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**SUPREME COURT**
**SECOND DIVISION**

**ABRAHAM B. BLANCAFLOR, ANASTACIO T. MERCADO, LEONARDO DANTES, ANA B. AGAIN, MARVIN B. VICENTE, ROBERTO Z. CALICA, MARYLYN M. KARGANILLA and LYDIA S. YUSAY,**
***Petitioners*,**

***-versus-***

**G.R. No. 101013**
**February 2, 1993**

**NATIONAL LABOR RELATIONS COMMISSION, GREGORIO ARANETA UNIVERSITY FOUNDATION and ILUMINADO G. VALENCIA,**
***Respondents*.**
**x---------------------------------------------------x**

**D E C I S I O N**

**REGALADO, *J.*:**

On March 15, 1983, Cesar A. Mijares, the former president of respondent Gregorio Araneta University Foundation (GAUF), sent a letter to the then Minister of Labor and Employment requesting approval of the Reorganization, Retrenchment and Restructuring (hereinafter referred to as RRR) Program of the GAUF on the ground

of serious business losses and financial reverses being experienced by the university.[1]

In a letter dated March 29, 1983, Minister Blas F. Ople approved the RRR Program without any serious objection, but with the requirement that the implementation thereof shall be instituted without prejudice to whatever benefits may have accrued in favor of the employees concerned.[2]

Petitioners in the case at bar are regular members of the faculty of respondent university and were concurrently holding administrative positions as dean, department heads and institute secretaries therein. In the implementation of the RRR Program effective January 1, 1984, herein petitioners were retired but subsequently rehired. Their appointment to their administrative positions as dean, department heads and institute secretaries, respectively, had been extended by private respondent from time to time until the expiration of their last appointment on May 31, 1988.

With the aforestated subsequent termination of their tenure in said administrative positions having been implemented, petitioners filed with the Arbitration Branch of the Department of Labor and Employment a case against private respondent GAUF for illegal dismissal, unpaid wages, separation pay and/or retirement pay, damages and attorney's fees. On May 29, 1989, the labor arbiter rendered a decision in favor of petitioners with the following dispositive portion:

> "WHEREFORE, judgment is hereby rendered declaring that all complainants were illegally dismissed and ordering respondents University and Valencia jointly and severally:
>
> a) To immediately reinstate complainant Abraham B. Blancaflor to his former position of Dean, Institute of Engineering, with payment of full backwages from June 1, 1988 until actual reinstatement, the occupancy of the present incumbent notwithstanding;
>
> b) To also immediately reinstate all the other eight complainants to their respective former positions with

similar payment of full backwages as that of complainant Blancaflor. However, if their positions have indeed been abolished, respondents are also hereby directed (to pay), in addition to the backwages which shall be computed until rendition of this decision, complainant's separation pay on the basis of one month's salary for every year of service a fraction of at least six months to be considered one year, effective January 1984 until May 1988 but they shall remain as faculty members; and

c) To pay all nine complainants their retirement benefits or separation pay, whichever is higher, due them as of 1984 when they were retrenched then rehired, based on their rates of pay then applicable or on the computation of their claims now in possession of respondents, whichever is more beneficial to them.

Considering the high administrative positions held by all complainants and the manner by which they were unceremoniously dismissed therefrom, respondents are hereby directed to pay jointly and severally all of them moral damages in the amount of P30,000.00 each and exemplary damages of P10,000.00 each.

Respondents are likewise assessed the amount equivalent to 10% of the above total awards, payable to complainants' counsel on record, as attorney's fees.

Complainants' claim for unpaid wages or commission is hereby DISMISSED for want of evidence.[3]

Private respondent GAUF appealed the decision to the National Labor Relations Commission (NLRC) which rendered its decision dated May 24, 1991, reversing the labor arbiter's aforestated decision and dismissing petitioners' complaint for lack of merit.[4] Petitioners motion for reconsideration and related reliefs was denied in the resolution of the NLRC dated July 23, 1991.[5]

Not satisfied therewith, petitioners are now before us on a petition for certiorari seeking the annulment of the foregoing decision and

resolution and raising the following issues and sub-issues for our adjudication:

1. Whether or not private respondents' appeal was deemed perfected without the required appeal having been posted within the prescribed appeal period of ten calendar days;

2. Whether or not petitioners' were considered dismissed from service in respondent university when despite their termination as dean, department heads and institute secretaries, respectively, they still remain under the employ of said respondent as faculty members;

3. Whether or not the aforesaid termination of petitioners was in accordance with due process of law in terms of the following sub-issues;

    a. whether or not the retrenchment of petitioners is valid in the absence of proof of the valid cause or causes thereof, i.e. financial losses;

    b. whether or not petitioners were validly retrenched in the absence of proof of the approval of the alleged abolition of their positions as dean, department heads and institute secretaries, respectively;

    c. whether or not petitioners were given due notice of their aforesaid termination from service; and

    d. whether or not public respondent deviated from the precedent rulings of this Court in reversing the decision of the labor arbiter in the case at bar.

4. Whether or not petitioners are entitled to separation/retirement pay under respondent university's 1983 RRR Program;

5. Whether or not petitioners were entitled to immediate reinstatement to their respective former positions in

respondent university effective upon promulgation of the decision of the labor arbiter based on R.A. No. 6715; and

6. Whether or not private respondents, who had been adjudged liable for illegal dismissal three times based on its same RRR Program conformably to recent cases decided by this Court, may be held liable for damages, including attorney's fees, in the instant case.[6]

Inceptively, it is the contention of petitioners that the NLRC gravely abused its discretion in giving due course to the appeal of private respondents, the same having been filed out of time by reason of the latter's failure to file a supersedeas bond within ten days from receipt of the labor arbiter's decision as mandated by Republic Act No. 6715.

We disagree. We have previously ruled that while Article 223 of the Labor Code, as amended by Republic Act No. 6715, requiring a cash or surety bond in an amount equivalent to the monetary award in the judgment appealed from for the perfection of an appeal may be considered a jurisdictional requirement, nevertheless, adhering to the principle that substantial justice is better served by allowing the appeal on the merits to be threshed out by the NLRC, the foregoing requirement of the law should be given a liberal interpretation.[7]

In the case at bar, a relaxation of the rule is called for. At the time the appeal was made, there were still no implementing rules and regulations on the aforestated requirement. It was only on February 12, 1991, that the NLRC required herein private respondents to post a cash or surety bond which the latter complied with on February 25, 1991. As aptly explained by the NLRC:

> "In our review of the record, we found that appellants failed to post the required surety/appeal bond. Since the appealed decision is under date of May 29, 1989, or after the effectivity of Republic Act 6715 on March 21, 1989 which mandated the posting of the bond, but before September 5, 1989, the adoption of the NLRC Interim Rules which implemented the aforesaid Act, appellants were notified on February 12, 1991 to post the required bond. On February 25, 1991, appellant complied by

posting the appeal bond with the Cashier of this Office in the amount equal to the judgment award in this case.[8]

Additionally, in the appealed decision of the labor arbiter the exact amount due to petitioners is not stated, hence there could be no basis for determining the amount of the bond to be filed by private respondents. It was only the NLRC in its order, dated February 12, 1991, that specified the amount of the bond to be posted by private respondents.[9]

Our ruling in Rada vs. National Labor Relations Commission, et al.,[10] with the same factual setting, is squarely applicable to the case at bar. Thus:

> "While it is true that the payment of the supersedeas bond is an essential requirement in the perfection of an appeal, however, where the fee had been paid although payment was delayed, the broader interests of justice and the desired objective of resolving controversies on the merits demands that the appeal be given due course. Besides, it was within the inherent power of the NLRC to have allowed late payment of the bond, considering that the aforesaid decision of the labor arbiter was received by private respondent on October 13, 1989. However, said decision did not state the amount awarded as backwages and overtime pay, hence the amount of the supersedeas bond could not be determined. It was only in the order of the NLRC of February 16, 1990 that the amount of the supersedeas bond was specified and which bond, after an extension granted by the NLRC, was timely filed by private respondent."

We turn then to the main issue in this case, that is, whether petitioners were illegally dismissed. Our answer is in the negative.

There was no illegal dismissal. Petitioners herein were dismissed by reason of the expiration of their contracts of employment. Petitioners' appointments as dean, department heads and institute secretaries were for fixed terms or definite periods as shown by their respective contracts of employment, which all expired on the same date, May 31, 1988.[11] The validity of employment for a fixed period has been

acknowledged and affirmed by this Court in Brent School, Inc., et al., vs. Zamora etc., et al.,[12] where we held:

> "Accordingly, and since the entire purpose behind the development of legislation culminating in the present Article 280 of the Labor Code clearly appears to have been, as already observed, to prevent circumvention of the employee's right to be secure in his tenure, the clause in said article indiscriminately and completely ruling out all written or oral agreements conflicting with the concept of regular employment as defined therein should be construed to refer to the substantive evil that the Code itself has singled out: agreements entered into precisely to circumvent security of tenure. It should have no application to instances where a fixed period of employment was agreed upon knowingly and voluntarily by the parties, without any force, duress or improper pressure being brought to bear upon the employee and absent any other circumstances vitiating his consent, or where it satisfactorily appears that the employer and employee dealt with each other on more or less equal terms with no moral dominance whatever being exercised by the former over the latter. Unless thus limited in its purview, the law would be made to apply to purposes other than those explicitly stated by its framers; it thus becomes pointless and arbitrary, unjust in its effects and apt to lead to absurd and unintended consequences."

Herein petitioners voluntarily signed the appointments extended to them as attested by their signature over the word "conforme" in their contracts of employment. As we observed in Brent, it is the practice and policy of educational institutions that appointment to the positions of department heads and other high administrative offices are held by faculty members only on a temporary or non-permanent basis either within a specified term or at the pleasure of the school head or board of regents. There is nothing whatever amiss in said practice of having teachers serve as administrative officials for a fixed term or in a non-permanent capacity in order to accord to as many of the teaching staff as possible the opportunity to serve as dean, principal, or administrative officer of one type or another.

We have also ruled in La Salette of Santiago, Inc. vs. National Labor Relations Commission, et al.,[13] that:

> "Unlike teachers (assistant instructors, instructors, assistant professors, associate professors, full professors) who aspire for and expect to acquire permanency, or security of tenure, in their employment as faculty members, teachers who are appointed as department heads of administrative officials (e.g., college or department secretaries, principals, directors, assistant deans, deans) do not normally, and should not expect to, acquire a second status of permanency, or additional or second security of tenure as such officer. The acquisition of such an additional tenure, to repeat, is not consistent with normal practice, constitutes the exception rather than the rule, and may take place only where categorically and explicitly provided by law or agreement of the parties."

The alleged lack of notice of termination to petitioners is of no consequence. Petitioners were lawfully terminated upon the expiration of their contracts with respondent GAUF without the necessity of any notice. When the contract specifies the period of its duration it terminates on the expiration of such period. A contract for employment for a definite period terminates by its own term at the end of such period.[14] The general notice of termination given by respondent university to petitioners was a mere reminder that their contracts of employment were due to expire and that the contract would no longer be renewed.[15] Further, it must be noted that after the employment contracts of herein petitioners as administrative officers expired, they were retained as faculty members by private respondent.

On the claims of herein petitioners for separation or retirement pay by reason of the RRR Program of 1984, the contention of private respondents that petitioners are not entitled to the same, since they were not separated, is not well-taken. The right of herein petitioners to claim the said benefits under the 1984 RRR Program of respondent university is unquestionably evident.

Under the reorganizational set up pursuant to the 1984 RRR Program, all employees including herein petitioners were considered

resigned. The guidelines of the retrenchment program as approved by the Minister of Labor specifically states that under the reorganizational setup, all the employees of the university would be considered separated or retired "with corresponding grants of termination pay or retirement benefits, whichever is higher," and all would be rehired except those whose present positions would be affected by the proposed reorganizational changes.[16] It is apparent that said RRR Program calls for the separation and retirement of all personnel of respondent GAUF with the corresponding grants of termination pay or retirement benefits, whichever is higher, regardless of whether or not they will be rehired by the university.

Moreover, the grant of separation and retirement pay is exigently required. The payment of said benefits is the basic component of the 1984 RRR Program since it involves not only a reduction of personnel of respondent university but a top-to-bottom and university-wide reorganization, functional and structural in scope, with a reduction in salary and discontinuance of existing benefits. The said changes can only be lawfully done be considering all the employees terminated with the corresponding payment of retirement or separation pay. That arrangement was explicitly requested in the letter of the president of respondent university to the then Minister of Labor and Employment and which was approved by the later, as stated at the outset.

The pertinent portion of said letter of March 15, 1983 is hereunder quoted:

> "This University can no longer afford to continue operation under the present salary rates of its personnel. The reduction of personnel is not an adequate solution to this problem because to do so would not enable the University to accommodate its present enrollment.
>
> x x x
>
> "2. The cost of operation, especially personnel cost, has been increasing tremendously during the last several years. For the last five years, this University has incurred very high

percentages of personnel cost in relation to its total income from student fees.

x x x

"Reducing the salaries of personnel even to an amount which is not below the statutory minimum is not legally allowable. Therefore, the only effective solution is for the University to have all its personnel resign and pay them their separation pays, or retirement pays, whichever is higher, so that it could effect a top-to-bottom reorganization and restructure its salary rates and other benefits not mandated by law but were only granted unilaterally by the University to its employees long before the present hard times of inflation.

"After we have paid our employees their separation/retirement pays, we will immediately rehire them in accordance (with) new and restructured salary rates which are not, of course, below the statutory minimum and without the benefits not mandated by law and/or paying our faculty members on the hourly basis, subject to the University's actual needs under its reorganized set-up."[17] (Emphasis supplied.)

On the foregoing premises, it is ineluctable, and we so hold, that petitioners are entitled to their respective termination or retirement benefits when they were considered separated or retired under the 1984 RRR Program.

As to the claim for damages, the NLRC properly disallowed the award for lack of legal and factual bases since the dismissal of petitioners from their administrative positions was justified and lawful. With regard to attorney's fees claimed by petitioners, respondent NLRC did not err in denying the same since this case does not involve an unlawful withholding of wages.[18]

**WHEREFORE**, subject to the modification regarding the award of separation pay or retirement benefits, whichever is higher, and which is hereby ordered to be paid by respondent Gregorio Araneta University Foundation to herein petitioners, the assailed decision and resolution of public respondent are **AFFIRMED** in all other aspects.

**SO ORDERED.**

**Narvasa, *C.J.*, Feliciano, Nocon and Campos, Jr., *JJ.*, concur.**

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[1] Rollo, 24-25.
[2] Ibid., 26.
[3] Ibid., 86-88.
[4] Ibid., 123-145; Case No. NLRC-NCR-00-07-03177-88.
[5] Ibid., 155.
[6] Ibid., 237-238.
[7] YBL (Your Bus Line), et al. vs. National Labor Relations Commission, et al., 190 SCRA 160 (1990).
[8] Rollo, 127-128.
[9] Original Record, 214.
[10] 205 SCRA 69 (1992).
[11] Original Record, 48-55.
[12] 181 SCRA 702 (1990).
[13] 195 SCRA 80 (1991).
[14] Brent School, Inc. vs. Zamora, supra.
[15] Labajo, etc., et al., vs. Alejandro, et al., 165 SCRA 747 (1988); Escudero, et al. vs. office of the President, et al., 172 SCRA 783 (1989).
[16] Rollo, 24-26.
[17] Rollo, 24-25.
[18] Gregorio Araneta University Foundation vs. National Labor Relations Commission, et al., 167 SCRA 79 (1988); Article III (a), P.D. 442, as amended.

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