SUPREME COURT
SECOND DIVISION

UERM-MEMORIAL MEDICAL CENTER and DR. ISIDRO CARINO,
***Petitioners*,**

-versus-

G.R. No. 110419
March 3, 1997

NATIONAL LABOR RELATIONS COMMISSION and UERM Employees ASSOCIATION, Priscillo Dalogdog and 516 Members-Employees of UERM Hospital,
***Respondents*.**
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D E C I S I O N

PUNO, *J.*:

The question presented in this Petition for Certiorari under Rule 65 is whether or not in perfecting an appeal to the National Labor Relations Commission (NLRC) a property bond is excluded by the two forms of appeal bond — cash or surety — as enumerated in Article 223 of the Labor Code.

The facts show that on 14 December 1987 Republic Act No. 6640 took effect which mandated a ten (P10.00) peso increase on the prevailing

daily minimum wage of P54.00. In applying said law, the petitioners granted salary increases to their employees based on the following computation, to wit:

> "1. To members of the faculty who are non-union members, P304.17 per month; and
>
> 2. To rank-and-file employees (individual complainants who are union members), P209.17 per month."

There was a difference of P95.00 in the salaries of the two classes of employees. Private respondents who are rank and file employees demanded payment of the difference. Before the parties could settle their dispute, Republic Act No. 6727 took effect on 1 July 1989 which again increased the daily minimum wage in the private sector (whether agricultural or non-agricultural) by P25.00. In compliance, petitioners paid their employees using the following computation, to wit:

> "1. To members of the faculty who are non-union members, P760.42 per month; and
>
> 2. To rank-and-file employees (individual complainants who are union members), P523.00 a month."

Again, there was a difference of P237.42 per month between the salaries of union members and non-union members. In September 1987, petitioners increased the hiring rate of the new employees to P188.00 per month. Private respondents once more demanded from the petitioners payment of the salary differential mandated by RA No. 6727 and correction of the wage distortion brought about by the increase in the hiring rate of new employees.

On 12 April 1988, Policy Instruction No. 54 was issued by the then Secretary of Labor Franklin Drilon, the pertinent provision of which reads:

> "The personnel in subject hospitals and clinics are entitled to a full weekly wage of seven days if they have completed the 40-hour/5-day workweek in any given workweek.

All enforcement and adjudicatory agencies of this Department shall be guided by this issuance in the disposition of cases involving the personnel of covered hospitals and clinics.

Done in the City of Manila, this 12th day of April, 1988.

(Sgd) FRANKLIN M. DRILON
Secretary"

Petitioners challenged the validity of said Policy Instruction and refused to pay the salaries of the private respondents for Saturdays and Sundays.

Consequently, a complaint was filed by the private respondents, represented by the Federation of Free Workers (FFW), claiming salary differentials under Republic Act Nos. 6640 and 6727, correction of the wage distortion and the payment of salaries for Saturdays and Sundays under Policy Instruction No. 54.

Labor Arbiter Nieves de Castro sustained the private respondents except for their claim of wage distortion. The dispositive portion of the decision reads:

"PREMISES CONSIDERED, respondents are hereby directed to pay the 517 individual complainants:

(1) Their Salary Differentials, to wit:

1.1	Under RA 6640	—	P1,743,582.50
1.2	Under RA 6727	—	P3,559,613.06
1.3	Policy Instruction 54	—	P11,779,328.00

		Total	P17,082,448.56

(2) Exemplary Damages of P2,000.00 each.

SO ORDERED."[1]

Within the reglementary period for appeal, the petitioners filed their Notice and Memorandum of Appeal with a Real Estate Bond consisting of land and various improvements therein worth P102,345,650.[2] The private respondents moved to dismiss the appeal on the ground that Article 223 of the Labor Code, as amended, requires the posting of a cash or surety bond. The NLRC directed petitioners to post a cash or surety bond of P17,082,448.56 with a warning that failure to do so would cause the dismissal of the appeal. The petitioners filed a Motion for Reconsideration alleging it is not in a viable financial condition to post a cash bond nor to pay the annual premium of P700,000.00 for a surety bond. On 6 October 1992, the NLRC dismissed petitioners' appeal. Petitioners' Motion for Reconsideration was also denied by the NLRC in a resolution[3] dated 7 June 1993.

Hence, this petition assailing the two resolutions as having been issued with grave abuse of discretion. On 28 June 1993, we temporarily enjoined the NLRC from implementing the questioned resolutions and from executing the decision of the Labor Arbiter.

The applicable law is Article 223 of the Labor Code, as amended by Republic Act No. 6715, which provides:

> "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."

We have given a liberal interpretation to this provision. In YBL (Your Bus Line) vs. NLRC[4] we ruled:

> "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 threshed out by the NLRC, the Court finds

> and so holds that the foregoing requirement of the law should be given a liberal interpretation."

Then too, in Oriental Mindoro Electric Cooperative, Inc. vs. National Labor Relations Commission[5] we held:

> "The intention of the lawmakers to make the bond an indispensable requisite for the perfection of an appeal by the employer is underscored by the provision that an appeal by the employer may be perfected "only upon the posting of a cash or surety bond." The word "only" makes it perfectly clear, that the lawmakers intended the posting of a cash or surety bond by the employer to be the exclusive means by which an employer's appeal may be perfected. The requirement is intended to discourage employers from using an appeal to delay, or even evade, their obligation to satisfy their employees' just and lawful claims.
>
> Considering, however, that the current policy is not to strictly follow technical rules but rather to take into account the spirit and intention of the Labor Code, it would be prudent for us to look into the merits of the case, especially since petitioner disputes the allegation that private respondent was illegally dismissed."

We reiterate this policy which stresses the importance of deciding cases on the basis of their substantive merit and not on strict technical rules. In the case at bar, the judgment involved is more than P17 million and its precipitate execution can adversely affect the existence of petitioner medical center. Likewise, the issues involved are not insignificant and they deserve a full discourse by our quasi-judicial and judicial authorities. We are also confident that the real property bond posted by the petitioners sufficiently protects the interests of private respondents should they finally prevail. It is not disputed that the real property offered by petitioners is worth P102,345,650. The judgment in favor of private respondent is only a little more than P17 million.

IN VIEW WHEREOF, the resolutions dated October 6, 1992 and June 7, 1993 of the public respondent are set aside. The case is remanded to the NLRC for continuation of proceedings. No costs.

SO ORDERED

Regalado, Romero, Mendoza and Torres, Jr., *JJ.*, concur.

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[1] Original Records, pp. 39-51.
[2] Rollo, p. 64.
[3] Ibid., pp. 35-38.
[4] 190 SCRA 164 (1990).
[5] 246 SCRA 801 (1995).
