

Republic of the Philippines Supreme Court Manila

SECOND DIVISION

WILGEN LOON, JERRY ARCILLA, ALBERT PEREYE, ARNOLD PEREYE, EDGARDO OBOSE, ARNEL MALARAS, PATROCINO TOETIN, **EVELYN LEONARDO, ELMER** GLOCENDA, RUFO CUNAMAY, ROLANDO SAJOL, ROLANDO ABUCAYON, JENNIFER NATIVIDAD, PERLAS-BERNABE, and MARITESS TORION, ARMANDO LONZAGA, RIZAL GELLIDO, EVIRDE HAQUE, MYRNA VINAS, RODELITO AYALA, WINELITO OJEL, RENATO RODREGO, NENA ABINA, EMALYN OLIVEROS, LOUIE ILAGAN, JOEL ENTIG, ARNEL ARANETA, BENJAMIN COSE, WELITO LOON and WILLIAM ALIPAO,

G.R. No. 189404

Present:

CARPIO, J., Chairperson, BRION. DEL CASTILLO, LEONEN,* JJ.

Petitioners,

- versus -

POWER MASTER, INC., TRI-C GENERAL SERVICES, and SPOUSES HOMER and CARINA ALUMISIN,

Promulgated:

<u>HUXCaballequiryelle</u> **D**EC 1 1 2013

Respondents.

Evirdly Haque in the Court of Appeals' decision; rollo, p. 55.

Designated as Acting Member in lieu of Associate Justice Jose P. Perez per Special Order No. 1627 dated December 6, 2013.

DECISION

BRION, J.:

We resolve the petition for review on *certiorari*,² filed by petitioners Wilgen Loon, Jerry Arcilla, Albert Pereye, Arnold Pereye, Edgardo Obose, Arnel Malaras, Patrocino Toetin, Evelyn Leonardo, Elmer Glocenda, Rufo Cunamay, Rolando Sajol, Rolando Abucayon, Jennifer Natividad, Maritess Torion, Armando Lonzaga, Rizal Gellido, Evirde Haque, Myrna Vinas, Rodelito Ayala, Winelito Ojel, Renato Rodrego, Nena Abina, Emalyn Oliveros, Louie Ilagan, Joel Entig, Arnel Araneta, Benjamin Cose, Welito Loon, William Alipao (collectively, the *petitioners*), to challenge the June 5, 2009 decision³ and the August 28, 2009 resolution⁴ of the Court of Appeals (*CA*) in CA-G.R. SP No. 95182.

The Factual Antecedents

Respondents Power Master, Inc. and Tri-C General Services employed and assigned the petitioners as janitors and leadsmen in various Philippine Long Distance Telephone Company (*PLDT*) offices in Metro Manila area. Subsequently, the petitioners filed a complaint for money claims against Power Master, Inc., Tri-C General Services and their officers, the spouses Homer and Carina Alumisin (collectively, the *respondents*). The petitioners alleged in their complaint that they were not paid minimum wages, overtime, holiday, premium, service incentive leave, and thirteenth month pays. They further averred that the respondents made them sign blank payroll sheets. On June 11, 2001, the petitioners amended their complaint and included illegal dismissal as their cause of action. They claimed that the respondents relieved them from service in retaliation for the filing of their original complaint.

Notably, the respondents did not participate in the proceedings before the Labor Arbiter except on April 19, 2001 and May 21, 2001 when Mr. Romulo Pacia, Jr. appeared on the respondents' behalf.⁵ The respondents' counsel also appeared in a preliminary mandatory conference on July 5, 2001.⁶ However, the respondents neither filed any position paper nor proffered pieces of evidence in their defense despite their knowledge of the pendency of the case.

Rollo, pp. 18-54; dated October 23, 2009 and filed under Rule 45 of the Rules of Court.

Id. at 55-65; penned by Associate Justice Sixto C. Marella, Jr., and concurred in by Associate Justices Rebecca de Guia-Salvador and Japar B. Dimaampao.

⁴ Id. at 66-67.

⁵ Id. at 407.

⁶ Id. at 321.

The Labor Arbiter's Ruling

In a decision⁷ dated March 15, 2002, Labor Arbiter (*LA*) Elias H. Salinas partially ruled in favor of the petitioners. The LA awarded the petitioners **salary differential, service incentive leave, and thirteenth month pays.** In awarding these claims, the LA stated that the burden of proving the payment of these money claims rests with the employer. The LA also awarded **attorney's fees** in favor of the petitioners, pursuant to Article 111 of the Labor Code.⁸

However, the LA denied the petitioners' claims for **backwages**, **overtime**, **holiday**, **and premium pays**. The LA observed that the petitioners failed to show that they rendered overtime work and worked on holidays and rest days without compensation. The LA further concluded that the petitioners cannot be declared to have been dismissed from employment because they did not show any notice of termination of employment. They were also not barred from entering the respondents' premises.

The Proceedings before the NLRC

Both parties appealed the LA's ruling with the National Labor Relations Commission. The petitioners disputed the LA's denial of their claim for backwages, overtime, holiday and premium pays. Meanwhile, the respondents questioned the LA's ruling on the ground that the LA did not acquire jurisdiction over their persons.

The respondents insisted that they were not personally served with summons and other processes. They also claimed that they paid the petitioners minimum wages, service incentive leave and thirteenth month pays. As proofs, they attached photocopied and computerized copies of payroll sheets to their memorandum on appeal. They further maintained that the petitioners were validly dismissed. They argued that the petitioners' repeated defiance to their transfer to different workplaces and their violations of the company rules and regulations constituted serious misconduct and willful disobedience. They are provided that the petitioners are petitioners and their violations of the company rules and regulations constituted serious misconduct and willful disobedience.

8 Article 111 of the Labor Code provides:

⁷ Id. at 405-413.

^{1.} In cases of unlawful withholding of wages, the culpable party may be assessed attorney's fees equivalent to ten percent of the amount of wages recovered.

^{2.} It shall be unlawful for any person to demand or accept, in any judicial or administrative proceedings for the recovery of wages, attorney's fees which exceed ten percent of the amount of wages recovered.

Id. at 781-879; the payroll sheets cover the periods from November 1, 1998 to December 30, 1998; from November 1, 1999 to December 30, 1999; and from November 1, 2000 to February 28, 2001.
Id. at 548-780.

On January 3, 2003, the respondents filed an unverified supplemental appeal. They attached photocopied and computerized copies of list of employees with automated teller machine (*ATM*) cards to the supplemental appeal. This list also showed the amounts allegedly deposited in the employees' ATM cards. They also attached documentary evidence showing that the petitioners were dismissed for cause and had been accorded due process.

On January 22, 2003, the petitioners filed an **Urgent Manifestation** and **Motion**¹² where they asked for the deletion of the supplemental appeal from the records because it allegedly suffered from infirmities. *First*, the supplemental appeal was not verified. *Second*, it was belatedly filed six months from the filing of the respondents' notice of appeal with memorandum on appeal. The petitioners pointed out that they only agreed to the respondents' filing of a responsive pleading until December 18, 2002. ¹³ *Third*, the attached documentary evidence on the supplemental appeal bore the petitioners' forged signatures.

They reiterated these allegations in an Urgent Motion to Resolve Manifestation and Motion (To Expunge from the Records Respondents' Supplemental Appeal, Reply and/or Rejoinder) dated January 31, 2003.¹⁴ Subsequently, the petitioners filed an Urgent Manifestation with Motion Reiterating Strike-Off the Record to **Supplemental** Appeal/Reply, Quitclaims and Spurious Documents Attached to **Respondents' Appeal** dated August 7, 2003. 15 The petitioners argued in this last motion that the payrolls should not be given probative value because they were the respondents' fabrications. They reiterated that the genuine payrolls bore their signatures, unlike the respondents' photocopies of the payrolls. They also maintained that their signatures in the respondents' documents (which showed their receipt of thirteenth month pay) had been forged.

The NLRC Ruling

In a resolution dated November 27, 2003, the NLRC partially ruled in favor of the respondents. ¹⁶ The NLRC affirmed the LA's awards of **holiday pay and attorney's fees**. It also maintained that the LA acquired jurisdiction over the persons of the respondents through their voluntary appearance.

Id. at 880-985; the payroll sheets cover the periods from November 1, 2000 to December 30, 2000, and from January 1, 2001 to February 15, 2001.

¹² Id. at 359-382.

¹³ Id. at 360.

¹⁴ Id. at 384-389.

¹⁵ CA *rollo*, pp. 249-254.

¹⁶ *Rollo*, pp. 148-180. Penned by Commissioner Tito F. Genilo, and concurred in by Presiding Commissioner Lourdes C. Javier and Commissioner Ernesto C. Verceles.

However, it allowed the respondents to submit pieces of evidence for the first time on appeal on the ground that they had been deprived of due process. It found that the respondents did not actually receive the LA's processes. It also admitted the respondents' unverified supplemental appeal on the ground that technicalities may be disregarded to serve the greater interest of substantial due process. Furthermore, the Rules of Court do not require the verification of a supplemental pleading.

The NLRC also vacated the LA's awards of salary differential, thirteenth month and service incentive leave pays. In so ruling, it gave weight to the pieces of evidence attached to the memorandum on appeal and the supplemental appeal. It maintained that the absence of the petitioners' signatures in the payrolls was not an indispensable factor for their authenticity. It pointed out that the payment of money claims was further evidenced by the list of employees with ATM cards. It also found that the petitioners' signatures were not forged. It took judicial notice that many people use at least two or more different signatures.

The NLRC further ruled that the petitioners were **lawfully dismissed on grounds of serious misconduct and willful disobedience.** It found that the petitioners failed to comply with various memoranda directing them to transfer to other workplaces and to attend training seminars for the intended reorganization and reshuffling.

The NLRC denied the petitioners' motion for reconsideration in a resolution dated April 28, 2006.¹⁷ Aggrieved, the petitioners filed a petition for *certiorari* under Rule 65 of the Rules of Court before the CA.¹⁸

The CA Ruling

The CA affirmed the NLRC's ruling. The CA held that the petitioners were afforded substantive and procedural due process. Accordingly, the petitioners deliberately did not explain their side. Instead, they continuously resisted their transfer to other PLDT offices and violated company rules and regulations. It also upheld the NLRC's findings on the petitioners' monetary claims.

The CA denied the petitioners' motion for reconsideration in a resolution dated August 28, 2009, prompting the petitioners to file the present petition.¹⁹

¹⁷ Id. at 181-189.

¹⁸ Id. at 128-144.

Supra note 2.

The Petition

In the petition before this Court, the petitioners argue that the CA committed a reversible error when it did not find that the NLRC committed grave abuse of discretion. They reiterate their arguments before the lower tribunals and the CA in support of this conclusion. They also point out that the respondents posted a bond from a surety that was not accredited by this Court and by the NLRC. In effect, the respondents failed to perfect their appeal before the NLRC. They further insist that the NLRC should not have admitted the respondents' unverified supplemental appeal.²⁰

The Respondents' Position

In their *Comments*, the respondents stress that the petitioners only raised the issue of the validity of the appeal bond for the first time on appeal. They also reiterate their arguments before the NLRC and the CA. They additionally submit that the petitioners' arguments have been fully passed upon and found unmeritorious by the NLRC and the CA.²¹

The Issues

This case presents to us the following issues:

- 1) Whether the CA erred when it did not find that the NLRC committed grave abuse of discretion in giving due course to the respondents' appeal;
 - a) Whether the respondents perfected their appeal before the NLRC; and
 - b) Whether the NLRC properly allowed the respondents' supplemental appeal
- 2) Whether the respondents were estopped from submitting pieces of evidence for the first time on appeal;
- 3) Whether the petitioners were illegally dismissed and are thus entitled to backwages;
- 4) Whether the petitioners are entitled to salary differential, overtime, holiday, premium, service incentive leave, and thirteenth month pays; and
- 5) Whether the petitioners are entitled to attorney's fees.

²⁰ Ibid.

Rollo, pp. 475-502, 506-512.

The Court's Ruling

The respondents perfected their appeal with the NLRC because the revocation of the bonding company's authority has a prospective application

Paragraph 2, Article 223 of the Labor Code provides that "[i]n 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."

Contrary to the respondents' claim, the issue of the appeal bond's validity may be raised for the first time on appeal since its proper filing is a jurisdictional requirement.²² The requirement that the appeal bond should be issued by an accredited bonding company is mandatory and jurisdictional. The rationale of requiring an appeal bond is to discourage the employers from using an appeal to delay or evade the employees' just and lawful claims. It is intended to assure the workers that they will receive the money judgment in their favor upon the dismissal of the employer's appeal.²³

In the present case, the respondents filed a surety bond issued by Security Pacific Assurance Corporation (*Security Pacific*) on June 28, 2002. At that time, Security Pacific was still an accredited bonding company. However, the NLRC revoked its accreditation on February 16, 2003.²⁴ Nonetheless, this subsequent revocation should not prejudice the respondents who relied on its then subsisting accreditation in good faith. In *Del Rosario v. Philippine Journalists, Inc.*,²⁵ we ruled that a bonding company's revocation of authority is prospective in application.

However, the respondents should post a new bond issued by an accredited bonding company in compliance with paragraph 4, Section 6, Rule 6 of the NLRC Rules of Procedure. This provision states that "[a] cash or surety bond shall be valid and effective from the date of deposit or posting, until the case is finally decided, resolved or terminated or the award satisfied."

Oca v. Court of Appeals, 428 Phil. 696, 702 (2002).

Catubay v. National Labor Relations Commission, 386 Phil. 648, 657 (2000); and Borja Estate v. Spouses Ballad, 498 Phil. 694, 706 (2005).

Per Certification dated August 22, 2013 of Mr. James D.V. Navarrete, OCA Assistant Chief of Office, Legal Office.

²⁵ G.R. No. 181516, August 19, 2009, 596 SCRA 515, 522-523.

The CA correctly ruled that the NLRC properly gave due course to the respondents' supplemental appeal

The CA also correctly ruled that the NLRC properly gave due course to the respondents' supplemental appeal. Neither the laws nor the rules require the verification of the supplemental appeal.²⁶ Furthermore, verification is a formal, not a jurisdictional, requirement. It is mainly intended for the assurance that the matters alleged in the pleading are true and correct and not of mere speculation.²⁷ Also, a supplemental appeal is merely an addendum to the verified memorandum on appeal that was earlier filed in the present case; hence, the requirement for verification has substantially been complied with.

The respondents also timely filed their supplemental appeal on January 3, 2003. The records of the case show that the petitioners themselves agreed that the pleading shall be filed until December 18, 2002. The NLRC further extended the filing of the supplemental pleading until January 3, 2003 upon the respondents' motion for extension.

A party may only adduce evidence for the first time on appeal if he adequately explains his delay in the submission of evidence and he sufficiently proves the allegations sought to be proven

In labor cases, strict adherence to the technical rules of procedure is not required. Time and again, we have allowed evidence to be submitted for the first time on appeal with the NLRC in the interest of substantial justice. ²⁸ Thus, we have consistently supported the rule that labor officials should use all reasonable means to ascertain the facts in each case speedily and objectively, without regard to technicalities of law or procedure, in the interest of due process. ²⁹

However, this liberal policy should still be subject to rules of reason and fairplay. The liberality of procedural rules is qualified by two requirements: (1) a party should adequately explain any delay in the

NLRC RULES OF PROCEDURE, Rule 1, Section 3, in relation to RULES OF COURT, Rule 7, Section 4.

Roy Pasos v. Philippine National Construction Corporation, G.R. No. 192394, July 3, 2013; and Millennium Erectors Corporation v. Magallanes, G.R. No. 184362, November 15, 2010, 634 SCRA 708, 713-714, citing Pacquing v. Coca-Cola Philippines, Inc., G.R. No. 157966, January 31, 2008, 543 SCRA 344, 356-357.

²⁸ Casimiro v. Stern Real Estate Inc., 519 Phil. 438, 454-455 (2006); and Iran vs. NLRC, 352 Phil. 264-265, 273-274 (1998).

Iran v. NLRC, supra, at 274.

submission of evidence; and (2) a party should sufficiently prove the allegations sought to be proven. The reason for these requirements is that the liberal application of the rules before quasi-judicial agencies cannot be used to perpetuate injustice and hamper the just resolution of the case. Neither is the rule on liberal construction a license to disregard the rules of procedure. 31

Guided by these principles, the CA grossly erred in ruling that the NLRC did not commit grave abuse of discretion in arbitrarily admitting and giving weight to the respondents' pieces of evidence for the first time on appeal.

A. The respondents failed to adequately explain their delay in the submission of evidence

We cannot accept the respondents' cavalier attitude in blatantly disregarding the NLRC Rules of Procedure. The CA gravely erred when it overlooked that the NLRC blindly admitted and arbitrarily gave probative value to the respondents' evidence despite their failure to adequately explain their delay in the submission of evidence. Notably, the respondents' delay was anchored on their assertion that they were oblivious of the proceedings before the LA. However, the respondents did not dispute the LA's finding that Mr. Romulo Pacia, Jr. appeared on their behalf on April 19, 2001 and May 21, 2001.³² The respondents also failed to contest the petitioners' assertion that the respondents' counsel appeared in a preliminary mandatory conference on July 5, 2001.³³

Indeed, the NLRC capriciously and whimsically admitted and gave weight to the respondents' evidence despite its finding that they voluntarily appeared in the compulsory arbitration proceedings. The NLRC blatantly disregarded the fact that the respondents voluntarily opted not to participate, to adduce evidence in their defense and to file a position paper despite their knowledge of the pendency of the proceedings before the LA. The respondents were also grossly negligent in not informing the LA of the specific building unit where the respondents were conducting their business and their counsel's address despite their knowledge of their non-receipt of the processes.³⁴

³⁰ *Tanjuan v. Phil. Postal Savings Bank, Inc.*, 457 Phil. 993, 1004-1005 (2003).

Favila v. National Labor Relations Commission, 367 Phil. 584, 593 (1999).

Supra note 5.

Supra note 6.

NLRC RULES OF PROCEDURE, Rule 3, Sections 4 and 6(e).

B. The respondents failed to sufficiently prove the allegations sought to be proven

Furthermore, the respondents failed to sufficiently prove the allegations sought to be proven. Why the respondents' photocopied and computerized copies of documentary evidence were not presented at the earliest opportunity is a serious question that lends credence to the petitioners' claim that the respondents fabricated the evidence for purposes of appeal. While we generally admit in evidence and give probative value to photocopied documents in administrative proceedings, allegations of forgery and fabrication should prompt the adverse party to present the original documents for inspection.³⁵ It was incumbent upon the respondents to present the originals, especially in this case where the petitioners had submitted their specimen signatures. Instead, the respondents effectively deprived the petitioners of the opportunity to examine and controvert the alleged spurious evidence by not adducing the originals. This Court is thus left with no option but to rule that the respondents' failure to present the originals raises the presumption that evidence willfully suppressed would be adverse if produced.³⁶

It was also gross error for the CA to affirm the NLRC's proposition that "[i]t is of common knowledge that there are many people who use at least two or more different signatures." The NLRC cannot take judicial notice that many people use at least two signatures, especially in this case where the petitioners themselves disown the signatures in the respondents' assailed documentary evidence. The NLRC's position is unwarranted and is patently unsupported by the law and jurisprudence.

Viewed in these lights, the scales of justice must tilt in favor of the employees. This conclusion is consistent with the rule that the employer's cause can only succeed on the strength of its own evidence and not on the weakness of the employee's evidence.³⁹

The petitioners are entitled to backwages

Based on the above considerations, we reverse the NLRC and the CA's finding that the petitioners were terminated for just cause and were afforded procedural due process. In termination cases, the burden of proving

Nicario v. NLRC, 356 Phil. 936, 941 (1998).

RULES OF COURT, Rule 131, Section 3(e).

³⁷ *Rollo*, p. 164.

RULES OF COURT, Rule 129, Section 2.

The Coca-Cola Export Corporation. v. Gacayan, G.R. No. 149433, December 15, 2010, 638 SCRA 377, 400-401, citations omitted.

just and valid cause for dismissing an employee from his employment rests upon the employer. The employer's failure to discharge this burden results in the finding that the dismissal is unjustified.⁴⁰ This is exactly what happened in the present case.

The petitioners are entitled to salary differential, service incentive, holiday, and thirteenth month pays

We also reverse the NLRC and the CA's finding that the petitioners are not entitled to salary differential, service incentive, holiday, and thirteenth month pays. As in illegal dismissal cases, the general rule is that the burden rests on the defendant to prove payment rather than on the plaintiff to prove non-payment of these money claims.⁴¹ The rationale for this rule is that the pertinent personnel files, payrolls, records, remittances and other similar documents – which will show that differentials, service incentive leave and other claims of workers have been paid – are not in the possession of the worker but are in the custody and control of the employer.⁴²

The petitioners are not entitled to overtime and premium pays

However, the CA was correct in its finding that the petitioners failed to provide sufficient factual basis for the award of overtime, and premium pays for holidays and rest days. The burden of proving entitlement to overtime pay and premium pay for holidays and rest days rests on the employee because these are not incurred in the normal course of business. In the present case, the petitioners failed to adduce any evidence that would show that they actually rendered service in excess of the regular eight working hours a day, and that they in fact worked on holidays and rest days.

The petitioners are entitled to attorney's fees

The award of attorney's fees is also warranted under the circumstances of this case. An employee is entitled to an award of attorney's fees equivalent to ten percent (10%) of the amount of the wages in actions for unlawful withholding of wages.⁴⁴

Eastern Overseas Employment Center, Inc. v. Bea, 512 Phil. 749, 759 (2005).

⁴¹ Pigcaulan v. Security and Credit Investigation, Inc., G.R. No. 173648, January 16, 2012, 663 SCRA 1, 14-15; and Building Care Corp. v. NLRC, 335 Phil. 1131, 1139 (1997).

Villar v. NLRC, 387 Phil. 706, 716 (2000).

⁴³ Lagatic v. NLRC, 349 Phil. 172, 185-186 (1998).

LABOR CODE, Article 111.

As a final note, we observe that Rodelito Ayala, Winelito Ojel, Renato Rodrego and Welito Loon are also named as petitioners in this case. However, we deny their petition for the reason that they were not part of the proceedings before the CA. Their failure to timely seek redress before the CA precludes this Court from awarding them monetary claims.

All told, we find that the NLRC committed grave abuse of discretion in admitting and giving probative value to the respondents' evidence on appeal, which errors the CA replicated when it upheld the NLRC rulings.

WHEREFORE, based on these premises, we REVERSE and SET **ASIDE** the decision dated June 5, 2009, and the resolution dated August 28, 2009 of the Court of Appeals in CA-G.R. SP No. 95182. This case is **REMANDED** to the Labor Arbiter for the sole purpose of computing petitioners' (Wilgen Loon, Jerry Arcilla, Albert Pereye, Arnold Pereye, Edgardo Obose, Arnel Malaras, Patrocino Toetin, Evelyn Leonardo, Elmer Glocenda, Rufo Cunamay, Rolando Sajol, Rolando Abucayon, Jennifer Natividad, Maritess Torion, Armando Lonzaga, Rizal Gellido, Evirdly Haque, Myrna Vinas, Nena Abina, Emalyn Oliveros, Louie Ilagan, Joel Entig, Arnel Araneta, Benjamin Cose and William Alipao) full backwages (computed from the date of their respective dismissals up to the finality of this decision) and their salary differential, service incentive leave, holiday, thirteenth month pays, and attorney's fees equivalent to ten percent (10%) of the withheld wages. The respondents are further directed to immediately post a satisfactory bond conditioned on the satisfaction of the awards affirmed in this Decision.

SO ORDERED.

ARTURO D. BRION
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO Associate Justice

Chairperson

MARIANO C. DEL CASTILLO

Associate Justice

ESTELA MI PERLAS-BERNABE

Associate Justice

MARVIC MARIO VICTOR F. LEONEN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO Chief Justice

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