

BALAGTAS MULTI-PURPOSE COOPERATIVE, INC., AND AURELIO SANTIAGO, PETITIONERS, VS. COURT OF APPEALS, NATIONAL LABOR RELATIONS COMMISSION AND JOSEFINA HIPOLITO-HERRERO, RESPONDENTS.

G.R. NO. 159268. October 27, 2006

Ponente: AZCUNA, J.

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AZCUNA, J.:

This is a petition for review assailing the decision^[1] and resolution^[2] dated September 27, 2002 and July 24, 2003, respectively, of the Court of Appeals (CA) in CA-G.R. SP No. 50431 entitled "Balagtas Multi-Purpose Cooperative, Inc. and Aurelio Santiago v. National Labor Relations Commission (NLRC) and Josefina Hipolito-Herrero," which dismissed the petition for certiorari filed by petitioners Balagtas Multi-Purpose Cooperative, Inc. and Aurelio Santiago.

The facts are as follows:^[3]

Balagtas Multi-Purpose Cooperative, Inc. (Balagtas, for brevity) is a duly organized and existing cooperative under the laws of the Philippines. Sometime in April 1991, Balagtas hired Josefina G. Hipolito-Herrero, (Josefina, for brevity) as part time manager in its office in Sulok, Panginay, Balagtas, Bulacan, where she was required to report on a monthly salary of P4,000.00 between 2:00 to 6:00 p.m., Monday to Friday.

In September 1992, Balagtas created a branch office at Wawa, Balagtas, Bulacan. Josefina was required to report at the said Wawa branch from 8:00 to 12:00 noon before reporting to her office at Sulok from 2:00 to 6:00 p.m. For the additional work, Josefina received a proportionate increase in salary.

In the early part of 1994, the board members contemplated closing its Wawa Branch Office inasmuch as the desired number of the members and volume of transactions were not met with, rendering it more costly to maintain.

On May 1, 1994, in their monthly meeting, Josefina informed (them) that she intends to take a leave of absence from May 9 to May 30, 1994. Her proposal was immediately approved by the board.

In a Special Meeting on June 2, 1994, the board members resolved to close its Wawa branch. Meantime, after the lapse of her leave of absence on May 30, 1994, Josefina did not report for work anymore. Later on, she filed her resignation.

Almost nine (9) months thereafter, on February 25, 1995, Josefina filed a complaint with the Provincial Office of the Department of Labor in Malolos, Bulacan for illegal dismissal, and non-payment of 13th month pay or Christmas Bonus. She pray(ed) that she be reinstated and paid backwages as well as moral damages.

The case was referred to a Labor Arbiter. When the parties failed to settle their differences, they were required to submit their respective position papers. Trial ensued. On March 23, 1998, the Labor Arbiter rendered his decision, to wit:

"WHEREFORE, premises considered, judgment is hereby entered in favor of complainant and against respondents, ordering the latter, jointly and severally as follows:

- To pay the sum of P2,000.00 as 13[th] month pay of complainant for the years 1995 up to 1997;
- To pay the additional sum of P188,000.00 as backwages of complainant from the date of her dismissal up to this writing; and,
- To pay the additional sum of P28,000.00 as separation pay of complainant from 1991 up to this writing.

All other issues or claims are hereby ordered dismissed for want of merit.

SO ORDERED." (NLRC Decision, p. 6; Rollo, p. 26)

Aggrieved, Balagtas appealed the decision to the National Labor Relations Commission (NLRC) but failed to post either a cash or surety bond as required by Article 223 of the Labor Code. Instead, petitioners filed a manifestation and motion, stating, among others, that under Republic Act No. 6938, Article 62(7) of the Cooperative Code of the Philippines, petitioners are exempt from putting up a bond in an appeal from the decision of the inferior court.

On July 20, 1998, the NLRC rendered the assailed order, to wit:

"WHEREFORE, premises considered, respondents are hereby given ten (10) inextendible days from receipt of this Order within which to post a cash or surety bond in the amount of TWO HUNDRED EIGHTEEN THOUSAND PESOS (P218,000.00) PESOS, failure of which shall constitute a waiver and non-perfection of the appeal.

In addition thereto, the employer as well as counsel shall submit a joint declaration under oath attesting that the surety bond posted is genuine and that it shall be in effect until final disposition of the case.

SO ORDERED." (NLRC Order, p. 4; Rollo, p. 15)

On September 28, 1998, the NLRC struck down petitioners' Motion for Reconsideration (Annex B, pp. 18-20, Rollo).

Petitioners then filed a petition for certiorari with the CA, alleging that the NLRC acted with grave abuse of discretion amounting to excess or lack of jurisdiction in directing them to post an appeal bond despite the clear mandate of Article 62, paragraph (7)[4] of Republic Act No. 6938 (Cooperative Code) which dispensed with such requirement. The CA initially dismissed the petition for failure of petitioners to attach copies of the certain relevant documents and records cited therein. However, when the matter was elevated to the Court, the CA was directed to admit the petition filed by petitioners.

After the parties submitted their respective pleadings, the CA resolved to dismiss the petition in the assailed decision dated September 27, 2002 holding that the exemption from putting up a bond by a cooperative applies to cases decided by inferior courts only. The CA ratiocinated as follows:

If the lawmakers' intention is for an "all embracing exemption in favor of all cooperatives, including but not limited to quasi-judicial bodies, Congress could simply have provided that all cooperatives are exempted from the requirement of posting appeal bonds in all its appeal(s) regardless of the nature of the suit or the forum where the action is filed. Ironically, this is not what appears in the cooperative law, and [it] instead delimits the exemption only to appeals from the decision of the inferior courts. That, a fortiori, is the manifest intention of the legislators.

Withal, we are dealing with a matter of exemption from a usual requirement in taking an appeal. In the

ordinary course of things, if there is a genuine intention to give cooperatives "a cover all" exemption from the appeal bond requirement, it must be clearly and unequivocally stated in the law. Exemptions cannot spring out of mere presumptions or deductions.[5]

Their motion for reconsideration having been denied, petitioners filed the present petition.

The issues are:

Whether cooperatives are exempted from filing a cash or surety bond required to perfect an employer's appeal under Section 223[6] of Presidential Decree No. 442 (the Labor Code); and,

Whether a certification issued by the Cooperative Development Authority constitutes substantial compliance with the requirement for the posting of a bond.

Petitioners argue that Article 62, paragraph (7) of the Cooperative Code exempts cooperatives from posting an appeal bond. Moreover, the CA should not have given a restrictive interpretation to "inferior courts" as encompassing only municipal, metropolitan and regional trial courts because the term appears in a special law. Rather, "inferior courts" should be interpreted to have a generic meaning which includes even quasi-judicial courts or bodies like the NLRC. Petitioners assert this would be more in accord with the intention of the legislators to grant more benefits and privileges to cooperatives under the Cooperative Code. Otherwise, the exemption granted under the law would have no meaning considering that appeal bonds are, in almost all instances, no longer required in perfecting an appeal from the decisions of municipal, metropolitan and regional trial courts.

In addition, petitioners contend that the posting of an appeal bond in labor cases has been dispensed with by the Court in a number of cases if to do so would best serve the interest of justice and due process. Such judicial liberality should, according to petitioners, be applied in the present case in light of the fact that there is a law, the Cooperative Code, which clearly exempts cooperatives from posting appeal bonds.

The petition lacks merit.

The provision cited by petitioners cannot be taken in isolation and must be interpreted in relation to the Cooperative Code in its entirety. It must be kept in mind that the enactment of the Cooperative Code is pursuant to the State's declared policy of fostering the "creation and growth of cooperatives as a practical vehicle for prompting self-reliance and harnessing people power towards the attainment of economic development and social justice." Towards this end, the government has been mandated to "ensure the provision of technical guidance, financial assistance and other services to enable said cooperatives to develop into viable and responsive economic enterprises and thereby bring about a strong cooperative movement that is free from any conditions that might infringe upon the autonomy or organizational integrity of cooperatives." [7]

In line with this, certain benefits and privileges were expressly granted to cooperative entities under the statute. The provision invoked by petitioners regarding the exemption from payment of an appeal bond is only one among a number of such privileges which appear under the article entitled "Tax and Other Exemptions" of the code, thus:

Art. 62. Tax and Other Exemptions. - Cooperatives transacting business with both members and nonmembers shall not be subject to tax on their transactions to members. Notwithstanding the provisions of any or regulation to the contrary, such cooperatives dealing with nonmembers shall enjoy the following tax exemptions:

(1) Cooperatives with accumulated reserves and undivided net savings of not more than Ten million pesos (P10,000,000.00) shall be exempt from all national, city, provincial, municipal or barangay taxes of whatever name and nature. Such cooperatives shall be exempt from customs duties, advance sales or compensating taxes

on their importation of machineries, equipment and spare parts used by them and which are not available locally as certified by the Department of Trade and Industry. All tax-free importations shall not be transferred to any person until after five (5) years, otherwise, the cooperative and the transferee or assignee shall be solidarily liable to pay twice the amount of the tax and/or duties thereon.

(2) Cooperatives with accumulated reserves and undivided net savings of more than Ten million pesos (P10,000,000.00) shall pay the following taxes at the full rate:

(a) Income Tax - On the amount allocated for interest on capitals: Provided, That the same tax is not consequently imposed on interest individually received by members;

(b) Sales Tax - On sales to nonmembers: Provided, however, That all cooperatives, regardless of classification, are exempt from the payment of income and sale taxes for a period of ten (10) years.

For cooperatives whose exemptions were removed by Executive Order No. 93, the ten-year period shall be reckoned from the effectivity date of said executive order. Cooperatives created after the approval of this Code shall be granted the same exemptions, the period of which shall be reckoned from the date of registration with the Authority: Provided, That at least twenty-five per centum (25%) of the net income of the cooperatives is returned to the members in the form of interest and/or patronage refunds;

(c) All other taxes unless otherwise provided herein; and

(d) Donations to charitable, research and educational institutions and reinvestment to socioeconomic projects within the area of operation of the cooperative may be tax deductible.

(3) All cooperatives, regardless of the amount of accumulated reserves and undivided net savings shall be exempt from payment of local taxes and taxes on transactions with banks and insurance companies: Provided, That all sales or services rendered for nonmembers shall be subject to the applicable percentage taxes except sales made by producers, marketing or service cooperatives: Provided, further, That nothing in this article shall preclude the examination of the books of accounts or other accounting records of the cooperative by duly authorized internal revenue officers for internal revenue tax purposes only, after previous authorization by the Authority.

(4) Any judge in his capacity as notary public, ex-officio, shall render service, free of charge, to any person or group of persons requiring either the administration of oath or the acknowledgment of articles of cooperation of a cooperative applicant for registration and instruments of loan from cooperative not exceeding Fifty thousand pesos (P50,000.00).

(5) Any register of deeds shall accept for registration, free of charge, any instrument relative to a loan made under this Code which does not exceed Fifty thousand pesos (P50,000.00) or the deeds of title of any property acquired by the cooperative or any paper or document drawn in connection with any action brought by the cooperative or with any court judgment rendered in its favor or any instrument relative to a bond of any accountable officer of a cooperative for the faithful performance of his duties and obligations.

(6) Cooperatives shall be exempt from the payment of all court sheriff's fees payable to the Philippine Government for and in connection with all actions brought under this Code, or where such action is brought by the Cooperative Development Authority before the court, to enforce the payment of obligations contracted in favor of the cooperative.

(7) All cooperatives shall be exempt from putting up a bond for bringing an appeal against the decision of an inferior court or for seeking to set aside any third party claim: Provided, That a certification of the Authority showing that the net assets of the cooperative are in excess of the amount of the bond required by the court in similar cases shall be accepted by the court as a sufficient bond.

(8) Any security issued by cooperatives shall be exempt from the provisions of the Securities Act provided

such security shall not be speculative.

Considering that the above provision relates to "tax and other exemptions," the same must be strictly construed. This follows the well-settled principle that exceptions are to be strictly but reasonably construed; they extend only so far as their language warrants, and all doubts should be resolved in favor of the general provision rather than the exceptions.[8]

An express exception, exemption, or saving clause excludes other exceptions. Express exceptions constitute the only limitations on the operation of a statute and no other exception will be implied.[9] The rule proceeds from the premise that the legislative body would not have made specific enumerations in a statute, if it had the intention not to restrict its meaning and confine its terms to those expressly mentioned.

Consequently, where a general rule is established by a statute with exceptions, the Court will not curtail the former nor add to the latter by implication.[10] Courts may not, in the guise of interpretation, enlarge the scope of a statute and include therein situations not provided nor intended by the lawmakers.[11] Statutes which are plain and specific should be applied without attempted construction and interpretation. Thus, where a provision of law expressly limits its application to certain transactions, it cannot be extended to other transactions by interpretation.[12]

The term "court" has a settled meaning in this jurisdiction which cannot be reasonably interpreted as extending to quasi-judicial bodies like the NLRC unless otherwise clearly and expressly indicated in the wording of the statute. Simply because these tribunals or agencies exercise quasi-judicial functions does not convert them into courts of law.

In any event, Article 119 of the Cooperative Code itself expressly embodies the legislative intention to extend the coverage of labor statutes to cooperatives, to wit:

Art. 119. Compliance with Other Laws. - (1) The Labor Code and all other labor laws shall apply to all cooperatives.

For this reason, petitioners must comply with the requirement set forth in Article 223 of the Labor Code in order to perfect their appeal to the NLRC. It must be pointed out that the right to appeal is not a constitutional, natural or inherent right. It is a privilege of statutory origin and, therefore, available only if granted or provided by statute. The law may validly provide limitations or qualifications thereto or relief to the prevailing party in the event an appeal is interposed by the losing party. [13]

In this case, the obvious and logical purpose of an appeal bond is to insure, during the period of appeal, against any occurrence that would defeat or diminish recovery by the employee under the judgment if the latter is subsequently affirmed.[14] This is consistent with the State's constitutional mandate to afford full protection to labor in order to forcefully and meaningfully underscore labor as a primary social and economic force.[15]

Based on the foregoing, therefore, no error can be ascribed to the CA for holding that the phrase "inferior courts" appearing in Article 62 paragraph (7) of the Cooperative Code does not extend to "quasi-judicial agencies" and that, perforce, petitioners are not exempt from posting the appeal bond required under Article 223 of the Labor Code.

WHEREFORE, the petition is DENIED and petitioners are given ten (10) days from the finality of this DECISION within which to post the cash or surety bond required for their appeal. No costs.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez, Corona, and Garcia, JJ., concur.

[1] Rollo, pp. 6-14.

[2] Id. at 15-16.

[3] Id. at 37-39.

[4] REPUBLIC ACT NO. 6938, Article 62. Tax and Other Exemptions:

Cooperatives transacting business with both members and nonmembers shall not be subject to tax on their transactions to members. Notwithstanding the provisions of any or regulation to the contrary, such cooperatives dealing with nonmembers shall enjoy the following tax exemptions:

x x x

(7) All cooperatives shall be exempt from putting up a bond for bringing an appeal against the decision of an inferior court or for seeking to set aside any third party claim: Provided, That a certification of the Authority showing that the net assets of the cooperative are in excess of the amount of the bond required by the court in similar cases shall be accepted by the court as a sufficient bond.

[5] Rollo, p. 42.

[6] LABOR CODE, Article 223. Appeal -

Decisions, awards, or orders of the Labor Arbiter are final and executory unless appealed to the Commission by any or both parties within ten (10) calendar days from receipt of such decisions, awards, or orders.

x x x

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 in the judgment appealed from. x x x

[7] Supra note 4, Article 2.

[8] La Bugal-B'laan Tribal Association, Inc. v. Ramos, G.R. No. 127882, January 27, 2004, 421 SCRA 148; Benedicto v. CA, G.R. No. 125359, September 4, 2001, 364 SCRA 334.

[9] Cavili v. Florendo, G.R. No. 73039, October 9, 1987, 154 SCRA 610.

[10] Hospicio De San Jose De Barili v. DAR, G.R. No. 140847, September 23, 2005, 470 SCRA 609, quoting Salaysay v. Castro, 98 Phil. 364 (1956).

[11] Lapid v. CA, G.R. No. 142261, June 29, 2000, 334 SCRA 738, quoting Morales v. Subido, G.R. No. 29658, November 29, 1968, 26 SCRA 150.

[12] Canet v. Decena, G.R. No. 155344, January 20, 2004, 420 SCRA 388.

[13] Aris (Phil.) Inc v. NLRC, G.R. No. 90501, August 5, 1991, 200 SCRA 246.

[14] U-Sing Button and Buckle Industry v. NLRC, G.R. No. 94754, May 11, 1993, 221 SCRA 680, quoting Erectors, Inc. v. NLRC, G.R. No. 93690, October 10, 1991, 202 SCRA 597.

[15] Supra note 13.

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