



Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

**RODEL F. BANTOGON,**  
Petitioner,

**G.R. No. 239433**

-versus-

**PVC MASTER MFG. CORP.,**  
Respondent.

**Present:**  
PERALTA, *C.J.*, Chairperson,  
CAGUIOA,  
LAZARO-JAVIER,  
ZALAMEDA,\* and  
LOPEZ, *JJ.*

**Promulgated:**

SEP 16 2020

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**DECISION**

**LAZARO-JAVIER, J:**

**The Case**

This petition<sup>1</sup> seeks to reverse and set aside the following dispositions of the Court of Appeals in CA-G.R. SP No. 139685:

1. Decision<sup>2</sup> dated November 24, 2017 reversing the ruling of the National Labor Relations Commission (NLRC) that petitioner was illegally dismissed; and

\* Designated additional member in lieu of J. Reyes Jr., per September 9, 2020 raffle.

<sup>1</sup> RULES OF COURT, Rule 45, Petition for review on certiorari.

<sup>2</sup> Penned by Associate Justice Victoria Isabel A. Paredes with Associate Justices Jose C. Reyes, Jr. (now a member of this Court) and Jane Aurora C. Lantion concurring.

2. Resolution dated May 8, 2018 denying petitioner's motion for reconsideration.

### Antecedents

Petitioner Rodel F. Bantogon charged respondent PVC Master Mfg. Corp. with illegal dismissal. In his Position Paper dated June 24, 2014, petitioner essentially alleged: On May 20, 2012, he was employed by Boatwin International Corporation as a helper. In less than a year, he got promoted to machine operator. On January 2014, Boatwin changed its trade name to PVC. On March 2014, petitioner was prevented from reporting for work because of his participation in the illegal dismissal case of his brother against PVC.<sup>3</sup> When PVC learned of his participation in his brother's illegal dismissal case, it refused to give him any further assignment which consequently equated to constructive termination. PVC failed to observe the fundamental requirements of due process in dismissing him, hence, was guilty of illegal dismissal.<sup>4</sup>

For its part, PVC countered that it commenced operations just a month before the alleged dismissal or on February 14, 2014. It asserted that it is a separate and distinct entity from Boatwin. It denied that petitioner was ever its employee.<sup>5</sup> It submitted the following documents: (1) PVC Mayor's Permit; (2) PVC Application Form; (3) PVC Receipt for Application; (4) PVC Bill for Application; (5) PVC Securities and Exchange Commission (SEC) Registration; (6) PVC Articles of Incorporation; (7) PVC By-Laws; (8) Boatwin SEC Registration; and (9) Boatwin General Information Sheet. According to PVC, these documents are *res ipsa loquitur* and cannot be overturned by petitioner's bare allegations that he was PVC's employee and that he was illegally dismissed by PVC.<sup>6</sup>

### Labor Arbiter's Ruling

By Decision<sup>7</sup> dated August 29, 2014, the Labor Arbiter held thus:

**WHEREFORE**, premises considered, respondent PVC Master Manufacturing Corporation is found guilty of illegal dismissal and is hereby ordered to pay complainant the aggregate provisional (computed up to date) sum of **ONE HUNDRED TWELVE THOUSAND SEVEN HUNDRED EIGHT FOUR & 21/100 PESOS (P112,784.21)** representing:

1. Backwages computed from the date of his dismissal up to finality of this decision;
2. Separation pay computed at one month pay for every year of service;

<sup>3</sup> *Rollo*, p. 33.

<sup>4</sup> *Id.* at 48-49.

<sup>5</sup> *Id.* at 33.

<sup>6</sup> *Id.* at 87-90.

<sup>7</sup> *Id.* at 59-60.

3. Wage differentials computed from February 14, 2014;
4. Unpaid 13<sup>th</sup> month pay; and
5. Attorney's fees equivalent to ten percent (10%) of the total monetary award.

All other claims are dismissed for lack of merit. The computation hereto attached is made an integral part thereof.

### **SO ORDERED.**

In fine, the Labor Arbiter found that petitioner was an employee of PVC. During the interregnum of change from Boatwin to PVC, petitioner was not separated from his employment. In fact, he was not paid separation pay by Boatwin. When PVC assumed Boatwin's business, petitioner continued to work with PVC as a machine operator under the same working conditions he had in Boatwin. PVC, thus, merely assumed Boatwin's business and thus, absorbed its employees, including petitioner.<sup>8</sup>

Further, the Labor Arbiter decreed that petitioner was illegally dismissed by PVC. Petitioner was not allowed to continue working for PVC when the latter found out that he was involved in his brother's illegal dismissal case. PVC failed to prove that it dismissed petitioner for just or authorized cause.<sup>9</sup>

### **NLRC's Ruling**

Under its Decision dated November 28, 2014, the NLRC affirmed. Petitioner worked in the same position and under the same working conditions from Boatwin to PVC. He was, thus, an employee of PVC. Because petitioner was abruptly dismissed from service without just or authorized cause, PVC was guilty of illegal dismissal.<sup>10</sup>

PVC moved for reconsideration, which was denied by Resolution<sup>11</sup> dated January 21, 2015.

### **Court of Appeals' Proceedings**

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<sup>8</sup> *Id.* at 57.

<sup>9</sup> *Id.* at 58-59.

<sup>10</sup> *Id.* at 85-86.

<sup>11</sup> *Id.* at 32.

On PVC's petition for certiorari, it faulted the NLRC for allegedly disregarding the evidence proving that it was a separate and distinct entity from Boatwin.<sup>12</sup>

On the other hand, petitioner asserted that the factual findings of the Labor Arbiter and the NLRC were supported by substantial evidence. Thus, they should be accorded with great respect, even finality. The Labor Arbiter and the NLRC rightfully held that he was PVC's employee and that he was illegally dismissed by PVC.<sup>13</sup>

### Court of Appeals' Ruling

Under its assailed Decision dated November 24, 2017, the Court of Appeals reversed. The issue of petitioner's alleged illegal dismissal hinged on the existence of employer-employee relationship between him and PVC. It is a factual issue that must be proven by substantial evidence. Here, petitioner failed to prove that he was PVC's employee. Petitioner's allegation that there was no interruption in the employment of petitioner from Boatwin to PVC is not proof of petitioner's employment with PVC.<sup>14</sup>

While PVC admitted that it is the successor-corporation to Boatwin's assets, there is no evidence to hold PVC jointly liable with respect to Boatwin's labor employment problems. In an assets sale, the buyer in good faith is not mandated to absorb the employees affected by the sale. It is likewise not liable for the payment of such employees' claims. PVC, hence, did not automatically become petitioner's employer when it commenced its operations on February 14, 2014. Having established that petitioner was not PVC's employee, the latter cannot be held guilty of the former's illegal dismissal.<sup>15</sup>

Petitioner moved for reconsideration. He argued that, even if Boatwin and PVC did enter into an assets sale, PVC would still be liable for Boatwin's debts and liabilities because it is merely a continuation of Boatwin. He did not receive any separation pay from Boatwin when PVC acquired the assets of Boatwin. When PVC commenced to operate its business, he continued to execute the same work under the same working conditions when he was an employee of Boatwin. Clearly, there was no interruption in his service. It was only after PVC learned that he helped his brother file a complaint for illegal dismissal against it that his services got terminated on the premise that PVC was separate and distinct from Boatwin.<sup>16</sup>

In its comment dated February 26, 2018, PVC alleged that petitioner's motion for reconsideration dated January 23, 2018 merely reiterated his

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<sup>12</sup> *Id.* at 69-73.

<sup>13</sup> *Id.* at 173.

<sup>14</sup> *Id.* at 37-39.

<sup>15</sup> *Id.* at 37-40.

<sup>16</sup> *Id.* at 187.

previous allegations without submitting any substantial evidence to prove the same.<sup>17</sup>

By Resolution dated May 8, 2018, the Court of Appeals denied petitioner's motion for reconsideration dated January 23, 2018.<sup>18</sup>

### **The Present Petition**

Petitioner now seeks affirmative relief from the Court via the present petition for review on certiorari.

### **Issue**

Did the Court of Appeals commit reversible error when it ruled that petitioner was not an employee of PVC?

### **Ruling**

Petitioner asserts that the employer-employee relationship between him and PVC was satisfactorily established. He claims that PVC is merely a continuation of Boatwin, hence, PVC is liable for the debts and liabilities of the latter.<sup>19</sup> More, he contends that he was illegally dismissed without just or authorized cause by PVC.<sup>20</sup>

For its part, PVC counters that the petition raises factual issues which are beyond the prism of Rule 45 of the Rules of Court.<sup>21</sup>

We grant the petition.

In its assailed Decision dated November 24, 2017, the Court of Appeals held that Boatwin and PVC entered into an assets sale and since PVC was a buyer in good faith, thus, it is not obligated to absorb the employees of Boatwin, including herein petitioner.<sup>22</sup>

We cannot agree.

To begin with, the alleged assets sale between Boatwin and PVC was never sufficiently established on record. In fact, the case records are utterly

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<sup>17</sup> *Id.* at 192-193.

<sup>18</sup> *Id.* at 43-44.

<sup>19</sup> *Id.* at 18-21.

<sup>20</sup> *Id.* at 21.

<sup>21</sup> *Id.* at 209-210.

<sup>22</sup> *Id.* at 37-40.

bereft of any showing that Boatwin and PVC did enter into the so-called assets sale.

For one, PVC did not even raise this defense at the very first opportunity when it filed its Position Paper dated June 3, 2014 before the Labor Arbiter.<sup>23</sup> It only did so belatedly on appeal before the NLRC.<sup>24</sup>

Too, the best evidence of the so-called assets sale which is the deed of sale itself, if one truly existed, has never been presented either before the Labor Arbiter, the NLRC, the Court of Appeals, or even here.

Further, there was no notice to Boatwin's employees regarding the purported assets sale. Also, except for petitioner, there was no showing that Boatwin's employees had actually been terminated by reason of the supposed assets sale.

PVC does not even deny that it did continue to avail of petitioner's services as employee even after the assets sale purportedly took place. Markedly, PVC has not adduced in evidence its employees plantilla which may have shown that indeed petitioner was not its employee.

More, there was no payment of separation pay to petitioner by Boatwin as to indicate there was really an assets sale and that Boatwin and PVC were truly separate and distinct from each other.

Another, it is unrefuted that PVC and Boatwin are engaged in the same line of business, operate in the same vicinity, and have the same working conditions.

The sole argument of PVC is that it acquired Boatwin's assets through the so-called assets sale. But the Court finds that there was no assets sale to speak of. **What clearly happened was simply a change of corporate name from Boatwin to PVC.** But what's in a name?

In *Zuellig Freight and Cargo Systems v. National Labor Relations Commission*,<sup>25</sup> the Court held that the mere change in the corporate name is not considered under the law as the creation of a new corporation. Hence, the renamed corporation remains liable for the illegal dismissal of its employee separated under that guise.

Likewise, in *P.C. Javier & Sons Inc. v. Court of Appeals*,<sup>26</sup> the Court ruled that a change in the corporate name does not make a new corporation, whether effected by a special act or under a general law. It has no effect on the identity of the corporation, or on its property, rights, or liabilities. The corporation, upon such change in its name, is in no sense a new corporation,

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<sup>23</sup> *Id.* at 87-90.

<sup>24</sup> *Id.* at 62-68.

<sup>25</sup> 714 Phil. 401, 403 (2013).

<sup>26</sup> 500 Phil. 419, 431 (2005).

nor the successor of the original corporation. It is the same corporation with a different name. Its character is in no respect changed.

Further, in *Philippine First Insurance Co., Inc. v. Hartigan*,<sup>27</sup> the Court enunciated that a change in the name of a corporation has no more effect upon its identity as a corporation than a change of name of a natural person has upon his identity. It does not affect the rights of the corporation or lessen or add to its obligations. After a corporation has effected a change in its name it should sue and be sued in its new name.

Significantly, aside from a change of corporate name from Boatwin to PVC, there were no other changes in PVC's circumstances indicating that the supposed assets sale took place, much less, that it truly had a corporate existence distinct from that of Boatwin. To repeat, the so-called assets sale was never established.

The State is bound under the Constitution to afford full protection to labor. When conflicting interests of labor and capital are to be weighed on the scales of social justice, the heavier influence of the latter should be counterbalanced with the sympathy and compassion the law accords the less privileged workingman. This is only fair if the worker is to be given the opportunity and the right to assert and defend his cause not as a subordinate but as part of management with which he can negotiate on even plane. Hence, labor is not a mere employee of capital but its active and equal partner.<sup>28</sup>

Evidently, courts should be ever vigilant in the preservation of the constitutionally enshrined rights of the working class. Certainly, without the protection accorded by our laws and the tempering of courts, the natural and historical inclination of capital to ride roughshod over the rights of labor would run unabated.<sup>29</sup>

To consider PVC as a separate and distinct entity from Boatwin would be a clear disregard of petitioner's constitutional right to security of tenure. The Court will not allow PVC to circumvent the basic principles of labor laws which were meticulously crafted to ensure full protection to laborers.

Undoubtedly, PVC is the employer of petitioner. Hence, as petitioner's employer, it had the burden to prove that petitioner's termination of employment was valid. This PVC failed to do.

Here, it is clearly proven that PVC constructively dismissed petitioner when it abruptly prevented him from reporting for work without just or authorized cause. It failed to accord petitioner an opportunity to be heard and defend himself which is a basic requirement of due process in the termination of employment. PVC is, thus, guilty of illegal dismissal.

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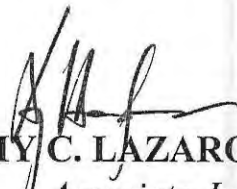
<sup>27</sup> G.R. No. L-26370, July 31, 1970, 34 SCRA 252.

<sup>28</sup> *Fuentes v. National Labor Relations Commission*, 334 Phil. 22, 25 (1997).


<sup>29</sup> *Mabeza v. National Labor Relations Commission*, 338 Phil. 386, 389 (1997).

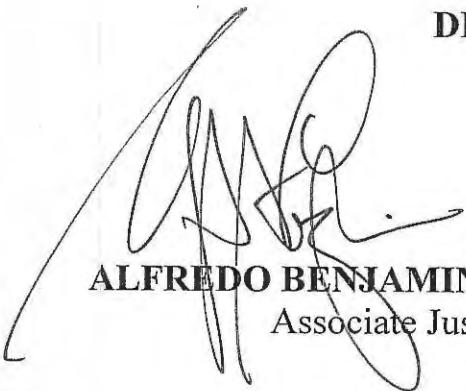
**ACCORDINGLY**, the petition is **GRANTED**. The Decision dated November 24, 2017 and Resolution dated May 8, 2018 of the Court of Appeals in CA-G.R. SP No. 139685 are **REVERSED** and **SET ASIDE**. The Decision of the National Labor Relations Commission dated November 28, 2014 in NLRC LAC No. 10-002672-14 (NCR-04-03877-14) is **REINSTATED**.

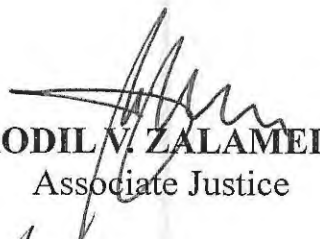
**SO ORDERED.**

  
**AMY C. LAZARO-JAVIER**  
*Associate Justice*

**WE CONCUR:**

  
**DIOSDADO M. PERALTA**  
Chief Justice

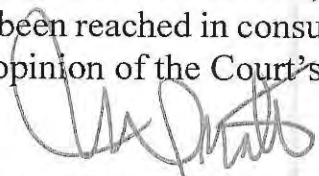
  
**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

  
**RODIL V. ZALAMEDA**  
Associate Justice

  
**MARIO V. LOPEZ**  
Associate Justice

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**DIOSDADO M. PERALTA**  
Chief Justice