SUPREME COURT
THIRD DIVISION

PAMPLONA PLANTATION COMPANY, INC. and/or JOSE LUIS BONDOC,
Petitioners,

-versus-

G.R. No. 159121
February 3, 2005

RODEL TINGHIL, MARYGLENN SABIHON, ESTANISLAO BOBON, CARLITO TINGHIL, BONIFACIO TINGHIL, NOLI TINGHIL, EDGAR TINGHIL, ERNESTO ESTOMANTE, SALLY TOROY, BENIGNO TINGHIL JR., ROSE ANN NAPAO, DIOSDADO TINGHIL, ALBERTO TINGHIL, ANALIE TINGHIL, and ANTONIO ESTOMANTE,
Respondents.
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DECISION

PANGANIBAN, *J.*:

To protect the rights of labor, two corporations with identical directors, management, office and payroll should be treated as one entity only. A suit by the employees against one corporation should be deemed as a suit against the other. Also, the rights and claims of

workers should not be prejudiced by the acts of the employer that tend to confuse them about its corporate identity. The corporate fiction must yield to truth and justice.

The Case

Before us is a Petition for Review[1] under Rule 45 of the Rules of Court, seeking to annul the January 31, 2003 Decision[2] and the June 17, 2003 Resolution[3] of the Court of Appeals (CA) in CA-GR SP No. 62813. The assailed Decision disposed as follows:

> "WHEREFORE, in view of the foregoing, the petition is GRANTED. The assailed decision of public respondent NLRC dated 19 July 2000 [is] REVERSED and SET ASIDE and a new one entered DIRECTING private respondents to reinstate petitioners, except Rufino Bacubac, Felix Torres and Antonio Canolas, to their former positions without loss of seniority rights plus payment of full backwages. However, if reinstatement is no longer feasible, a one-month salary for every year of service shall be paid the petitioners as ordered by the Labor Arbiter in his decision dated 31 August 1998 plus payment of full backwages computed from date of illegal dismissal to the finality of this decision." [4]

The Decision[5] of the National Labor Relations Commission (NLRC),[6] reversed by the CA, disposed as follows:

> "WHEREFORE, premises considered, the decision appealed from is hereby REVERSED, and another one entered DISMISSING the complaint."[7]

The June 17, 2003 Resolution denied petitioners' Motion for Reconsideration.

The Facts

The CA summarized the antecedents as follows:

> "Sometime in 1993, petitioner Pamplona Plantations Company, Inc. (company for brevity) was organized for the purpose of

taking over the operations of the coconut and sugar plantation of Hacienda Pamplona located in Pamplona, Negros Oriental. It appears that Hacienda Pamplona was formerly owned by a certain Mr. Bower who had in his employ several agricultural workers.

"When the company took over the operation of Hacienda Pamplona in 1993, it did not absorb all the workers of Hacienda Pamplona. Some, however, were hired by the company during harvest season as coconut hookers or 'sakador,' coconut filers, coconut haulers, coconut scoopers or 'lugiteros,' and charcoal makers.

"Sometime in 1995, Pamplona Plantation Leisure Corporation was established for the purpose of engaging in the business of operating tourist resorts, hotels, and inns, with complementary facilities, such as restaurants, bars, boutiques, service shops, entertainment, golf courses, tennis courts, and other land and aquatic sports and leisure facilities.

"On 15 December 1996, the Pamplona Plantation Labor Independent Union (PAPLIU) conducted an organizational meeting wherein several respondents who are either union members or officers participated in said meeting.

"Upon learning that some of the respondents attended the said meeting, petitioner Jose Luis Bondoc, manager of the company, did not allow respondents to work anymore in the plantation.

"Thereafter, on various dates, respondents filed their respective complaints with the NLRC, Sub-Regional Arbitration Branch No. VII, Dumaguete City against petitioners for unfair labor practice, illegal dismissal, underpayment, overtime pay, premium pay for rest day and holidays, service incentive leave pay, damages, attorney's fees and 13th month pay.

"On 09 October 1997, respondent Carlito Tinghil amended his complaint to implead Pamplona Plantation Leisure Corporation.

> "On 31 August 1998, Labor Arbiter Jose G. Gutierrez rendered a decision finding respondents, except Rufino Bacubac, Antonio Cañolas and Felix Torres who were complainants in another case, to be entitled to separation pay.
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> "Petitioners appealed the Labor Arbiter's decision to the NLRC. In the assailed decision dated 19 July 2000, the NLRC's Fourth Division reversed the Labor Arbiter, ruling that respondents, except Carlito Tinghil, failed to implead Pamplona Plantation Leisure Corporation, an indispensable party and that 'there exist no employer-employee relation between the parties.'
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> x x x
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> "Respondents filed a motion for reconsideration which was denied by the NLRC in a Resolution dated 06 December 2000."[8]

Respondents elevated the case to the CA via a Petition for Certiorari under Rule 65 of the Rules of Court.

Ruling of the Court of Appeals

Guided by the fourfold test for determining the existence of an employer-employee relationship, the CA held that respondents were employees of petitioner-company. Finding there was a "power to hire," the appellate court considered the admission of petitioners in their Comment that they had hired respondents as coconut filers, coconut scoopers, charcoal makers, or as pieceworkers. The fact that respondents were paid by piecework did not mean that they were not employees of the company. Further, the CA ruled that petitioners necessarily exercised control over the work they performed, since the latter were working within the premises of the plantation. According to the CA, the mere existence -- not necessarily the actual exercise -- of the right to control the manner of doing work sufficed to meet the fourth element of an employer-employee relation.

The appellate court also held that respondents were regular employees, because the tasks they performed were necessary and indispensable to the operation of the company. Since there was no compliance with the twin requirements of a valid and/or authorized cause and of procedural due process, their dismissal was illegal.

Hence, this Petition.[9]

Issues

In their Memorandum, petitioners submit the following issues for our consideration:

> "1. Whether or not the finding of the Court of Appeals that herein respondents are employees of Petitioner Pamplona Plantation Company, Inc. is contrary to the admissions of the respondents themselves.
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> "2. Whether or not the Court of Appeals has decided in a way not in accord with law and jurisprudence, and with grave abuse of discretion, in not dismissing the respondents' complaint for failure to implead Pamplona Plantation Leisure Corp., which is an indispensable party to this case.
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> "3. Whether or not the Court of Appeals has decided in a way not in accord with law and jurisprudence, and with grave abuse of discretion in ordering reinstatement or payment of separation pay and backwages to the respondents, considering the lack of employer-employee relationship between petitioner and respondents."[10]

The main issue raised is whether the case should be dismissed for the non-joinder of the Pamplona Plantation Leisure Corporation. The other issues will be taken up in the discussion of the main question.

The Court's Ruling

The Petition lacks merit.

Preliminary Issue:

Factual Matters

Section 1 of Rule 45 of the Rules of Court states that only questions of law are entertained in appeals by certiorari to the Supreme Court. However, jurisprudence has recognized several exceptions in which factual issues may be resolved by this Court: (Fuentes vs. CA, 335 Phil. 1163, February 26, 1997; Sarmiento vs. CA, 353 Phil. 834, 846, July 2, 1998; Alsua-Betts vs. CA, 92 SCRA 332, July 30, 1979).[11]

(1) the legal conclusions made by the lower tribunal are speculative; (Philippine Deposit Insurance Corporation vs. CA, 347 Phil. 741, December 22, 1997; People vs. Milan, 330 Phil. 493, July 28, 1999; Yobido vs. CA, 346 Phil. 1, October 17, 1997).[12]

(2) its inferences are manifestly mistaken, (Luna vs. Linatoc, 74 Phil. 15, October 28, 1942) absurd, or impossible;[13]

(3) the lower court committed grave abuse of discretion;

(4) the judgment is based on a misapprehension of facts; (De la Cruz vs. Sosing, 94 Phil. 26, 28, November 27, 1953)[14]

(5) the findings of fact of the lower tribunals are conflicting; (Social Security System vs. CA, 348 SCRA 1, December 14, 2000)[15]

(6) the CA went beyond the issues;

(7) the CA's findings are contrary to the admissions of the parties; (Rizal Commercial Banking Corporation vs. Alfa RTW Manufacturing Corporation, 420 Phil. 702, November 14, 2001)[16]

(8) the CA manifestly overlooked facts not disputed which, if considered, would justify a different conclusion;

(9) the findings of fact are conclusions without citation of the specific evidence on which they are based; and

(10) when the findings of fact of the CA are premised on the absence of evidence but such findings are contradicted by the evidence on record. (De la Cruz vs. Sosing, 94 Phil. 26, 28, November 27, 1953)[17]

The very same reason that constrained the appellate court to review the factual findings of the NLRC impels this Court to take its own look at the facts. Normally, the Supreme Court is not a trier of facts. (Far East Bank and Trust Co. vs. CA, 326 Phil. 15, April 1, 1996).[18] However, since the findings of the CA and the NLRC on this point were conflicting, we waded through the records to find out if there was basis for the former's reversal of the NLRC's Decision. We shall discuss our factual findings together with our review of the main issue.

Main Issue:

Piercing the Corporate Veil

Petitioners contend that the CA should have dismissed the case for the failure of respondents (except Carlito Tinghil) to implead the Pamplona Plantation Leisure Corporation, an indispensable party, for being the true and real employer. Allegedly, respondents admitted in their Affidavits dated February 3, 1998,[19] that they had been employed by the leisure corporation and/or engaged to perform activities that pertained to its business.

Further, as the NLRC allegedly noted in their individual Complaints, respondents specifically averred that they had worked in the "golf course" and performed related jobs in the "recreational facilities" of the leisure corporation. Hence, petitioners claim that, as a sugar and coconut plantation company separate and distinct from the Pamplona Plantation Leisure Corporation, the petitioner-company is not the real party in interest.

We are not persuaded.

An examination of the facts reveals that, for both the coconut plantation and the golf course, there is only one management which

the laborers deal with regarding their work.[20] A portion of the plantation (also called Hacienda Pamplona) had actually been converted into a golf course and other recreational facilities. The weekly payrolls issued by petitioner-company bore the name "Pamplona Plantation Co., Inc."[21] It is also a fact that respondents all received their pay from the same person, Petitioner Bondoc -- the managing director of the company. Since the workers were working for a firm known as Pamplona Plantation Co., Inc., the reason they sued their employer through that name was natural and understandable.

True, the Petitioner Pamplona Plantation Co., Inc., and the Pamplona Plantation Leisure Corporation appear to be separate corporate entities. But it is settled that this fiction of law cannot be invoked to further an end subversive of justice.[22]

The principle requiring the piercing of the corporate veil mandates courts to see through the protective shroud that distinguishes one corporation from a seemingly separate one.[23] The corporate mask may be removed and the corporate veil pierced when a corporation is the mere alter ego of another.[24] Where badges of fraud exist, where public convenience is defeated, where a wrong is sought to be justified thereby, or where a separate corporate identity is used to evade financial obligations to employees or to third parties,[25] the notion of separate legal entity should be set aside[26] and the factual truth upheld. When that happens, the corporate character is not necessarily abrogated.[27] It continues for other legitimate objectives. However, it may be pierced in any of the instances cited in order to promote substantial justice.

In the present case, the corporations have basically the same incorporators and directors and are headed by the same official. Both use only one office and one payroll and are under one management. In their individual Affidavits, respondents allege that they worked under the supervision and control of Petitioner Bondoc -- the common managing director of both the petitioner-company and the leisure corporation. Some of the laborers of the plantation also work in the golf course.[28] Thus, the attempt to make the two corporations appear as two separate entities, insofar as the workers are concerned, should be viewed as a devious but obvious means to defeat the ends of

the law. Such a ploy should not be permitted to cloud the truth and perpetrate an injustice.

We note that this defense of separate corporate identity was not raised during the proceedings before the labor arbiter. The main argument therein raised by petitioners was their alleged lack of employer-employee relationship with, and power of control over, the means and methods of work of respondents because of the seasonal nature of the latter's work.[29]

Neither was the issue of non-joinder of indispensable parties raised in petitioners' appeal before the NLRC.[30] Nevertheless, in its Decision[31] dated July 19, 2000, the Commission concluded that the plantation company and the leisure corporation were two separate and distinct corporations, and that the latter was an indispensable party that should have been impleaded. We quote below pertinent portions of that Decision:

> "Respondent posits that it is engaged in operating and maintaining sugar and coconut plantation. The positions of complainants could only be determined through their individual complaints. Yet all complainants alleged in their affidavits that they were working at the 'golf course.' Worthy to note that only Carlito Tinghil amended his complaint to include Pamplona Leisure Corporation, which respondents maintain is a separate corporation established in 1995. Thus, Pamplona Plantation Co., Inc. and Pamplona Leisure Corporation are two separate and distinct corporations. Except for Carlito Tinghil the complainants have the wrong party respondent. Pamplona Leisure Corporation is an indispensable party without which there could be no final determination of the case."[32]

Indeed, it was only after this NLRC Decision was issued that the petitioners harped on the separate personality of the Pamplona Plantation Co., Inc., vis-à-vis the Pamplona Plantation Leisure Corporation.

As cited above, the NLRC dismissed the Complaints because of the alleged admission of respondents in their Affidavits that they had been working at the golf course. However, it failed to appreciate the

rest of their averments. Just because they worked at the golf course did not necessarily mean that they were not employed to do other tasks, especially since the golf course was merely a portion of the coconut plantation. Even petitioners admitted that respondents had been hired as coconut filers, coconut scoopers or charcoal makers.[33] Consequently, NLRC's conclusion derived from the Affidavits of respondents stating that they were employees of the Pamplona Plantation Leisure Corporation alone was the result of an improper selective appreciation of the entire evidence.

Furthermore, we note that, contrary to the NLRC's findings, some respondents indicated that their employer was the Pamplona Plantation Leisure Corporation, while others said that it was the Pamplona Plantation Co., Inc. But in all these Affidavits, both the leisure corporation and petitioner-company were identified or described as entities engaged in the development and operation of sugar and coconut plantations, as well as recreational facilities such as a golf course. These allegations reveal that petitioner successfully confused the workers as to who their true and real employer was. All things considered, their faulty belief that the plantation company and the leisure corporation were one and the same can be attributed solely to petitioners. It would certainly be unjust to prejudice the claims of the workers because of the misleading actions of their employer.

Non-Joinder of Parties

Granting for the sake of argument that the Pamplona Plantation Leisure Corporation is an indispensable party that should be impleaded, NLRC's outright dismissal of the Complaints was still erroneous.

The non-joinder of indispensable parties is not a ground for the dismissal of an action.[34] At any stage of a judicial proceeding and/or at such times as are just, parties may be added on the motion of a party or on the initiative of the tribunal concerned.[35] If the plaintiff refuses to implead an indispensable party despite the order of the court, that court may dismiss the complaint for the plaintiff's failure to comply with the order. The remedy is to implead the non-party claimed to be indispensable.[36] In this case, the NLRC did not

require respondents to implead the Pamplona Plantation Leisure Corporation as respondent; instead, the Commission summarily dismissed the Complaints.

In any event, there is no need to implead the leisure corporation because, insofar as respondents are concerned, the leisure corporation and petitioner-company are one and the same entity. Salvador vs. Court of Appeals[37] has held that this Court has "full powers, apart from that power and authority which is inherent, to amend the processes, pleadings, proceedings and decisions by substituting as party-plaintiff the real party-in-interest."

In Alonso vs. Villamor,[38] we had the occasion to state thus:

> "There is nothing sacred about processes or pleadings, their forms or contents. Their sole purpose is to facilitate the application of justice to the rival claims of contending parties. They were created, not to hinder and delay, but to facilitate and promote, the administration of justice. They do not constitute the thing itself, which courts are always striving to secure to litigants. They are designed as the means best adapted to obtain that thing. In other words, they are a means to an end. When they lose the character of the one and become the other, the administration of justice is at fault and courts are correspondingly remiss in the performance of their obvious duty."

The controlling principle in the interpretation of procedural rules is liberality, so that they may promote their object and assist the parties in obtaining just, speedy and inexpensive determination of every action and proceeding.[39] When the rules are applied to labor cases, this liberal interpretation must be upheld with even greater vigor.[40] Without in any way depriving the employer of its legal rights, the thrust of statutes and rules governing labor cases has been to benefit workers and avoid subjecting them to great delays and hardships. This intent holds especially in this case, in which the plaintiffs are poor laborers.

Employer-Employee Relationship

Petitioners insist that respondents are not their employees, because the former exercised no control over the latter's work hours and method of performing tasks. Thus, petitioners contend that under the "control test," the workers were independent contractors.

We disagree. As shown by the evidence on record, petitioners hired respondents, who performed tasks assigned by their respective officers-in-charge, who in turn were all under the direct supervision and control of Petitioner Bondoc. These allegations are contained in the workers' Affidavits, which were never disputed by petitioners. Also uncontroverted are the payrolls bearing the name of the plantation company and signed by Petitioner Bondoc. Some of these payrolls include the time records of the employees. These documents prove that petitioner-company exercised control and supervision over them.

To operate against the employer, the power of control need not have been actually exercised. Proof of the existence of such power is enough.[41] Certainly, petitioners wielded that power to hire or dismiss, as well as to check on the progress and the quality of work of the laborers.

Jurisprudence provides other equally important considerations[42] that support the conclusion that respondents were not independent contractors. First, they cannot be said to have carried on an independent business or occupation.[43] They are not engaged in the business of filing, scooping and hauling coconuts and/or operating and maintaining a plantation and a golf course. Second, they do not have substantial capital or investment in the form of tools, equipment, machinery, work premises, and other implements needed to perform the job, work or service under their own account or responsibility.[44] Third, they have been working exclusively for petitioners for several years. Fourth, there is no dispute that petitioners are in the business of growing coconut trees for commercial purposes. There is no question, either, that a portion of the plantation was converted into a golf course and other recreational

facilities. Clearly, respondents performed usual, regular and necessary services for petitioners' business.

WHEREFORE, the Petition is **DENIED**, and the assailed Decision **AFFIRMED**. Costs against the petitioners.

SO ORDERED.

PANGANIBAN, *J.*, *(Chairman)*, SANDOVAL-GUTIERREZ, CORONA, CARPIO MORALES, and GARCIA, *JJ.*, concur.

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[1] Rollo, pp. 3-31.
[2] Annex "A" of Petition; id., pp. 32-44. Penned by Justice B. A. Adefuin-de la Cruz (Division chair) and concurred in by Justices Mercedes Gozo-Dadole and Mariano C. del Castillo (members).
[3] Annex "B" of Petition; id., p. 45.
[4] CA Decision, pp. 12-13; id., pp. 43-44.
[5] Penned by Commissioner Bernabe S. Batuhan and concurred in by Presiding Commissioner Irenea E. Ceniza and Commissioner Edgardo M. Enerlan; id., pp. 109-115.
[6] Fourth Division, Cebu City.
[7] Annex "T" of Petition, p. 6; id., p. 114.
[8] CA Decision, pp. 2-5; id., pp. 33-36.
[9] This case was deemed submitted for decision on September 29, 2004, upon this Court's receipt of petitioners' Memorandum, signed by Attys. Jefferson M. Marquez and Glenda S. Bonghanoy. Respondents' Memorandum, signed by Attys. Francisco Dy Yap and Whelma F. Siton-Yap, was received by this Court on September 2, 2004.
[10] Petitioners' Memorandum, p. 8; rollo, p. 474. Original in uppercase.
[11] Fuentes vs. CA, 335 Phil. 1163, February 26, 1997; Sarmiento vs. CA, 353 Phil. 834, 846, July 2, 1998; Alsua-Betts vs. CA, 92 SCRA 332, July 30, 1979
[12] Philippine Deposit Insurance Corporation vs. CA, 347 Phil. 741, December 22, 1997; People vs. Milan, 330 Phil. 493, July 28, 1999; Yobido vs. CA, 346 Phil. 1, October 17, 1997.
[13] Luna vs. Linatoc, 74 Phil. 15, October 28, 1942.
[14] De la Cruz vs. Sosing, 94 Phil. 26, 28, November 27, 1953.
[15] Social Security System vs. CA, 348 SCRA 1, December 14, 2000.
[16] Rizal Commercial Banking Corporation vs. Alfa RTW Manufacturing Corporation, 420 Phil. 702, November 14, 2001.
[17] De la Cruz vs. Sosing, supra.
[18] (Far East Bank and Trust Co. vs. CA, 326 Phil. 15, April 1, 1996).
[19] Rollo, pp. 163-175.
[20] See respondents' Motion for Reconsideration; id., pp. 216-217.

[21] Rollo, pp. 70-99.
[22] Tomas Lao Construction vs. NLRC, 344 Phil. 268, September 5, 1997.
[23] Lim vs. CA, 380 Phil. 60, January 24, 2000.
[24] Heirs of Ramon Durano Sr. vs. Uy, 344 SCRA 238, October 24, 2000; Tan Boon Bee and Co. vs. Jarencio, 163 SCRA 205, June 30, 1988.
[25] Claparols vs. Court of Industrial Relations, 65 SCRA 613, July 31, 1975; reiterated in Concept Builders, Inc. vs. NLRC, 257 SCRA 149, May 29, 1996.
[26] De Leon vs. NLRC, 358 SCRA 274, May 30, 2001; Lim vs. CA, supra.
[27] Reynoso IV vs. CA, 345 SCRA 335, November 22, 2000.
[28] See Affidavits; rollo, pp. 163-175.
[29] See petitioners' Position Paper; id., pp. 61-69.
[30] See petitioners' Notice of Appeal and Memorandum on Appeal; id., pp. 196-206.
[31] Id., pp. 208-214.
[32] NLRC Decision, pp. 2-3; id., pp. 209-210.
[33] See CA Decision, p. 6; id., p. 37.
[34] Vesagas vs. CA, 371 SCRA 508, December 5, 2001; Caruncho III vs. COMELEC, 315 SCRA 693, September 30, 1999.
[35] §11, Rule 3 of the 1997 Rules of Court.
[36] Vesagas vs. CA, supra; Caruncho III vs. COMELEC, supra.
[37] 313 Phil. 36, April 5, 1995, per Davide Jr., J. (now CJ).
[38] 16 Phil. 315, 321, July 26, 1910, per Moreland, J.
[39] §2, Rule 1 of the Rules of Court.
[40] Asian Transmission Corporation vs. CA, GR No. 144664, March 15, 2004.
[41] Vinoya vs. NLRC, 324 SCRA 469, February 2, 2000; Religious of the Virgin Mary vs. NLRC, 316 SCRA 614, October 13, 1999.
[42] De los Santos vs. NLRC, 372 SCRA 723, December 20, 2001; Vinoya vs. NLRC, supra; Religious of the Virgin Mary vs. NLRC, supra; Lim vs. NLR, 303 SCRA 432, February 19, 1999; Ponce vs. NLRC, 293 SCRA 366, July 30, 1998.
Some factors are whether the contractor is carrying on an independent business; the nature and extent of work; the term and duration of the relationship; the control of the premises; the duty to supply premises, tools, appliances, materials and labor; and the mode, manner and terms of payment.
[43] Vinoya vs. NLRC, supra; see also Neri vs. NLRC, 224 SCRA 717, July 23, 1993.
[44] De los Santos vs. NLRC, supra; Vinoya vs. NLRC, supra; Lim vs. NLRC, 303 SCRA 432, February 19, 1999.