

**PORFIRIO BALLADARES, JR. AND FLORANTE S. DE LA PEÑA,
PETITIONERS, VS. THE NATIONAL LABOR RELATIONS COMMISSION
(FIFTH DIVISION) AND THE RURAL BANK OF PAGADIAN INC.,
REPRESENTED B...**

G.R. No. 111342. June 19, 1995

Ponente: MENDOZA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-111342/>

MENDOZA, J.:

This is a petition for certiorari assailing the resolution of June 30, 1993 of the National Labor Relations Commission (NLRC) Fifth Division[1] which denied petitioners' motion to modify the NLRC's resolution of June 29, 1992.

The facts are as follows:

Petitioners Porfirio Balladares, Jr. and Florante de la Peña were employed by private respondent Rural Bank of Pagadian (hereafter called the Bank) as driver/messenger and bank technician, respectively. Sometime in 1986, the Bank's rank-and-file workers formed a union called the Philippine Integrated Industries Labor Union (hereafter called Union) and elected Balladares, Jr. and De la Peña president and vice-president, respectively.

The Union then entered into collective bargaining negotiations with the Bank. Because of a deadlock in the negotiation, the Union filed a notice of strike with the Department of Labor and Employment on April 8, 1987.[2]

The Bank's countermove was to terminate the employment of petitioners on the ground of retrenchment. The letters, dated March 27, 1987, notifying petitioners of the termination of their employment were received by them on April 13, 1987.[3]

On April 28, 1987, petitioners filed separate complaints for illegal dismissal and unfair labor practice and for wage differential, overtime pay, 13th month pay, holiday pay, and separation pay against the Bank. The Bank, on the other hand, filed a complaint for illegal strike against petitioners and several other employees.

The cases were consolidated by order dated November 10, 1987 of the Regional Arbitration Branch No. IX in Zamboanga City.

On August 5, 1988, Acting Executive Labor Arbiter Rhett Julius J. Plagata rendered a decision,[4]

- (1) Dismissing the complaint in this case (NLRC Case No. RAB-05-0134-87) for illegal strike, for lack of merit;
- (2) Declaring the dismissals of Porfirio Balladares, Jr. and Florante de la Peña to be illegal, and ordering the Rural Bank of Pagadian, Inc., through its manager, to reinstate them to their former positions without loss of seniority rights and privileges, and to pay to each of them the sum of SEVENTEEN THOUSAND FOUR HUNDRED FIFTY SEVEN & 55/100 PESOS (P17,457.55), as backwages;
- (3) Dismissing the complaints and/or charge against the Rural Bank of Pagadian, Inc., Arlene Fucoy, Jose M.

Lopez, Ramono Yu and Elsie Aromin, in NLRC Cases Nos. RAB-IX-04-0116-87, RAB-09-08-00040-87 and RAB-09--08-00041-87, for unfair labor practice, for lack of merit;

(4) Ordering the Rural Bank of Pagadian, Inc., through its manager, to pay: (a) Porferio Balladares, Jr., wage differentials in the sum of THREE THOUSAND EIGHT HUNDRED THIRTY SEVEN & 02/100 PESOS (P3,837.02) and 13th month pay, in the sum of TWO HUNDRED FORTY SIX & 93/100 PESOS (246.93); and (b) Florante de la Peña, wage differentials in the sum of THREE THOUSAND SEVEN HUNDRED NINETEEN & 32/100 PESOS (P3,719.32), and 13th month pay, in the sum of TWO FORTY SIX & 93/100 PESOS (P246.93);

(5) Dismissing the claims of Porferio Balladares, Jr. and Florante de la Peña against the Rural Bank of Pagadian, Inc., for overtime pay, holiday pay, violation of PD's 525, 928 and 1123, and separation pay, for lack of merit;

(6) Dismissing the matter of deadlock in collective bargaining negotiations, for being moot and academic.

The Bank appealed the decision on August 25, 1988. Pending appeal, petitioners filed with the Labor Arbiter a motion for execution of his decision. No action was taken on the motion, although later it was explained by the NLRC that it was because the records of the case had by then been transmitted by the Labor Arbiter to the NLRC. This is disputed by the petitioners but the point is immaterial in view of our disposition of the issues in this case.

In its resolution rendered on June 29, 1992,[5] the NLRC (Fifth Division) affirmed the decision of the Executive Labor Arbiter.

Petitioners moved for a reconsideration, praying that the NLRC order the Bank to pay "backwages and other labor benefits computed from the time the decision [of the Labor Arbiter] was appealed from, to the time of actual reinstatement." (The Labor Arbiter had ordered the Bank to pay backwages equivalent to 15 months pay.) They argued that they should have been ordered reinstated because although the Bank had appealed the decision of the Labor Arbiter, its appeal was not perfected on account of its failure to post a supersedeas bond as required by Art. 223 of the Labor Code as amended by R.A. No. 6715.

The NLRC denied petitioners' motion in its resolution of June 30, 1993, now the subject of this petition. It held that when the Bank filed its appeal on August 25, 1988, R.A. No. 6715, which (i) requires the posting of a bond in case of appeal by the employer in cases involving monetary awards and (ii) provides for immediate reinstatement pending appeal and payment of backwages until time of actual reinstatement, had not yet taken effect.

Hence this petition by Balladares and De la Peña. Petitioners contend that the NLRC committed a grave abuse of its discretion in refusing to award them full backwages and in failing to act on their motion for execution pending appeal.

We hereby give judgment for petitioners although not for full backwages as they claim but for three years counted from the date of their illegal dismissal.

We agree that no full backwages from the time their pay was withheld up to the time of actual reinstatement can be ordered paid to petitioners. R.A. No. 6715, which amended Art. 279 of the Labor Code by requiring that an employee who is illegally dismissed shall be paid "his full backwages, inclusive of allowances, and to his other benefits or their monetary equivalent computed from the time his compensation was withheld from him up to the time of his actual reinstatement," has no retroactive effect and does not apply to cases of illegal dismissal taking place before its effectivity on March 21, 1989.[6] Since petitioners were dismissed in 1987, they cannot demand payment of full backwages until they were actually reinstated.

We also agree that petitioners did not have a right to be reinstated pending resolution of the appeal of the Bank.

Their contention that the Bank's appeal was not perfected on account of the Bank's failure to post a supersedeas bond and that in any event they had a right to be reinstated pending appeal, pursuant to Art. 223, is premised on the assumption that the requirement of posting a bond as condition for perfecting an appeal as well as the provision for reinstatement pending appeal applied to their case. The fact, however, is that these are features introduced by way of amendment to Art. 223 by R.A. No. 6715. At the time the appeal in this case was taken to the NLRC on August 25, 1988, the provision for the posting of a supersedeas bond and for execution pending appeal was not yet effective. At that time, the rule was simply that to perfect an appeal, the payment of the appeal fee and the filing of the memorandum of appeal setting forth, among other things, the grounds relied upon and the arguments in support thereof, were all that were required in order to perfect an appeal. On the other hand, upon the perfection of the appeal the decision appealed from was stayed.[7]

But the NLRC should have awarded additional backwages instead of merely affirming the Labor Arbiter's award of backwages for 15 months corresponding to the time petitioners were illegally dismissed in April 1987 up to the time the Labor Arbiter rendered his decision on August 5, 1988. Prior to the effectivity of R.A. No. 6715, the rule was that an employee, who was illegally dismissed, was entitled to an award of backwages equivalent to three years (where his case is not terminated sooner).[8]

This rule is understood to be written into the dispositive portion of every decision awarding backwages, in view of the obvious difficulty in some cases of determining when actual reinstatement would be made.[9] In the case at bar it was not quite possible for the Labor Arbiter to determine when petitioners would actually be reinstated since it had only been 15 months since their illegal dismissal. But in 1992, when even after three years they had not been reinstated, the NLRC should have modified the award of backwages and given them the equivalent of three years full backwages.

WHEREFORE, the petition is GRANTED and the resolutions of June 29, 1992 and June 30, 1993 are MODIFIED by ORDERING private respondent to pay petitioners backwages for three years computed from the time of their illegal dismissal in April 1987.

SO ORDERED.

Narvasa, C.J., Regalado, and Puno, JJ., concur.

[1] Per Commissioner Leon G. Gonzaga, Jr. and concurred in by Presiding Commissioner Musib M. Buat and Commissioner Oscar N. Abella.

[2] The strike was actually held on April 23, 1987.

[3] Per the letters, petitioners' termination was to take effect within ten (10) days from receipt.

[4] Petition, Annex A, Rollo, pp. 16-45.

[5] Petition, Annex D, Rollo, pp. 59-69.

[6] *Maranaw Hotels and Resort Corporation v. Court of Appeals*, 215 SCRA 501 (1992) reiterating *Lanton, et al. v. National Labor Relations Commission*, 181 SCRA 513 (1990) and *Sealand Service Inc. v. National Labor Relations Commission*, 190 SCRA 347 (1990).

[7] *Callanta v. National Labor Relations Commission*, 225 SCRA 526 (1993).

[8] *Mercury Drug Co. v. CIR*, 56 SCRA 694 (1974); *Feati University Faculty Club v. Feati University*, 58 SCRA 395 (1974).

[9] See *Mariners Polytechnic School v. Leogardo, Jr.*, 171 SCRA 597 (1989).

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.