

Why Companies Easily Lose Their Appeal

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The Supreme Court rendered a decision reminding juridical entities to properly authorize their officers or counsels before they appeal decisions of labor arbiters to the National Labor Relations Commission.

A board resolution, usually in the form of a corporate secretary's certificate, is necessary because appeals before the NLRC must be verified and certified against forum-shopping by the parties-in-interest themselves. The purpose of verification is to secure an assurance that the allegations in the pleading are true and correct and have been filed in good faith.

In *Antonio P. Salenga vs. Court of Appeals*,¹ an employee of Clark Development Corporation filed a case before the labor arbiter for illegal dismissal. When a decision was rendered by the labor arbiter against CDC, there was already a change in management and the new president gave instructions to desist from appealing the adverse decision.

The former president of CDC, however, still raised the finding of illegal dismissal before the NLRC, with the appeal being verified and certified by the executive vice president of CDC without being armed with a board resolution from the company.

The High Court held that, in the absence of a board resolution, the NLRC did not acquire any jurisdiction over the appeal of CDC. The action of the vice president could not bind the company because a corporation can only exercise its powers and transact its business through its board of directors and through its officers and agents when authorized by a board resolution or its by-laws.

Since there was no valid appeal, the finding of illegal dismissal made by the labor arbiter stands.

It may be noted that, while the *Salenga* case did not enumerate the corporate officers who can verify and certify pleadings without any formal authority from the board of directors, the High Tribunal in *Cebu Metro Pharmacy, Inc. vs. Euro-Med Laboratories, Philippines, Inc.*² confirmed the long standing doctrine that the following corporate officers are allowed to do so:

(1) the Chairperson of the Board of Directors;

¹G.R. Nos. 174941, February 1, 2012.

²G.R. No. 164757, October 18, 2010.

- (2) the President of a corporation;
- (3) the General Manager or Acting General Manager;
- (4) the Personnel Officer; and
- (5) an Employment Specialist in a labor case.

Barring any contingency, an explicit authority to appeal an adverse decision should still be part of the a corporation's standard operating procedure, especially that appeals can be made within ten days from receipt of the labor arbiter's decision. (*February 29, 2012*)