

FIRST DIVISION

[G.R. No. 96795, July 12, 1996]

**ANTONIO M. CORRAL, PETITIONER, VS. NATIONAL LABOR
RELATIONS COMMISSION, PEPSI-COLA DISTRIBUTORS, INC.,
AND R.J. MANAGO, RESPONDENTS.**

R E S O L U T I O N

KAPUNAN, J.:

In this petition Antonio M. Corral seeks the issuance of a resolution ordering the immediate execution of this Court's decision dated 11 May 1993 in the above-entitled case. He also prays that private respondent's counsel be required to show cause why he should not be cited in contempt for disrespecting the aforementioned decision of this Court.

The antecedents are as follows:

On 11 May 1993, this Court rendered a decision (penned by Justice Carolina C. Grino-Aquino) ruling that petitioner, a yardman of private respondent Pepsi Cola Distributors of the Philippines, Inc. (PCD), was illegally dismissed by the latter. Consequently, PCD was ordered to reinstate petitioner to his former position without loss of seniority rights and to pay petitioner three (3) years backwages.^[1]

PCD filed a motion for reconsideration on 26 May 1993 but the same was denied with finality on 9 June 1993.^[2] Judgment was entered and became final and executory on 1 July 1993.^[3]

Consequently, on 16 November 1993 a writ of execution was issued and served on PCD through its counsel Atty. Hector Holdago on 7 March 1994. No action however, was taken on the aforementioned writ hence, on 15 March 1994, a notice of garnishment was served on PCD's depository bank, PNB, Cubao Branch, Quezon City but the latter refused to release the amount of P134,162.71 on grounds that the garnished account belonged to Pepsi-Cola Products Philippines, Inc. (PCPPI) which was not a respondent in the aforestated case.^[4]

On 11 April 1994 and 25 May 1994, petitioner filed a motion and supplemental motion, respectively, with the Labor Arbiter to order PCPPI to comply with the writ of execution.^[5] Petitioner averred that on 25 July 1989 PCD transferred its assets and business to PCPPI, hence, being its successor-in-interest, PCPPI is liable for the obligations incurred by PCD. To support his contention, petitioner cited the case of *Pepsi Cola Bottling Co., et al. v. NLRC, et al.*,^[6] thus:

Pepsi-Cola Distributors of the Philippines may have ceased business operations and Pepsi-Cola Products Philippines Inc. may be a new

company but it does not necessarily follow that no one may now be held liable for illegal acts committed by the earlier firm. The complaint was filed when PCD was still in existence. Pepsi-Cola never stopped doing business in the Philippines. The same soft drinks products sold in 1988 when the complaint was initiated continue to be sold now. The sale of products, purchases of materials, payment of obligations, and other business acts did not stop at the time PCD bowed out and PCPPI came into being. There is no evidence presented showing that PCPPI, as the new entity or purchasing company is free from any liabilities incurred by the former corporation.

In their opposition dated 2 June 1994, private respondents contended that PCPPI was not impleaded as party-respondent in the instant case and was never given the chance to adduce evidence in its behalf. The writ of execution issued against it was, therefore, a violation of due process.^[7]

On 22 July 1994, Labor Arbiter Manuel R. Caday, relying heavily on the aforecited Pepsi-Cola Bottling Co. v. NLRC case, issued an order directing PCPPI to comply with the writ of execution and for PNB, Cubao Branch, Quezon City to release the garnished amount of P134,162.71.^[8]

However, on 2 August 1994 Atty. Luis Dado, in behalf of PCPPI, filed a Special Entry of Appearance With Motion to Quash Writ of Execution and Levy On Garnishment, praying that PCPPI be allowed to "present evidence to prove that it has not assumed, and cannot be held liable for, the obligations incurred by PCD."^[9]

On 19 September 1994, Labor Arbiter Caday denied the aforementioned motion of PCPPI for lack of merit and reiterated its order for PCPPI to reinstate petitioner to his former position and for PNB, Cubao Branch, Quezon City to release the garnished amount of P134,162.71 and in addition petitioner's salary from March 1994.^[10]

On 30 September 1994, PCPPI filed a Petition for Injunction with Application for Temporary Restraining Order with the NLRC on grounds that it was not afforded due process.

On 26 October 1994, the NLRC granted the temporary restraining order in favor of PCPPI and directed Labor Arbiter Daniel C. Cueto "to proceed with the reception of evidence for the application for a writ of injunction speedily and objectively and in the best interest of due process."^[11]

On 29 March 1995, petitioner filed a Motion to Lift Temporary Restraining Order on grounds that the same has expired and no permanent injunction was issued within the twenty-day period. However, no action was taken by the NLRC, hence, the present omnibus petition.

Petitioner emphatically maintains that:

- 1) As the successor-in-interest of PCD, PCPPI is liable for the obligations incurred by the former based on the ruling in Pepsi Cola Bottling Co. v. NLRC;^[12]

2) During the 9 June 1994 hearing for resolution of petitioner's motion to require PCPPI to comply with the writ of execution and private respondents' opposition thereto, Atty. Luis Dado appeared and manifested his consent to have the issue of whether or not PCPPI is the successor-in-interest of PCD submitted for resolution,^[13] hence, PCPPI was afforded due process;

3) Since the temporary restraining order issued by the NLRC has already expired, there is no longer any legal impediment to the enforcement of the subject writ of execution; and

4) PCPPI and its counsel are employing tactics simply to delay the administration of justice.

PCPPI refutes the contentions of petitioner and equally asserts that PCPPI and PCD are separate, distinct and independent entities. It alleges that the *Pepsi Cola Bottling Co. v. NLRC* case is inapplicable because in the present case PCPPI is ready to present evidence to prove that it is not responsible for the liabilities of PCD. Since PCPPI was never made a party-respondent in the proceedings, due process dictates that it be given an opportunity to present its side.

There is merit in the petition.

The important issue in the instant case is whether or not PCPPI is liable for the obligations incurred by PCD and accordingly, we shall limit our discussion thereto.

PCPPI's defense that it is a separate and distinct corporation and thus free from the obligations incurred by its predecessor PCD was rejected by this Court not once but twice, in the cases of *Pepsi-Cola Bottling Co. v. NLRC*^[14] and *Pepsi Cola Distributors of the Philippines, Inc. v. NLRC*.^[15] Contrary to PCPPI's contentions, the circumstances in the aforementioned cases are almost identical to the factual setting of the instant case. The earlier *Pepsi-Cola Bottling Co.* case involved the termination of services of one of its maintenance managers (Oscar T. Encabo) due to loss of confidence. The Labor Arbiter declared the dismissal illegal and ordered the reinstatement of the dismissed employee. PCPPI returned the writ of execution unsatisfied and in a motion for reconsideration filed with the NLRC argued that reinstatement was no longer possible since *Pepsi-Cola Bottling Co. (PBC)* and PCD closed down and PCPPI, the new franchise holder, is a distinct and separate entity from either PBC or PCD. The NLRC denied said motion and ordered PCD and its successor-in-interest PCPPI to reinstate Encabo. This prompted PBC/PCD and PCPPI to come to this Court and we resolved the issue in this wise:

With respect to the third issue, PCPPI claims that public respondent committed grave abuse of discretion in holding it liable for the reinstatement of the private respondent considering that PCPPI is an entirely separate and distinct entity from the PCD.

On the ground of serious business losses, PCD alleged that it ceased to operate on July 24, 1989 and PCPPI, a company separate and distinct from PCD acquired the franchise to sell the *Pepsi-Cola* products.

Pepsi-Cola Distributors of the Philippines may have ceased business