

**EMMA CORDOVA, GINALY ARNUZA, LERMA PLAZON, JOANN GAMIL,
TERESITA TORION AND NENE JANIOLA, PETITIONERS, VS.
KEYSA'S BOUTIQUE AND/OR SPS. CRIS AND ELEANOR
ALBARAN, RESPONDENTS.**

G.R. NO. 156379. September 16, 2005

Ponente: PUNO, J.

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PUNO, J.:

Before us is a petition for certiorari under Rule 65 of the Rules of Court, assailing the Decision[1] and Resolution[2] of the Court of Appeals, dated November 16, 2001 and May 27, 2002, respectively, in CA-G.R. SP No. 60688, affirming the ruling of the National Labor Relations Commission (NLRC), which in turn set aside the April 14, 1998 decision[3] of the labor arbiter. The labor arbiter declared illegal the dismissal of petitioners from employment; and, awarded monetary compensation in the total amount of three hundred eighty-four thousand three hundred fifty-two pesos and fifteen centavos (P384,352.15).

The facts are as follows:

Petitioners claim that they were former employees of respondents in their Keysa's Boutique located at G. Flores Ave., Butuan City. They presented the following as their employment records:

START
OF EMPLOYMENT

JOB DESIGNATION

WORKING HOURS PER
DAY

SALARY

Teresita Torion 8/1/96

Salesgirl

8 a.m. to 7 p.m.

P1,200/mo

Ginaly Arnaza 7/1/97

Salesgirl

8 a.m. to 7 p.m.

P1,200/mo

Joann Gamil 11/6/95

Salesgirl

8 a.m. to 7 p.m.

P1,200/mo

Lerma Plazon 7/1/96

Salesgirl

8 a.m. to 7 p.m.

P1,200/mo

Nene Janiola 6/1/97

Salesgirl

8 a.m. to 7 p.m.

P1,000/mo

Emma Cordova 8/1/92

Salesgirl

8 a.m. to 7 p.m.

P2,500/mo

On November 10, 1997, petitioners requested an increase in their salary rates from respondents to conform to the prevailing minimum wage rate in the region, which at that time was P103.00, inclusive of the cost of living allowance. They likewise requested for payment of their 13th month pay, which they alleged has not been paid to them since the start of their employment. Respondents resented the demand and allegedly told petitioners, "Amo man ko, ako'y magbuot" (which means "I am the owner, and I will be the one to decide").

On November 15, 1997, petitioner Nene Janiola was dismissed from employment. On November 25, 1997, petitioners Ginaly Arnaza and Joann Gamil met the same fate. On November 28, 1997, it was the turn of petitioners Emma Cordova, Lerma Plazon and Teresita Torion to be terminated from employment.

Hence, petitioners filed complaints of illegal dismissal, and nonpayment/underpayment of wages, overtime pay, 13th month pay and service incentive leave pay against respondents, before the Regional Arbitration Branch of the Department of Labor and Employment in Butuan City. Petitioners alleged that they are regular employees of respondents, entitled to security of tenure, and may only be terminated from employment due to just or authorized causes.

On April 14, 1998, Labor Arbiter Rogelio Legaspi, on the basis of the position paper of petitioners, decided in favor of the latter, awarding them the total amount of P384,352.15. Respondents failed to file their position paper. They appealed to the NLRC, and included in their prayer the reduction of the appeal bond due to financial constraints. Respondents' "Plea to reduce and admit bond" states:

The respondents are presently in financial distress. They still have past due accounts with the RCBC due to financial losses triggered by the recent economic woes. Lately, the mother of the respondent was airlifted to Manila and she is in serious conditions. That again entails expenses.

Moreover, the appeal of the respondents are (sic) grounded on solid and firm foundation, only that the evidences for the respondents were not presented and considered. If the bond be not reduced, the substantial rights of the respondents would be greatly prejudiced all because they do not have the amount to put up as appeal bond.[4]

In lieu of the bond, respondents submitted a bank certification from the Rizal Commercial Banking Corporation (RCBC), which stated that respondents maintain a savings account with the latter bank, having a total deposit of P23,008.19, as of April 23, 1998. The bank certification states:

This is to certify that SPS. CRIS & ELEANOR ALBARAN with business address at KEYSA'S BOUTIQUE, G. FLORES AVE., BUTUAN CITY, maintains (sic) a depository account with RIZAL COMMERCIAL BANKING CORPORATION – Butuan Branch under SA # 1-537-90450-6 with a balance of Pesos: TWENTY THREE THOUSAND EIGHT & 19/100 (P23,008.19) as of April 23, 1998.

This certification is issued upon client's [clients'] request for whatever legal purposes it may serve them.

Issued this 23rd (sic) day of April 1998.

(signed)

GIL R. RAMOSSAM/BOH (signed)

AVP SANNIE C. CAUSON, JR.Branch Manager RCBC-Butuan[5]

The NLRC ruled in favor of respondents. On August 31, 1998, it set aside the April 14, 1998 decision of the labor arbiter, and remanded the case to the latter for reception of evidence and submission of position paper of respondents, noting that the case was precipitately decided even before the lapse of the period within which respondents were to submit their position paper.[6]

On October 28, 1999, the labor arbiter promulgated his decision,[7] the dispositive portion of which reads as follows:

WHEREFORE, premises considered, judgment is hereby entered:

- Dismissing the complaint for illegal dismissal of complainants Plazon, Cordova and Torreon [Torion] for lack of merit;
- Declaring the dismissal of complainants Arnuz, Gamil and Janiola illegal; and
- Ordering respondents to pay complainants the amounts indicated opposite their names, as shown in Annex "A" hereof.

Complainants' other claims are dismissed for lack of merit.

SO ORDERED.

Not satisfied, both parties appealed to the NLRC. Petitioners alleged that respondents failed to furnish the appeal bond required to perfect their appeal of the labor arbiter's April 14, 1998 decision. Respondents, on the other hand, appealed the labor arbiter's monetary award. Again, they failed to post the required appeal bond. Instead, they filed a "Most Urgent Plea To Reduce Cash Bond,"[8] once more based on financial difficulties. From a total monetary award of ONE HUNDRED EIGHT THOUSAND SIX HUNDRED EIGHTY-THREE PESOS AND TWENTY-THREE CENTAVOS (P108,683.23), respondents pray that they be allowed to post the amount of

FIFTY THOUSAND PESOS (P50,000.00) as cash bond. Pursuant to this, respondent Eleanor Albaran executed a Deed of Assignment[9] in favor of the NLRC, 5[th] Division, Cagayan de Oro City in the amount of FIFTY THOUSAND PESOS (P50,000.00). The Deed of Assignment reads:

I, Eleanor Albaran, of legal age, Filipino and the Respondent in the case entitled Cordova, et al. v. Keysa Boutique and/or Sps. Cris Albaran docketed as NLRC Case RAB 13-07-00053-99, Regional Arbitration Branch No. X, referred to as the Assignor ASSIGNS in favor of the National Labor Relations Commission, 5[th] Division, Cagayan de Oro City, the FIFTY THOUSAND (P50,000.00) pesos per Account Nos. 3588-00455-3; 3588-00454-5; and 3588-00453-7 deposited with Banco Filipino, Butuan City Branch.

Banco Filipino and the Respondent-Appellant commit that the amount deposited shall not be release (sic) pending resolution of the Appeal and until so ordered by the Honorable Commission.

The Assignor assigns to the National Labor Relations Commission, 5[th] Division, Cagayan de Oro, the amount deposited in the event the Honorable Commission or any tribunals upheld (sic) and affirm the decision of the Honorable Labor Arbiter.

IN WITNESS WHEREOF, the parties set their hands this November 12, 1999, City of Butuan, Philippines.

(signed)

Eleanor Albaran

Assignor

With our conformity

(signed but without printed name)

On March 8, 2000, the NLRC affirmed with modifications the decision of the labor arbiter.[10] It granted respondents' plea to reduce the amount of the cash bond to P50,000.00, pursuant to the authority vested in him by law.[11] It also ruled that the labor arbiter's April 14, 1998 decision did not become final and executory with the failure of respondents to post the appeal bond. According to the NLRC, when respondents appealed the April 14, 1998 decision, they prayed for the reduction of the appeal bond; and in substantial compliance with the bond requirement, respondents submitted a bank certification. The NLRC gave due course to respondents' appeal, set aside and vacated the April 14, 1998 decision of the labor arbiter, and remanded the case to the Arbitration Branch of origin for reception of evidence of respondents; thus, rendering moot and academic respondents' motion to reduce the appeal bond. Hence, there is no finality of the April 14, 1998 decision to speak of.

On petition for certiorari with the Court of Appeals, the latter upheld the ruling of the NLRC.

Petitioners' Motion for Reconsideration[12] of the decision of the Court of Appeals was denied.

Hence, this petition for certiorari.[13] Petitioners assail the decision of the Court of Appeals on the following grounds:

- THE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION IN RULING THAT THE SUBMISSION OF A BANK CERTIFICATION IN LIEU OF CASH OR SURETY SUPERSEDES BOND WAS A MERE INCONSEQUENTIAL INADEQUACY.

- THE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION IN NOT FINDING THAT THE LABOR ARBITER'S DECISION DATED 14 APRIL 1998 HAD BECOME FINAL AND EXECUTORY.

Petitioners argue that the original decision of the labor arbiter dated April 14, 1998, declaring their dismissal illegal with a total monetary award of P384,352.15 had already become final for failure of respondents to post an appeal bond. They stress that the posting of a cash or surety bond is a requirement sine qua non for the perfection

of an appeal by an employer from a decision involving a monetary award. They insist that the certification from the RCBC – Butuan Branch, stating that respondents maintain a depository account under SA#1-537-90450-6, with a balance of TWENTY THREE THOUSAND EIGHT PESOS AND NINETEEN CENTAVOS (P23,008.19), as of April 23, 1998, cannot take the place of the required cash or surety bond for the perfection of the appeal. They assert that this kind of bank certification does not, in any way, ensure that the labor arbiter's award will be paid should the appeal fail.

We find for the petitioners.

Art. 223 of the Labor Code provides that in case of a judgment involving a monetary award, an appeal by the employer may be perfected only upon the posting of a cash or surety bond issued by a reputable bonding company duly accredited by the Commission in the amount equivalent to the monetary award. We have ruled that the word only makes it perfectly clear that the lawmakers intended that the posting of the bond is the exclusive means by which an employer's appeal may be perfected.[14] The filing of a supersedeas bond, which is actually a security required from an appellant to ensure payment of the adjudged monetary award in case the appeal fails, is indispensable to the perfection of the appeal. We further held that the posting of a cash or surety bond for the perfection of an appeal is jurisdictional, without which the NLRC, as in this case, does not have the authority to review and revise the judgment of the labor arbiter.[15]

As a general rule, non-compliance with this legal requirement is fatal and has the effect of rendering the appealed judgment final and executory. In some cases, however, this Court relaxed the requirement of posting a supersedeas bond for the perfection of an appeal. The decisions in these exceptional cases were justified by the fact that there was substantial compliance with the rule.[16]

In *Your Bus Lines vs. NLRC*, [17] this Court excused the appellant for its failure to post the bond because it relied on the notice of the decision which, while stating the requirements for perfecting an appeal, did not mention that a bond must be filed. In *Blancaflor vs. NLRC*, [18] it was noted that the failure of appellant to post a bond was in part due to the failure of the Labor Arbiter to state the exact amount of back wages and separation pay due; thus, no basis exists for the computation of the amount of the bond to be filed. In *Cabalan Pastulan Negrito Labor Association vs. NLRC*, [19] this Court granted petitioner-appellant's plea to give due course to its appeal despite non-posting of a supersedeas bond on account of its insolvency and poverty. Petitioner-appellant is an association of Negritos performing trash sorting services in the American naval base in Subic Bay. Further, the existence of an employer-employee relationship between petitioner-appellant and private respondent was not established. In *UERM-Memorial Medical Center vs. NLRC*, [20] the appellant-employer was allowed to post a property bond in lieu of a cash or surety bond. In this case, the judgment involved more than P17M and its precipitate execution could adversely affect the existence of the employer medical center. It also appeared that the real property bond was worth more than P102M, hence, the posting of a real property bond was sufficient compliance with the requirements of Art. 223.

However, in the case at bar, we find no substantial compliance with the bond requirement. The NLRC Rules state that in cases where the decision of the labor arbiter involves a monetary award, an appeal by the employer shall be perfected only upon the posting of a cash or surety bond issued by a reputable bonding company duly accredited by the NLRC or this Court in an amount equivalent to the monetary award, exclusive of moral and exemplary damages and attorney's fees.[21] We agree with the petitioners that the bank certification submitted by respondents does not come close to the cash or surety bond required by law. The obvious purpose of an appeal bond is to ensure, during the period of appeal, against any occurrence that would defeat or diminish recovery by the aggrieved employees under the judgment if subsequently affirmed.[22] As petitioners pointed out, the bank certification does not, in any way, ensure that the labor arbiter's award will be paid should the appeal fail.

Respondents are not prevented from making withdrawals from their savings account. And, the total amount deposited in respondents' savings account, twenty-three thousand eight pesos and nineteen centavos (P23,008.19), is measly compared to the monetary award by the labor arbiter which amounts to three hundred eighty four thousand three hundred fifty two pesos and fifteen centavos (P384,352.15). In *Biogenetics Marketing and Research Corp. vs. NLRC*,^[23] the NLRC, upon motion of the appellant to reduce the appeal bond, ordered appellant to post an additional cash or surety bond in the amount of P1,950,000.00. It found no justification for a substantial reduction of the bond. Appellant initially posted a cash bond of P50,000.00 for a monetary award totaling P2,200,000.00. The NLRC, as well as this Court, rejected the additional "bond" filed by appellant which was denominated as an "Irrevocable Bank Guarantee" in the amount of P1,950,000.00 and entered into by and between appellant and Hongkong and Shanghai Banking Corporation Limited. It was held that the bank guarantee cannot be a substitute for the cash or surety bond contemplated under Art. 223 of the Labor Code.

In the case at bar, the respondents cannot be excused from making a substantial compliance with the bond requirement. The law does not require outright payment of the appealed monetary award, but only the posting of a cash or surety bond issued by a reputable bonding company duly accredited by the NLRC or this Court, and not a mere bank certification which only states the total amount of deposit existing in such bank as of a certain date. The cash or surety bond will ensure that the award will be eventually paid in case the appeal fails. A mere bank certification of the type submitted by respondents will not. What respondents have to pay is a moderate and reasonable sum for premiums for such bond.^[24]

The Court of Appeals also ruled that it is not inclined to frustrate respondents' right to appeal merely because of such "inconsequential inadequacy." We cannot denominate the bond requirement as a mere "inconsequential inadequacy." This requirement is intended to discourage employers from using the appeal to delay, or even evade, their obligation to satisfy their employee's possibly just and lawful claims.^[25] The right to appeal is a statutory right. A party who wants to avail of it must comply with the requirements set by the law. We have ruled that while it is true that the NLRC Rules must be liberally construed and that the NLRC is not bound by the technicalities of law and procedure, the NLRC itself (and the Court of Appeals in the instant case) must not be the first to arbitrarily disregard specific provisions of the Rules which are precisely intended to assist the parties in obtaining a just and expeditious settlement of labor disputes. In short, the rule on liberal construction is not a license to disregard the rules of procedure. Rules of Procedure exists for a purpose, and to disregard such rules in the guise of liberal construction would be to defeat such purpose.^[26]

The consequence then of respondents' failure to substantially comply with the mandatory requirement of posting a bond for the perfection of the appeal is to render the April 14, 1998 decision of the labor arbiter final and executory, and to place it beyond the power of the NLRC to review or revise. The NLRC, thus, acted without jurisdiction in reviewing and modifying the decision of the Labor Arbiter. Similarly, the Court of Appeals acted without jurisdiction in affirming the decision of the NLRC.

IN VIEW THEREOF, the petition is GRANTED. The Court of Appeals' November 16, 2001 Decision in CA-G.R. SP No. 60688 and May 27, 2002 Resolution, affirming the March 8, 2000 Decision of the National Labor Relations Commission, are ANNULLED and SET ASIDE. The April 14, 1998 Decision of the Labor Arbiter is REINSTATED.

SO ORDERED.

Austria-Martinez, Callejo, Sr., Tinga, and Chico-Nazario, JJ. concur.

[1] CA Rollo, pp. 77-82.

[2] Id. at 90.

[3] Id. at 20-27.

[4] Rollo, pp. 51-52.

[5] Rollo, p. 50.

[6] Rollo, pp. 55-57.

[7] Rollo, pp. 59-64.

[8] Rollo, pp. 64-65.

[9] Rollo, p. 67.

[10] Rollo, pp. 34-41.

[11] NLRC Rules of Procedure, Rule VI, Section 6. Bond. – x x x

"The Commission may, in meritorious cases and upon Motion of the Appellant, reduce the amount of the bond.
.."

[12] CA Rollo, pp. 84-86.

[13] Rollo, pp. 2-100.

[14] Viron Transit vs. NLRC, G.R. No. 97357, March 18, 1992, 207 SCRA 339.

[15] Quiambao vs. NLRC, G.R. No. 91935, March 4, 1996, 254 SCRA 211, 216.

[16] Quiambao vs. NLRC, G.R. No. 91935, March 4, 1996, 254 SCRA 211.

[17] G.R. No. 93381, September 28, 1990, 190 SCRA 160.

[18] G.R. No. 101013, February 2, 1993, 218 SCRA 366.

[19] G.R. No. 106108, February 23, 1995, 241 SCRA 643.

[20] G.R. No. 110419, March 3, 1997, 269 SCRA 70.

[21] Section 6, Rule VI, New Rules of Procedure of the NLRC.

[22] Your Bus Lines vs. NLRC, G.R. No. 93381, September 28, 1990, 190 SCRA 160.

[23] G.R. No. 122725, September 8, 1999, 313 SCRA 748.

[24] Unicane Workers Union - CLUP vs. NLRC, G.R. No. 107545, September 9, 1996, 261 SCRA 573.

[25] Viron Garments Mfg. Co., Inc. vs. NLRC, G.R. No. 97357, March 18, 1992, 207 SCRA 339.

[26] Santos vs. Velarde, G.R. No. 140753, April 30, 2003, 402 SCRA 321, citing Favila vs. NLRC, 308 SCRA 303 (1999).

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