

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**ERECTORS, INCORPORATED,
*Petitioner,***

-versus-

**G.R. No. 93690
October 10, 1991**

**NATIONAL LABOR RELATIONS
COMMISSION and FEDERICO
ALCONCEL,
*Respondents.***

X-----X

RESOLUTION

NARVASA, J.:

Federico Alconcel was employed by Erectors Inc. in January, 1980 as Staff Engineer in the Technical Services Department of its Engineering Division. On October 1, 1981, he was appointed Acting Research and Development Manager with a corresponding increase in salary.

On November 5, 1981, Alconcel was hired by Society Auxiliaire D'Enterprises (SAD), the foreign principal of Erectors, Inc., as Site Personnel Manager in a project in Taif, Saudi Arabia, with basic monthly salary of \$2,000.00. Upon the expiration of his contract with SAD, Alconcel returned to the Philippines on April 9, 1985.

On April 22, 1985 SAD sent a telex message to Erectors Inc. advising that it was debiting against its account the sum of \$856.62. This sum allegedly represented Alconcel's unsettled personal obligation with SNAS Worldwide Courier (in connection with shipment of his luggage), which the latter had charged to SAD.

On June 10, 1985 Erectors Inc. informed Alconcel in writing of the termination of his services, effective on July 10, 1985, avowedly on account of retrenchment. From the aggregate separation pay due to Alconcel, Erectors deducted the sum of \$856.62 above mentioned. It thereafter tendered the balance to Alconcel.

Alconcel refused to agree to the deduction, or accept the validity of the termination of his employment. Instead, he filed a complaint with the Labor Arbiter's Office of the National Labor Relations Commission, which was docketed as NLRC-NCR Case No. 05-02209-88.

After due proceedings, the Labor Arbiter pronounced Alconcel's dismissal illegal and directed Erectors Inc. to reinstate him to his former position with full back wages, without loss of seniority rights or benefits accruing after his dismissal, and to pay him P300,000.00 as moral damages, P100,000.00 as exemplary damages and 10% of all said sums, as attorney's fees.

Impugning the Arbiter's decision, Erectors Inc. filed an "Appeal" with the National Labor Relations Commission on April 13, 1989, solely questioning the award of moral and exemplary damages. In its "Appeal," it said:

"We shall no longer question herein the ruling as to the illegality of the retrenchment and the consequent award of reinstatement with full backwages in favor of complainant.

"x x x

We however respectfully take vigorous exception to the awards of moral damages in the amount of P300,000.00, (and) exemplary damages of P100,000.00."

On October 18, 1989, the National Labor Relations Commission issued an Order,^[1] requiring Erectors, within 10 calendar days from receipt thereof:

- a) To post a cash or surety bond in the amount of P1,576,224.00 “which is equivalent to the monetary award in the judgment . . . (appealed) from.” (the amount being “merely estimated, exclusive of other benefits”), and
- b) to immediately reinstate Alconcel or at his option, reinstate him in the payroll, and submit proof of compliance.

The order closed with the warning that failure to post the bond “shall cause the dismissal of the appeal.”

On January 30, 1990, Erectors filed with the Commission a “Motion to Reduce Required Appeal Bond and for Admission of Attached Appeal Bond.” It prayed that the bond required by the Commission be reduced from P1,567,224.00 to just P151,220.00. It stated that the computation of Alconcel’s back wages should not be based on the salary of US \$2,000.00 a month that he had been receiving under his expired contract with SAD, but on the monthly salary of P4,200 which was being paid to him as Manager of Research and Development of Erectors Inc. at the time of his discharge from work; and that computed on this basis, the total back wages due Alconcel for three (3) years, would come only to P151,200.00. A surety bond in this amount was attached to the motion, and submitted for approval.

This motion and bond notwithstanding, the National Labor Relations Commission, by Resolution dated February 1, 1990, dismissed the appeal of Erectors Inc. for failure of perfection, no proper bond having been filed within the time appointed therefor. Motions seeking reconsideration of this Resolution of February 1, 1990 were denied by the Commission, in its Resolutions of March 6, 1990 and April 27, 1990.

Erectors Inc. thereafter filed with this Court a petition for certiorari praying that said Resolutions of February 1, 1990, March 6, 1990 and

April 27, 1990 be struck down because rendered with grave abuse of discretion amounting to lack or excess of jurisdiction.

On August 20, 1990, the private respondent having earlier filed his comment on the petition, but with comment from the Solicitor General, representing the NLRC, still forthcoming, Executive Labor Arbiter Valentin C. Guanio issued a writ of execution to satisfy the questioned decision as to both the ordered reinstatement of private respondent and the monetary awards in his favor, which were quantified as aggregating P620,180.00. While said total included the award of P400,000.00 for moral and exemplary damages that petitioner had sought to appeal, the amount of P151,200.00 fixed for back wages represented an apparent concession of petitioner's contention that such wages should be computed, on the basis, not of the US\$2,000.00, his monthly salary during his foreign assignment, as it appears they were, but on the P4,200.00 a month that he was receiving at the time of his discharge.^[2]

Upon petitioner's motion, the Court issued a restraining order enjoining the respondents from enforcing the award of moral and exemplary damages (of P400,000.00) in the Labor Arbiter's decision as well as the writ of execution, but only to the extent that said writ applied to the award of those damages.^[3]

It would appear that the writ of execution was later enforced to the extent of P151,200.00 with the confiscation of petitioner's appeal bond in the same amount. Private respondent then sought its further enforcement through a motion for an alias writ for a further amount of P168,800.00, supposedly the balance of the monetary awards in his favor minus the moral and exemplary damages. This was denied by the Labor Arbiter, who cited Section 1, Rule VIII of the New Rules of Procedure of the NLRC prohibiting a Labor Arbiter from issuing execution unless he is in possession of the records of the case including an entry of judgment.^[4]

Petitioner now contends that given the facts, and considering the plain language of Section 7 of NLRC's Interim Rules, there was in truth no necessity for it to file an appeal bond. It argues that the "Appeal" filed by it with the NLRC had made it clear that it was not contesting the Arbiter's decision insofar as it commanded the

reinstatement of private respondent and payment of back wages to the latter; it was contesting only the awards for moral and exemplary damages; and since Section 7, dealing with the matter of an appeal bond, relevantly provides that “moral and exemplary damages shall not be included in fixing the amount of the bond,” it had no obligation to post bond to answer for the award of said damages, the sole burden of its appeal. “Otherwise stated,” petitioner says, “an appeal bond is absolutely inessential for the perfection of the dismissed Appeal at bar.”^[5]

On the other hand, the respondent NLRC maintains that Section 7 of the Interim Rules:

“is only for the purpose of computing the bond, but does not say that no appeal bond is necessary when an appeal disputes only award of moral and exemplary damages. Clearly, Section 7 of NLRC’s Interim Rules on Appeal merely excludes the amount of damage awarded for purposes of fixing or computing the amount of the bond, but in no way dispenses with the required bond. In this case, the total monetary award approximates P1,567,224.00, of which the award for exemplary and moral damages amounts to P400,000.00. Hence, an appeal bond has to be filed, in an amount exclusive of moral and exemplary damages for purposes of fixing the bond.”^[6]

That argument would perhaps be more acceptable were it supported by the clear letter of the law and rules on the matter. But it is not, and indeed Article 223 of the Labor Code (as amended by Republic Act No. 6715), as well as Section 7 of the NLRC’s Interim Rules already referred to, are so worded as to give a would-be appellant every reason to assume that no bond is required if his appeal raised no questions other than as to an award of moral and/or exemplary damages. Thus:

“Art. 223. Appeal . . . 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.” (Italics supplied) (Labor Code, as amended)

“For purposes of the bond required under Article 223 of the Labor Code as amended, the monetary award computed as of the date of the promulgation of the decision appealed from shall be the basis of the bond. For this purpose, moral and exemplary damages shall not be included in fixing the amount of the bond.” (Sec. 7, NLRC Interim Rules; Italics supplied)

The equivalence thus expressly prescribed between the amount of the appeal bond and the monetary award, less moral and exemplary damages, made in the decision sought to be appealed not only underscores the fact that 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 under the judgment if subsequently affirmed; it also validates and justifies, at least prima facie, an interpretation that would limit the amount of the bond to the aggregate of the sums awarded other than in the concept of moral and exemplary damages.

From such a reading of the law and rules, it is but a step to the also far from illogical conclusion that if an appeal proposed to take issue only with the grant of moral and exemplary damages and the appellant was prepared to accept and comply with all and any other monetary awards, an appeal bond would be necessary being to no purpose. There is little doubt it was with these considerations in mind that petitioner filed its “Appeal” with the NLRC, specifically waiving contention with the ordered reinstatement, with full back wages, of private respondent and, in effect, with all dispositions of the decision save only the awards for moral and exemplary damages; and did so without filing an appeal bond which it perceived as unnecessary.

It avails little to cite section 5 of Rule 41, Rules of Court, to the effect that an appeal bond answers for the payment of costs,^[7] and thus serves a purpose other than securing the enforcement of a money judgment, said section having lost that *raison d’etre* when the Interim Rules (relative to the implementation of BP Blg. 129) eliminated the requirement of a bond for the taking of an appeal in ordinary civil actions.

The NLRC, accordingly, acted without lawful justification when it issued its order of October 18, 1989 requiring petitioner, among other things, to post an appeal bond within ten days or suffer dismissal of his appeal; and compounded that mischief when it fixed the amount of the bond at P1,576,224.00 based on a computation of the award of back wages at the rate of US\$2,000.00 monthly that, as the decision sought to be appealed clearly spelled out, private respondent was no longer receiving at the time of his discharge (his then current pay being only P4,200.00 a month) and, worse,^[8] even included in the computation the award of P400,000.00 for moral and exemplary damages, in total disregard of the law and its own rules.

Public respondent also rejected the opportunity to correct these lapses when it either denied or refused to act on petitioner's motion of January 29, 1990 to reduce the required appeal bond with which — petitioner's thesis that it was not essential notwithstanding — was tendered a surety appeal bond in the amount of P151,200.00, the correct amount as it turned out, of the back wages adjudged to private respondent.^[9] Instead, said respondent appears to have dismissed the appeal for failure to file any cash or surety bond in an order issued February 1, 1990, and thereafter denied petitioner's motions for reconsideration of said order.^[10]

To be sure, the firmly-entrenched rule is that an appeal is a purely statutory right, and who would avail of it must strictly comply with its requisites.^[11] This assumes, however, that the requisites are clearly spelled out, not ambiguous, vague, or susceptible of more than one interpretation. Unfortunately, that is not the case here; at the least, Article 223 of the Labor Code and Rule 7 of the NLRC Interim Rules on Appeals may not unreasonably be construed as not requiring the filing of a bond when an appeal is taken only from an award of moral and/or exemplary damages.

Petitioner's proposed appeal was so limited in scope, and it made sure that there would be no misconception about this when it specifically manifested in its "Appeal" to the NLRC that it would "no longer question herein the ruling as to the illegality of the retrenchment and the consequent award of reinstatement with full back wages in favor of complainant." Its intent in good faith to comply with the rules for

perfecting its appeal is demonstrated by the fact that upon being ordered to file an appeal bond and even as it held to the belief that such a bond was not necessary, it did in fact submit one, in what in fact was later to appear as the correct amount of P151,200.00, instead of the grossly erroneous P1,576,224.00 fixed in the order. While it would appear that this was done beyond the ten-day period also fixed in said order, it constituted a substantial compliance that, under all the circumstances, should have been considered sufficient to perfect the proposed appeal.

The Court has on not a few occasions hewed to a liberal interpretation of the rules of procedure in the interest of affording parties-litigant substantial justice, and where no significant prejudice results thereby. The recent decision in YBL (Yours Bus Line) vs. NLRC^[12] provides a case in point. There, the appeal of the petitioners to the NLRC was taken on September 11, 1989, barely six days following the taking effect of the NLRC Interim Rules on Appeal promulgated under Republic Act No. 6715. In apparent reliance on the notice of the appealed decision, which set forth the requirements for an appeal without any mention that a bond must be filed, counsel for the petitioners did not file an appeal bond. Moreover, the appealed decision of the labor arbiter did not state the exact total amount awarded as separation pay to the private respondents, which would have necessitated recourse to the NLRC socio-analyst for an estimate of such amount as a basis for the amount of the appeal bond, which would have taken up more than the prescribed 10-day appeal period. The NLRC rejected their appeal for failure to post bond and denied a motion for reconsideration. On petition for review, this Court reversed and directed that petitioners' appeal be given after the filing of an appeal bond within a reasonable period to be set by NLRC, saying:

“The Court finds that while Article 223 of the Labor Code, as amended by Republic Act No. 6715, requiring a cash or surety bond in the amount equivalent to the monetary award in the judgment appealed from for the appeal to be perfected, 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 Court finds and so holds that the foregoing requirement of the law should be given a liberal interpretation.

X X X

In this case, the circumstances of the non-filing of the bond are understandable and could be attributed to excusable oversight. The Court holds that petitioners should be given the opportunity to file the required bond and avail of the remedy of appeal.”

The present case cannot justly yield to a different result; if anything, the facts and circumstances here even more persuasively argue for a similar, liberal disposition.

WHEREFORE, the petition is **GRANTED**. The NLRC Resolutions of February 1, 1990, March 6, 1990 and April 27, 1990 complained of are **ANNULLED** and **SET ASIDE**, and said respondent (NLRC) is **ORDERED** to give due course to petitioner’s appeal from the Laborer Arbiter’s Decision in NLRC-NCR-Case No. 05-02209-88 insofar as concerns the award of moral and exemplary damages made in said Decision. The unappealed and thus far unexecuted dispositions of said Decision being immediately executory, it is further **ORDERED** that the appropriate alias writ of execution be issued forthwith.

SO ORDERED.

Cruz, Griño-Aquino and Medialdea, JJ., concur.

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- [1] Pursuant to its Interim Rules on Appeals under RA 6715, which amended Art. 223 of the Labor Code.
 - [2] Rollo, pp. 56, 63-66.
 - [3] Rollo, p. 84.
 - [4] Urgent Omnibus Motion; Rollo, pp. 102-110.
 - [5] Petition, p. 7; Rollo, p. 6.
 - [6] Rollo, p. 75.
 - [7] Public respondent’s Comment, p. 9; Rollo, p. 76.
 - [8] Comment, supra, p. 8; Rollo, p. 75.
 - [9] Rollo, pp. 97-100.

[10] Rollo, pp. 17-18.

[11] SEE Municipal Gov't. of Coron vs. Carino, 154 SCRA 216 (1987); Ragasajo vs. IAC, 153 SCRA 462 (1987); Tropical Homes, Inc. vs. National Housing Authority, 152 SCRA 540 (1987), citing Bello vs. Fernando, 4 SCRA 138 (1962) and Rodriguez vs. Director of Prisons, 47 SCRA 153 (1972); United Textile Workers Union vs. Clave, 137 SCRA 346 (1985).

[12] 190 SCRA 161, Sept. 28, 1990.

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