given the absence of grave abuse of discretion on the part of the NLRC and the affirmation of the CA of the reasonableness of the motions and the amount of bond posted, there is no ground for this Court to reverse the CA's finding that the appeal had been perfected.

## *Res Judicata* does not bar the filing of the complaints for illegal dismissal

On the matter of the application of the doctrine of *res judicata*, however, this Court is loath to sustain the finding of the appellate court and the NLRC. For *res judicata* to apply, the concurrence of the following requisites must be verified: (1) the former judgment is final; (2) it is rendered by a court having jurisdiction over the subject matter and the parties; (3) it is a judgment or an order on the merits; (4) there is—between the first and the second actions—identity of parties, of subject matter, and of causes of action.<sup>35</sup>

<sup>&</sup>lt;sup>34</sup> Id. at 693-694.

<sup>&</sup>lt;sup>35</sup> Luzon Development Bank v. Conquilla, G.R. No. 163338, September 21, 2005, 470 SCRA 533,

The petitioners dispute the existence of all of the foregoing requisites. First, petitioners contend that LA Guan does not have jurisdiction to issue the Orders in SRAB-IV-03-5066-10-L since, in the first place, Noel's letterrequest for guidance in the payment of separation pay is allegedly not a "labor dispute."

Article 219 (previously Article 212) of the Labor Code defines a "labor dispute" as "any controversy or **matter concerning terms and conditions of employment** or the association or representation of persons in negotiating, fixing, maintaining, changing or arranging the terms and conditions of employment, regardless of whether the disputants stand in the proximate relation of employer and employee." As separation pay concerns a term and condition of employment, Noel's request to be guided in the payment thereof is clearly a labor dispute under the Labor Code.

The proper payment of separation pay further falls under the jurisdiction of the labor arbiter pursuant to Art. 224 (previously Art. 217) of the Labor Code, as it is mandated as a necessary condition for the termination of employees, *viz*,:

Art. 224. Jurisdiction of the Labor Arbiters and the Commission.

(a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

- 1. Unfair labor practice cases;
- 2. Termination disputes;

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6. Except claims for employees compensation, social security, medicare and maternity benefits, **all other claims arising from employer-employee relations**, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00) regardless of whether accompanied with a claim for reinstatement. (emphasis supplied)

The invocation of the labor arbiter's jurisdiction by way of a letterrequest instead of a complaint is of no moment, as it is well-settled that the application of technical rules of procedure is relaxed in labor cases.

The third requisite, however, is not present. The Orders rendered by LA Guan cannot be considered as constituting a judgment on the merits. The Orders simply manifest that petitioners "are amenable to the computations made by the company respecting their separation pay." Nothing more. They do not clearly state the petitioners' right or New ANJH's corresponding duty as a result of the termination.<sup>36</sup>

Similarly, the fourth requisite is also absent. While there may be substantial identity of the parties, there is no identity of subject matter or cause of action. In *SME Bank, Inc. v. De Guzman*,<sup>37</sup> this Court held that the acceptance of separation pay is an issue distinct from the legality of the dismissal of the employees. We held:

The conformity of the employees to the corporation's act of considering them as terminated and their subsequent acceptance of separation pay does not remove the taint of illegal dismissal. Acceptance of separation pay does not bar the employees from subsequently contesting the legality of their dismissal, nor does it estop them from challenging the legality of their separation from the service.<sup>38</sup> (emphasis supplied)

In the absence of the third and fourth requisites, the appellate court should have proceeded to rule on the validity of petitioners' termination.

# Piercing the veil of corporate existence is justified in the present case.

The application of the doctrine of piercing the veil of corporate fiction is frowned upon. However, this Court will not hesitate to disregard the corporate fiction if it is used to such an extent that injustice, fraud, or crime is committed against another in disregard of his rights.<sup>39</sup>

In this case, petitioners advance the application of the doctrine because they were terminated from employment on the pretext that there will be an impending permanent closure of the business as a result of an intended sale of its assets to an undisclosed corporation, and that there will be a change in the management. The termination notices received by petitioners identically read:

Nais po naming ipaabot sa inyo na ang New ANJH Enterprises ay ihihinto na ang operasyon dahil sa nagpasya ako bilang may-ari na ipagbili na ang ari-arian nito sa iba kung kayat magkakaroon ng pagpapalit sa pamumunuan nito.

Kaugnay po nito at ayon sa itinatadhana ng batas ay nais kong ipaabot sa inyo na 30 araw matapos ninyong matanggap ang pasabing ito o simula sa Marso 15, 2010 ay ititigil na ang operasyon ng New ANJH

<sup>&</sup>lt;sup>36</sup> A judgment is "on the merits" when it amounts to a legal declaration of the respective rights and duties of the parties, based upon the disclosed facts. See *Manalo v. CA*, G.R. No. 124204, April 20, 2001, 357 SCRA 112, 121; *Mendiola v. CA*, G.R. No. 122807, July 5, 1996, 258 SCRA 492, 500-501.

<sup>&</sup>lt;sup>37</sup> G.R. No. 184517, October 8, 2013, 707 SCRA 35.

<sup>38</sup> Id. at 57.

<sup>&</sup>lt;sup>39</sup> *Kukan International Corporation v. Reyes*, G.R. No. 182729, September 29, 2010, 631 SCRA 596, 617.

Enterprises at sa nasabi ring petsa ay matatapos na rin ang pagtratrabaho o "employment" ninyo sa New ANJH Enterprises.<sup>40</sup>

Subsequent events, however, revealed that the buyer of the assets of their employer was a corporation owned by the same employer and members of his family. Furthermore, the business re-opened in less than a month under the same management.

Admittedly, mere ownership by a single stockholder of all or nearly all of the capital stock of the corporation does not by itself justify piercing the corporate veil. Nonetheless, in this case, other circumstances show that the buyer of the assets of petitioners' employer is none other than his alter ego.<sup>41</sup> We quote with approval the observations of ELA Santos:

Respondents did not allege that they informed complainants neither did they state in the notices of termination that the buyer in the "impending sale" is NH Oil Mill. Pondering on these observations, this Office finds it too difficult to surmise that respondents' omission was not deliberate, and so this Office holds that Noel was not in good faith in dealing with complainants. The information disclosed by the Certificate of Registration and Articles of Incorporation of NH Oil Mill explains respondents' motive. Its stockholders are members of [Noel's] family known to complainants, and Noel is the controlling stockholder and director. The immediate resumption of operation after cessation of operation on March 15, 2010 further explains it. While complainants failed to prove that the stockholders in NH Oil Mill were those who managed ANJH, respondents did not dispute that there was no change in the management people, premises, tools, devices, equipment, and machinery under NH Oil Mill. The buyer in the "impending sale" undisclosed in the notices to complainants is divulged by subsequent development to be practically the same as the seller. These things are inconsistent with good faith.

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Here, complainants' employment was terminated for the alleged sale of assets of ANJH to NH Oil Mill that would allegedly entail [a] change of management. The Deed of Sale dated March 5, 2010 [that] respondents presented (Annex "20", respondents position paper) to prove the "sale," states that [for] the consideration of Nine Hundred Fifty Thousand Pesos (Php950,000.00), Noel sold to NH Oil Mill the equipment, machines, tool and/or other devises being used by ANJH for manufacturing and/or extraction of coconut oil. This Office cannot simply accept it as sufficient proof of sale by the seller to a distinct and separate entity.

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<sup>&</sup>lt;sup>40</sup> Supra note 6.

<sup>&</sup>lt;sup>41</sup>Prince Transport, Inc. v. Garcia, G.R. No. 167291, January 12, 2011, 639 SCRA 312.

The subscribed capital stock of Noel and Heidi [in NH Oil] are worth Php790,000.00 and Php190,000.00, respectively, or the total of Php980,000.00. Respondents claim that Noel was managing ANJH and Heidi was its Secretary. The Deed of Sale is signed by Noel and Heidi, Noel as [seller], and Heidi as representative of NH Oil Mill. Respondents did not enumerate what [were] the equipment etc. subject of the "sale," and how they were depreciated, and what [were] the equipment/machines owned by Avelino and rented by NH Oil Mill and for how much? Therefrom, it is extremely difficult to conclude by quantum of evidence acceptable to [a] reasonable mind, [that] the "sale to a distinct entity" is genuine. And while the notices of termination state that there would be [a] change in management, this Office notes that respondents do not deny that Noel and Heidi continue to manage NH Oil Mill. Therefore, as far as complainants' employment is concerned, this Office pierces the veil of corporate fiction of NH Oil Mill and finds that the purported sale thereto of the assets of ANJH is insufficient to validly terminate such employment. This Office cannot rule otherwise without running afoul to the mandate of the Constitution securing to the workingman his employment, and guaranteeing to him full protection. So this Office declares that complainants were illegally dismissed.42 (emphasis and underscoring supplied)

Clearly, the milieu of the present case compels this Court to remove NH Oil's corporate mask as it had become, and was used as, a shield for fraud, illegality and inequity against the petitioners.

WHEREFORE, the instant petition is **GRANTED** and the Decision dated September 5, 2012 of the Court of Appeals in CA-G.R. SP No. 124395, affirming the Resolutions of the National Labor Relations Commission (NLRC) dated December 28, 2011 and February 28, 2012 in NLRC-LAC Case No. 07-001796-11, is hereby **REVERSED** and **SET ASIDE**. The Decision of Executive Labor Arbiter Generoso Santos in NLRC Case No. RAB-IV-04-00649-10-L to the effect that petitioners were illegally dismissed is **REINSTATED**.

#### SO ORDERED.

PRESBITERO/J. VELASCO, JR. Associate Justice

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Decision

WE CONCUR:

MARIA LOURDES P. A. SERENO **Chief Justice** 

ANTONIO T. CARPIO Associate Justice

ARTURO D. BRION Associate Justice

ssociate Justice

(On Official Leave)

MARTIN S. VILLARAMA, JR. Associate Justice

JOSE CA IENDOZA Associate Justice

ESTELA'I **AS-BERNABE** Associate Justice

Énisita limando de Castro TERESITA J. LEONARDO-DE CASTRO

Associate Justice

**DIOSDADO** LTA

Associate Justice

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MARIANO C. DEL CASTILLO Associate Justice

JOSE P UGÅL PEREZ sociate Justice

(On leave) BIENVENIDO L. REYES Associate Justice

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MARVIC M.V.F. LEONEN

Associate Justice

FRANCIS LEZA

Associate Justice

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## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court.

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MARIA LOURDES P. A. SERENO Chief Justice