



Republic of the Philippines
Supreme Court

Manila

FIRST DIVISION

**ANDY D. BALITE, DELFIN M.
ANZALDO AND MONALIZA
DL. BIHASA,**

Petitioners,

G.R. No. 195109

Present:

- versus -

SERENO, C.J.,
Chairperson,
LEONARDO DE-CASTRO,
BERSAMIN,
PEREZ, and
PERLAS-BERNABE, JJ.

**SS VENTURES
INTERNATIONAL, INC.,
SUNG SIK LEE AND EVELYN
RAYALA,**

Respondents.

Promulgated:

FEB 04 2015

x -----x

DECISION

PEREZ, J.:

This is a Petition for Review on *Certiorari* pursuant to Rule 45 of the Revised Rules of Court, assailing the 18 June 2010 Decision¹ rendered by the Tenth Division of the Court of Appeals in CA-G.R. SP No. 109589. In its assailed decision, the appellate court reversed the Resolution of the National Labor Relations Commission (NLRC) which denied the Motion to Reduce Appeal Bond filed by respondents SS Ventures International, Inc., Sung Sik Lee and Evelyn Rayala

In a Resolution² dated 30 December 2010, the appellate court refused to reconsider its earlier decision.

¹ Penned by Associate Justice Rosmari D. Carandang with Associate Justices Ramon R. Garcia and Manuel M. Barrios, concurring. *Rollo*, pp. 22-31.

² Id. at 33-34.

The Facts

Respondent SS Ventures International, Inc. is a domestic corporation duly engaged in the business of manufacturing footwear products for local sales and export abroad. It is represented in this action by respondents Sung Sik Lee and Evelyn Rayala. Petitioners Andy Balite (Balite), Monaliza Bihasa (Bihasa) and Delfin Anzaldo (Anzaldo) were regular employees of the respondent company until their employments were severed for violation of various company policies.

For his part, Balite was issued a Show Cause Memorandum by the respondent company on 4 August 2005 charging him with the following infractions: (1) making false reports, malicious and fraudulent statements and rumor-mongering against the company; (2) threatening and intimidating co-workers; (3) refusing to cooperate in the conduct of investigation; and (4) gross negligence in the care and use of the company property resulting in the damage of the finished products. After respondent found Balite's explanation insufficient, he was dismissed from employment, through a Notice of Termination on 6 September 2005.

Bihasa, on the other hand, was charged with absence without leave on two occasions and with improper behavior, stubbornness, arrogance and uncooperative attitude towards superiors and employees. Bihasa was likewise terminated from the service on 5 May 2006 after her explanation in an administrative investigation was found unsatisfactory by the respondent company.

Anzaldo was also dismissed from employment after purportedly giving him due process. The records of the infractions he committed as well as the date of his termination, however, are not borne by the records.

Consequently, the three employees charged respondents with illegal dismissal and recovery of backwages, 13th month pay and attorney's fees before the Labor Arbiter.

In refuting the allegations of the petitioners, respondents averred that petitioners were separated from employment for just causes and after affording them procedural due process of law.

On 30 December 2007, the Labor Arbiter rendered a Decision³ in favor of petitioners and held that respondents are liable for illegal dismissal for failing to comply with the procedural and substantive requirements in terminating employment. The decretal portion of the Labor Arbiter Decision reads:

WHEREFORE, premises considered, [petitioners] are hereby found to have been illegally dismissed even as respondents are held liable therefore.

Consequently, respondent corporation is hereby ordered to reinstate [petitioners] to their former positions without loss of seniority rights and other privileges with backwages initially computed at this time and reflected below.

The reinstatement aspect of this decision is immediately executory and thus respondents are hereby required to submit a report of compliance therewith within ten (10) days from receipt thereof.

Respondent corporation is likewise ordered to pay [petitioners] their 13th month pay and 10% attorney’s fees.

	Backwages	13 th month pay	Attorney’s fees
1. Andy Balite	₱162,969.04	₱ 17,511.00	₱ 18,048.00
2. Delfin Anzaldo	158,299.44	17,511.00	17,511.00
3. Monaliza Bihasa	116,506.62	17,511.00	13,401.75

All other claims are dismissed for lack of factual or legal basis.⁴

Aggrieved, respondents interposed an appeal by filing a Notice of Appeal and paying the corresponding appeal fee. However, instead of filing the required appeal bond equivalent to the total amount of the monetary award which is ₱490,308.00, respondents filed a Motion to Reduce the Appeal Bond to ₱100,000.00 and appended therein a manager’s check bearing the said amount. Respondents cited financial difficulty as justification for their inability to post the appeal bond in full owing to the partial shutdown of respondent company’s operations.

In a Resolution⁵ dated 27 November 2008, the NLRC dismissed the appeal filed by the respondents for non-perfection. The NLRC ruled that posting of an appeal bond equivalent to the monetary award is indispensable for the perfection of the appeal and the reduction of the appeal bond, absent

³ Id. at 24-25.
⁴ Id.
⁵ Id. at 61-63.

any showing of meritorious ground to justify the same, is not warranted in the instant case.

Similarly ill-fated was respondents' Motion for Reconsideration which was denied by the NLRC in a Resolution⁶ dated 30 April 2009.

On *certiorari*, the Court of Appeals reversed the NLRC Decision and allowed the relaxation of the rule on posting of the appeal bond. According to the appellate court, there was substantial compliance with the rules for the perfection of an appeal because respondents seasonably filed their Memorandum of Appeal and posted an appeal bond in the amount of ₱100,000.00. While the amount of the appeal bond posted was not equivalent to the monetary award, the Court of Appeals ruled that respondents were able to sufficiently prove their incapability to post the required amount of bond.⁷ The Court of Appeals disposed in this wise:

WHEREFORE, premises considered, finding grave abuse of discretion on the part of the [NLRC], the instant petition is **GRANTED**. The [NLRC's] Resolutions dated November 27, 2008 and April 30, 2009, respectively, are hereby **SET ASIDE**. [The NLRC] is hereby directed to decide petitioners' appeal on the merits.⁸

In a Resolution⁹ dated 30 December 2010, the Court of Appeals refused to reconsider its earlier decision.

Petitioners are now before this Court *via* this instant Petition for Review on *Certiorari*¹⁰ praying that the Court of Appeals Decision and Resolution be reversed and set aside on the ground that:

WITH DUE RESPECT, THE HONORABLE COURT OF APPEALS COMMITTED A GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION WHEN IT REVERSED THE RESOLUTION OF THE NLRC DISMISSING RESPONDENTS' APPEAL FOR NON-PERFECTION THEREOF.¹¹

⁶ Id. at 58-60.

⁷ Id. at 23-31.

⁸ Id. at 30.

⁹ Id. at 33-34.

¹⁰ Id. at 6-20.

¹¹ Id. at 11.

The Court's Ruling

Petitioners, in assailing the appellate court's decision, argue that posting of an appeal bond in full is not only mandatory but a jurisdictional requirement that must be complied with in order to confer jurisdiction upon the NLRC. They posit that the posting of an insufficient amount of appeal bond, as in this case, resulted to the non-perfection of the appeal rendering the decision of the Labor Arbiter final and executory.

Banking on the appellate court's decision, respondents, for their part, urge the Court to relax the rules on appeal underscoring on the so-called "utmost good faith" they demonstrated in filing a Motion to Reduce Appeal Bond and in posting a cash bond in the amount of ₱100,000.00. In justifying their inability to post the required appeal bond, respondents reasoned that respondent company is in dire financial condition due to lack of orders from customers constraining it to temporarily shut down its operations resulting in significant loss of revenues. Respondents now plea for the liberal interpretation of the rules so that the case can be threshed out on the merits, and not on technicality.

Time and again we reiterate the established rule that in the exercise of the Supreme Court's power of review, the Court is not a trier of facts¹² and does not routinely undertake the re-examination of the evidence presented by the contending parties during the trial of the case considering that the findings of facts of labor officials who are deemed to have acquired expertise in matters within their respective jurisdiction are generally accorded not only respect, but even finality, and are binding upon this Court, when supported by substantial evidence.¹³

The NLRC ruled that no appeal had been perfected on time because of respondents' failure to post the required amount of appeal bond. As a result of which, the decision of the Labor Arbiter has attained finality. The Court of Appeals, on the contrary, allowed the relaxation of the rules and held that respondents were justified in failing to pay the required appeal bond. Despite the non-posting of the appeal bond in full, however, the appellate court deemed that respondents were able to seasonably perfect their appeal

¹² Exceptions: a) the conclusion is a finding of fact grounded on speculations, surmises and conjectures; b) the inferences made are manifestly mistaken, absurd or impossible; c) there is a grave abuse of discretion; d) there is misappreciation of facts; and e) the court, in arriving in its findings, went beyond the issues of the case and the same are contrary to the admission of the parties or the evidence presented. *OSM Shipping Phil., Inc. v. Dela Cruz*, 490 Phil. 392, 402 (2005).

¹³ *Bughaw Jr., v. Treasure Island Industrial Corporation*, 573 Phil. 435, 442 (2008).

before the NLRC, thereby directing the NLRC to resolve the case on the merits.

The pertinent rule on the matter is Article 223 of the Labor Code, as amended, which sets forth the rules on appeal from the Labor Arbiter's monetary award:

ART. 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.

x 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. (Emphases ours).

Implementing the aforestated provisions of the Labor Code are the provisions of Rule VI of the 2011 Rules of Procedure of the NLRC on perfection of appeals which read:

Section. 1. *Periods of Appeal.* - Decisions, awards or orders of the Labor Arbiter shall be final and executory unless appealed to the Commission by any or both parties within ten (10) calendar days from receipt thereof. x x x If the 10th day or the 5th day, as the case may be, falls on a Saturday, Sunday or holiday, the last day to perfect the appeal shall be the first working day following such Saturday, Sunday or holiday.

x x x x

Section 4. *Requisites for Perfection of Appeal.* – (a) The appeal shall be:

- (1) filed within the reglementary period as provided in Section 1 of this Rule;
- (2) verified by the appellant himself/herself in accordance with Section 4, Rule 7 of the Rules of Court ,as amended;
- (3) in the form a of a memorandum of appeal which shall state the grounds relied upon and the arguments in support thereof; the relief prayed for; and with a statement of the date when the appellant received the appealed decision, award or order;
- (4) in three (3) legibly typewritten or printed copies; and
- (5) accompanied by:

- i) proof of payment of the required appeal fee and legal research fee;
- ii) posting of cash or surety bond as provided in Section 6 of this Rule; and
- iii) proof of service upon the other parties.

X X X X

(b) A mere notice of appeal without complying with the other requisites aforestated shall not stop the running of the period for perfecting an appeal.

X X X X

Section 5. *Appeal Fee.* - The appellant shall pay the prevailing appeal fee and legal research fee to the Regional Arbitration Branch or Regional Office of origin, and the official receipt of such payment shall form part of the records of the case.

Section 6. *Bond.* - In case the decision of the Labor Arbiter, or the Regional Director involves a monetary award, **an appeal by the employer shall be perfected only upon the posting of a bond**, which shall either be in the form of cash deposit or surety bond equivalent in amount to the monetary award, exclusive of damages and attorney's fees.

X X X X

The Commission through the Chairman may on justifiable grounds blacklist a bonding company, notwithstanding its accreditation by the Supreme Court.

These statutory and regulatory provisions explicitly provide that an appeal from the Labor Arbiter to the NLRC must be perfected **within ten calendar days from receipt of such decisions, awards or orders of the Labor Arbiter.** In a judgment involving a monetary award, the appeal shall be perfected only upon (1) proof of payment of the required appeal fee; **(2) posting of a cash or surety bond issued by a reputable bonding company;** and (3) filing of a memorandum of appeal.¹⁴

In *McBurnie v. Ganzon*,¹⁵ we harmonized the provision on appeal that its procedures are fairly applied to both the petitioner and the respondent, assuring by such application that neither one or the other party is unfairly favored. We pronounced that the posting of a cash or surety bond in an amount equivalent to 10% of the monetary award pending resolution of the

¹⁴ *Colby Construction and Management Corporation v. NLRC*, 564 Phil. 145, 156 (2007).

¹⁵ G.R. Nos. 178034, 178117 and 186984-85, October 17, 2013.

motion to reduce appeal bond shall be deemed sufficient to perfect an appeal, to wit:

It is in this light that the Court finds it necessary to set a parameter for the litigants' and the NLRC's guidance on the amount of bond that shall hereafter be filed with a motion for a bond's reduction. To ensure that the provisions of Section 6, Rule VI of the NLRC Rules of Procedure that give parties the chance to seek a reduction of the appeal bond are effectively carried out, without however defeating the benefits of the bond requirement in favor of a winning litigant, all motions to reduce bond that are to be filed with the NLRC shall be accompanied by the posting of a cash or surety bond equivalent to 10% of the monetary award that is subject of the appeal, which shall provisionally be deemed the reasonable amount of the bond in the meantime that an appellant's motion is pending resolution by the Commission. In conformity with the NLRC Rules, the monetary award, for the purpose of computing the necessary appeal bond, shall exclude damages and attorney's fees. Only after the posting of a bond in the required percentage shall an appellant's period to perfect an appeal under the NLRC Rules be deemed suspended.

The rule We set in *McBurnie* was clarified by the Court in *Sara Lee Philippines v. Ermilinda Macatlang*.¹⁶ Considering the peculiar circumstances in *Sara Lee*, We determined what is the reasonable amount of appeal bond. We underscored the fact that the amount of 10% of the award is not a permissible bond but is only such amount that shall be deemed reasonable in the meantime that the appellant's motion is pending resolution by the Commission. The actual reasonable amount yet to be determined is necessarily a bigger amount. In an effort to strike a balance between the constitutional obligation of the state to afford protection to labor on the one hand, and the opportunity afforded to the employer to appeal on the other, We considered the appeal bond in the amount of ₱725M which is equivalent to 25% of the monetary award sufficient to perfect the appeal, viz.:

We sustain the Court of Appeals in so far as it increases the amount of the required appeal bond. But we deem it reasonable to reduce the amount of the appeal bond to ₱725 Million. This directive already considers that the award if not illegal, is extraordinarily huge and that no insurance company would be willing to issue a bond for such big money. The amount of ₱725 Million is approximately 25% of the basis above calculated. It is a balancing of the constitutional obligation of the state to afford protection to labor which, specific to this case, is assurance that in case of affirmance of the award, recovery is not negated; and on the other end of the spectrum, the opportunity of the employer to appeal.

¹⁶

G.R. Nos. 180147-180150, 180319 and 180685, June 4, 2014.

By reducing the amount of the appeal bond in this case, the employees would still be assured of at least substantial compensation, in case a judgment award is affirmed. On the other hand, management will not be effectively denied of its statutory privilege of appeal.

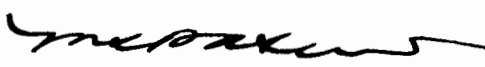
In line with *Sara Lee* and the objective that the appeal on the merits to be threshed out soonest by the NLRC, the Court holds that the appeal bond posted by the respondent in the amount of ₱100,000.00 which is equivalent to around 20% of the total amount of monetary bond is sufficient to perfect an appeal. With the employer's demonstrated good faith in filing the motion to reduce the bond on demonstrable grounds coupled with the posting of the appeal bond in the requested amount, as well as the filing of the memorandum of appeal, the right of the employer to appeal must be upheld. This is in recognition of the importance of the remedy of appeal, which is an essential part of our judicial system and the need to ensure that every party litigant is given the amplest opportunity for the proper and just disposition of his cause freed from the constraints of technicalities.¹⁷

WHEREFORE, premises considered, the petition is **DENIED**. The assailed Decision and Resolution of the Court of Appeals are hereby **AFFIRMED**.

SO ORDERED.


JOSE PORTUGAL PEREZ
Associate Justice

WE CONCUR:


MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

¹⁷ *Andrea Camposagrado v. Pablo Camposagrado*, 506 Phil. 583, 588-589 (2005).

Teresita Leonardo de Castro
TERESITA J. LEONARDO DE-CASTRO
Associate Justice

Lucas P. Bersamin
LUCAS P. BERSAMIN
Associate Justice

Estela M. Perlas-Bernabe
ESTELA M. PERLAS-BERNABE
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

Maria Lourdes P. A. Sereno
MARIA LOURDES P. A. SERENO
Chief Justice