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SUPREME COURT
SECOND DIVISION

MARIO MANABAN, ALEJANDRO ESTACION, DANILO LINGGAS, EUSEBIO TORALBA, JERRY SULANO, MARIO LINGGAS, CARLITO TIPON, and TRADE UNION OF THE PHILIPPINES AND ALLIED SERVICES (TUPAS),
***Petitioners*,**

-versus-

G. R. No. 150915
April 11, 2005
(RAB-11-01-00108-99)

SARPHIL CORPORATION/APOKON FRUITS, INC., LORENZO SARMIENTO, JR., and SALVADOR T. BALBUENA,
***Respondents*.**
x----------x

ALEXANDER RAYMUNDO, ALVIN CADUHAY, RODOLFO PERADO, JOEL CADUHAY, MERCEDITO MATING, LITO LATIBAN, MIGUEL ALBORO, PEDRO ESPELLARGA, ANTONIO CASTIL, ELINA LINGGAS, CESAR AMBOAYON, MAMERTO LAVANZA, WILLIAM DUNIG and TRADE UNION OF THE PHILIPPINES AND ALLIED SERVICES (TUPAS),

***Petitioners*,**

-versus- ***(RAB-XI-03-00298-99)***

SARPHIL CORPORATION/APOKON FRUITS, INC., LORENZO SARMIENTO, JR., and SALVADOR T. BALBUENA,
***Respondents*.**
x----------x

ROBERTO LATRAS, ROBERTO TUGAOB and TRADE UNION OF THE PHILIPPINES AND ALLIED SERVICES (TUPAS),
***Petitioners*,**

-versus- ***(RAB-XI-03-00322-99)***

SARPHIL CORPORATION/APOKON FRUITS, INC., LORENZO SARMIENTO, JR., and SALVADOR T. BALBUENA,
***Respondents*.**
x----------x

BLASA BAUTISTA, FILIZARDO FIAL, and TRADE UNION OF THE PHILIPPINES AND ALLIED SERVICES (TUPAS),
***Petitioners*,**

-versus- ***(RAB-XI-03-00377-99)***

SARPHIL CORPORATION/APOKON FRUITS, INC., LORENZO SARMIENTO, JR., and SALVADOR T. BALBUENA,
***Respondents*.**
x----------x

ALAN EDER, ROMEO ZUZADA, EDWIN ZUZADA, EFRIME ZUZADA, MARCELO ZUZADA, ZOILO GONZAGA, RAYMUNDO UYANGUREN, RODOLFO GONZAGA, RAULITO MADRID, DIONESIO MALUB, VITORIANO NIPA, and TRADE UNION OF THE PHILIPPINES AND ALLIED SERVICES (TUPAS),
***Petitioners*,**

-versus- ***(RAB-XI-00360-99)***

SARPHIL CORPORATION/APOKON FRUITS, INC., LORENZO SARMIENTO, JR., and SALVADOR T. BALBUENA,
***Respondents*.**
x----------x

RENATO ANUBA, EDUARDO LINGGAS, and TRADE UNION OF THE PHILIPPINES AND ALLIED SERVICES (TUPAS),
***Petitioners*,**

-versus- ***(RAB-XI-04-00390-99)***

SARPHIL CORPORATION/APOKON FRUITS, INC., LORENZO SARMIENTO, JR., and SALVADOR T. BALBUENA,
***Respondents*.**
x----------x

RICKY BENIAL, CALIXTO RAYMUNDO, ALMA GAÑA, MARILYN ABANTE, EDWIN MALOLOY-ON, REYNALDO SUPERABLE, and TRADE UNION OF THE PHILIPPINES AND ALLIED SERVICES (TUPAS),
***Petitioners*,**

-versus- ***(RAB-XI-07-00825-99)***

SARPHIL CORPORATION/APOKON FRUITS, INC., LORENZO SARMIENTO, JR., and SALVADOR T. BALBUENA,
***Respondents*.**
x----------x

AURORA AYALA, and TRADE UNION OF THE PHILIPPINES AND ALLIED SERVICES (TUPAS),
***Petitioners*,**

-versus- ***(RAB-XI-08-00959-99)***

SARPHIL CORPORATION/APOKON FRUITS, INC., LORENZO SARMIENTO, JR., and SALVADOR T. BALBUENA,
***Respondents*.**
x----------x

D E C I S I O N

CALLEJO, SR., *J.*:

This is a Petition for Review of the Decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 61598 and its Resolution dated November 5, 2001 denying the motion for reconsideration thereof. The assailed decision denied the petition for certiorari of the decision of the National Labor Relations Commission (NLRC) in NLRC CA No. M-005284-99.

Respondents Sarphil Corporation and Apokon Fruits, Inc. are domestic corporations duly registered under Philippines laws and engaged in the planting and culture of rubber and banana at Barangay Tubo-tubo Monkayo, Compostela Valley Province, Davao City. Respondents Lorenzo Sarmiento and Salvador T. Balbuena are the President and Executive Vice-President, respectively, of the respondent corporations.

The individual petitioners were regular workers in the plantations of the respondent corporations. They are all members of the petitioner Trade Union of the Philippines and Allied Services, a labor federation duly registered with the Department of Labor and Employment.

The Antecedents

On January 15, 1996, the respondents terminated the employment of all their workers, including the individual petitioners, after their rubber and banana plantations were taken over by the Department of Agrarian Reform (DAR), pursuant to the government's Comprehensive Agrarian Reform Program (CARP). As required by Republic Act No. 6657, the Comprehensive Agrarian Reform Law (CARL), the petitioners formed the Sarphil CARP Beneficiaries Multi-Purpose Cooperative. The ownership and management of respondents' lands were then turned over to the said cooperative. Thereafter, the respondents submitted the names of their regular

workers to the DAR; the latter, in turn, listed the petitioners as CARP beneficiaries. On December 10, 1997, the DAR Secretary issued Certificates of Land Ownership Award to these beneficiaries.

As a result of the termination of their employment, the petitioners demanded from the respondents the payment of separation pay, salary differentials, 13th month pay, service incentive leave pay, and holiday pay. When the respondents failed to accede to their demands, the petitioners filed separate complaints for illegal dismissal, separation pay and other money claims before the NLRC, Regional Arbitration Branch XI, Davao City. The earliest of the said complaints was filed on January 26, 1999; the others were filed on March 9, 15, 29 and 30, 1999; April 5 and 18, 1999; and May 3, 1999.[2]

During the conciliation proceedings, the parties were not able to arrive at a settlement. Thus, the Labor Arbiter directed the parties to submit their respective position papers together with supporting documents.

The petitioners submitted their position paper on July 8, 1999. Instead of filing a position paper, however, the respondents filed a Motion to Dismiss the Complaint on July 19, 1999, on the ground that the petitioners' cause of action had long prescribed.[3]

In a Decision dated October 25, 1999, Labor Arbiter Amado Solamo granted the petitioners' monetary claims. He held that the complaints for illegal dismissal were filed within the four-year reglementary period. He likewise ruled that by not submitting their position paper, the respondents were deemed to have waived their right to adduce evidence. According to the Labor Arbiter, since the allegations and arguments interposed by the petitioners, as complainants, remained unrebutted and were deemed unqualifiedly admitted, he had no other alternative except to grant the complainants' monetary claims.[4] The dispositive portion of the decision reads:

> WHEREFORE, judgment is hereby rendered ordering respondents jointly and severally to pay complainants the following:

a.) Separation pay computed at one-month pay for every year of service.

x x x

b.) Salary differentials, 13th month pay, service incentive leave pay and COLA (Wage Order No. 3) – subject to the computation at execution stage.

c.) 10% of the total award as Union Service Fee.

SO ORDERED.[5]

The respondents received a copy of the decision on November 4, 1999. On November 12, 1999, they filed a Motion for Reconsideration/Appellant's Appeal Memorandum.[6] However, they failed to post a cash or surety bond.

Thereafter, the petitioners filed a Motion to Dismiss[7] the appeal for failure to post an appeal bond within the reglementary period. When such motion to dismiss remained unacted upon by the NLRC, they again filed a Second Motion to Dismiss,[8] reiterating the grounds in the first one.

On February 28, 2000, the respondents filed a Manifestation/Motion to Admit Bond/Opposition to Motion to Dismiss. They alleged therein that it took sometime for them to secure an appeal bond because of the huge amount involved, and initially, no bonding company was willing to post the same. They averred that they had no cash sufficient to put up the appeal bond since they have no more assets except their name and integrity, and that it was fortunate that they were able to negotiate a loan with the Land Bank of the Philippines.[9]

The NLRC allowed the appeal. On June 30, 2000, it rendered a decision, the dispositive portion of which reads:

WHEREFORE, the judgment appealed from is hereby SET ASIDE. A new one is entered declaring that complainants, as former employees of respondents and who became beneficiaries of the CAR Law are NOT entitled to separation pay because the severance of their employment was compelled by an act of LAW

> and not by the decision of respondents. Consequently, the award of separation pay to complainants is SET ASIDE for being contrary to law and settled jurisprudence.
>
> For being TIME BARRED brought about by PRESCRIPTION, the money claims award, such as salary differentials, 13th month pay, service incentive leave pay and COLA, as well as attorney's fees are DELETED and SET ASIDE.
>
> SO ORDERED.[10]

On August 22, 2000, the NLRC denied the petitioners' motion for reconsideration for lack of merit.[11] Dissatisfied, the petitioners filed a petition for certiorari with the CA. They submitted the following issues:

> I.
>
> WHETHER OR NOT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN GIVING DUE COURSE TO RESPONDENTS' APPEAL DESPITE THE POSTING OF APPEAL BOND BEYOND THE REGLEMENTARY PERIOD.
>
> II.
>
> WHETHER OR NOT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN LATER ANNULING AND SETTING ASIDE THE DECISION OF THE LABOR ARBITER GRANTING PETITIONERS' SEPARATION PAY.[12]

The Court of Appeals' Decision

On July 31, 2001, the CA rendered a Decision[13] denying the petition for certiorari and affirming the ruling of the NLRC. It held that the petitioners failed to demonstrate any grave abuse of discretion or lack or excess of jurisdiction on the part of the NLRC in issuing the assailed resolutions. The CA noted that the NLRC gave due course to the respondents' appeal despite the delay in posting the appeal bond,

on the fundamental consideration of substantial justice, that is, to prevent unjust enrichment on the part of any party and to ensure adherence to the justness and legality of the payment of separation pay.[14]

The CA affirmed the NLRC's finding that the cases were filed beyond the three-year prescriptive period for filing money claims, which commenced on January 15, 1996, the date when the petitioners were terminated. It ruled that the NLRC was correct in holding that the termination of employment due to the implementation of the CARL did not amount to illegal dismissal, or termination due to an authorized cause under Art. 283[15] of the Labor Code, which would warrant the payment of separation pay. Citing the case of National Federation of Labor vs. NLRC,[16] the CA pronounced that the closure of business operations contemplated under Art. 283 refers to a voluntary act or decision on the part of the employer, not one forced upon it, as in this case, by an act of law or state to benefit petitioners by making them agrarian lot beneficiaries.[17]

The petitioners filed a motion for reconsideration of the CA decision which was likewise denied on November 5, 2001.[18]

The Instant Petition

The petitioners interposed this petition for review on the sole assignment of error:

> The Court of Appeals committed a reversible error when it sustained the NLRC's admission of the respondent's appeal despite the fact that the respondents posted their appeal bond about four (4) months after their receipt of the appealed decision.[19]

The petitioners argue that the decision of the Labor Arbiter became final and executory upon the respondents' failure to file their appeal bond and to perfect their appeal within the 10-day reglementary period. They maintain that the filing of the bond on time is not a mere formality. They contend that the reason given by the respondents for the delay in the posting of the bond is clearly self-serving, and without any evidentiary support. The records belie the alleged

procurement of a loan with the Land Bank of the Philippines, or that it was the latter which posted the bond in favor of the respondents. In fact, it was Intra Strata Insurance which posted the surety bond and so, the respondents did not have to produce the full amount of the award but only that amount sufficient to cover the premium payments for the bond.

Further, the petitioners contend that the delay in this case cannot be compared to the delays incurred in the cases cited by the NLRC in support of its decision which was only for several days. They maintain that the respondents' remedy should have been to file a motion for reduction of the bond.[20]

For their part, the respondents assert that they had no intent to delay or prolong the resolution of the case. Neither did they intend to evade their obligation to the petitioners because, in the first place, under the law and settled jurisprudence, there is no such obligation to speak of. They stress that both the NLRC and the CA have held that the petitioners are not entitled to separation pay or to the other monetary claims. The respondents explain that, although the bond posted was a surety bond, the bonding company required a security deposit of an equal amount which almost reached P4 million. Hence, they had to procure a loan from the Land Bank of the Philippines in order to raise the amount.[21] Finally, the respondents submit that the rationale in allowing tardy appeals, in general, does not lie in the number of days of delay or tardiness in perfecting the appeal, but rather, in the intent to promote substantial justice.[22]

The petitioners retort that the four-month delay in filing the appeal bond cannot be considered a "slight delay," and that to allow such a tardy appeal will have far-reaching repercussions in labor justice. They aver that the respondents should have, at least, informed the NLRC about their difficulty in raising the bond, or they could have filed a motion to reduce the bond. The petitioners claim that the decision of the Labor Arbiter had already become final and executory, and the appellate court had no jurisdiction to alter it. They assert that the immutability of judgments has to be adhered to regardless of occasional injustice, for the equity of a particular case must yield to the over-mastering need of certainty and unalterability of judicial pronouncements.[23]

The Ruling of the Court

There is no doubt that the appeal was perfected beyond the 10-day period prescribed under Art. 223[24] of the Labor Code of the Philippines. The respondents received the decision of the Labor Arbiter on November 4, 1999; hence, they had until November 14, 1999 to perfect the appeal. Although they filed their Appeal Memorandum on November 12, 1999, they, however, posted their surety bond only on February 28, 2000.

It is axiomatic that an appeal is only a statutory privilege and it may only be exercised in the manner provided by law. (Lamzon vs. NLRC, G.R. No. 113600, May 28, 1999, 307 SCRA 665). The timely perfection of an appeal is a mandatory requirement, which cannot be trifled with as a "mere technicality" to suit the interest of a party. (Cuevas vs. Bais Steel Corporation, G.R. No. 142689, October 17, 2002, 391 SCRA 192). However, in some instances, the Court has allowed a liberal application of the rules of procedure. After all, they are mere tools designed to expedite the decision or resolution of cases and other matters pending in court — a strict and rigid application of technicalities that tend to frustrate rather than promote substantial justice must be avoided. (Jaro vs. Court of Appeals, G.R. No. 127536, February 19, 2002, 377 SCRA 282).

In the present case, we rule that the NLRC did not commit grave abuse of discretion in allowing the respondents' appeal. We agree with the NLRC that substantial justice is best served by allowing the appeal despite the procedural defect and by considering the case on the merits. It must be stressed that the case involves the implementation of the CARP which is aimed at promoting social justice by giving primary consideration to the welfare of landless farmers through a more equitable distribution and ownership of land. As it is, the CARP is more favorable to the worker than the landowner. In light of this and the government's policy to equally protect and respect not only the laborer's interest but also that of the employer, we deem it more equitable to admit the respondents' appeal.

We quote with approval the NLRC's rationale in allowing the appeal, thus:

> In the case at bench, what is involved is a fundamental consideration of SUBSTANTIAL JUSTICE on whether or not complainants, as former employees of respondents, working on their lands and subsequently becoming the new owners thereof by virtue of the implementation by the Government of the Comprehensive Agrarian Reform Law, would still be entitled to separation pay. Additionally, whether or not the money claims of complainants could still be passed upon by the Labor Arbiter below considering the fact that the said money claims were filed past the 3-year prescriptive period for money claims under the Labor Code.

Thus, to insure faithful adherence by the Commission to the justness and legality of payment of separation pay to herein complainants by way of law and jurisprudence and in order to address the issue of a possible miscarriage of justice or of unjust enrichment on the part of any party, the Commission has opted to adopt the liberal view by giving due course to respondents' appeal despite the little delay involved in the posting of the entire amount of the appeal bond. After all, the facts and circumstances obtaining in the case at bench warrant liberality in view of the amount involved and the legal issues raised for resolution by the Commission (See Phil. Airlines, Inc. vs. NLRC, G.R. No. 120501, October 26, 1996; Paramount Vinyl Products Corp. vs. NLRC, 190 SCRA 527, October 17, 1990; Kathy-O Enterprises vs. NLRC, 286 SCRA 729 (1998).[28]

Moreover, we have ruled in one case (Rada vs. NLRC, G.R. No. 96078, January 9, 1992, 205 SCRA 69).[29] that where the supersedeas bond 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.[30]

Another consideration that militates against the contentions of the petitioner is the ruling of the CA affirming the ruling of the NLRC, thus:

Anent the legality of the Labor Arbiter's award of separation pay in favor of petitioners, respondent NLRC correctly ruled that the termination of employer-employee relationship as a result of the implementation of the Comprehensive Agrarian Reform Law does not make out a case for illegal dismissal or termination due to authorized cause under Article 283 of the Labor Code as to warrant the payment of separation pay. The closure of business operations contemplated under Article 283 refers to a voluntary act or decision on the part of the employer, not one forced upon it, as in this case, by an act of the Law or State to benefit petitioners by making them agrarian lot beneficiaries. Thus, We quote with approval the following disquisitions of public respondent which We have found to be substantiated by the evidence, viz:

> "x x x The resulting severance of employment relation between the parties does not make out a case of illegal dismissal nor of termination due to cessation of business operation or undertaking under Article 283 of the Labor Code warranting payment of separation pay, primarily because dismissal presupposes a unilateral act by the employer in terminating the employment of its workers. The resulting severance of employment relationship between the parties came about INVOLUNTARILY. If the landowners ceased their operation, it was not because they wanted to. Rather, it was something forced upon them by an act of law or the State. It would be the height of injustice and inequity if the workers who benefited from the takeover of the lands and becoming new owners in the process would still be allowed to exact payment from their former employer-landowner in the form of separation pay benefit. Such would be tantamount to dealing a DOUBLE WHAMMY against the landowner who was forced to relinquish or part with the ownership of his land by an act of the State." *(Emphasis supplied)*

The ruling in the parallel case of National Federation of Labor vs. NLRC, is apropos. There, the Supreme Court categorically held that former employees who became beneficiaries of the Comprehensive Agrarian Reform Program are not entitled to separation pay because

the closure of the business of their employer is compelled by law and not by the decision of its management. Said the High Court.

> "As earlier stated, the Patalon Coconut Estate was closed down because a large portion of the said estate was acquired by the DAR pursuant to the CARP. Hence, the closure of the Patalon Coconut Estate was not effected voluntarily by private respondents who even filed a petition to have said estate exempted from the coverage of RA 6657. Unfortunately, their petition was denied by the Department of Agrarian Reform. Since the closure was due to the act of the government to benefit the petitioners, as members of the Patalon Estate Agrarian Reform Association, by making them agrarian lot beneficiaries of said estate, the petitioners are not entitled to separation pay. The termination of their employment was not caused by the private respondents. The blame, if any, for the termination of petitioners' employment can even be laid upon the petitioner-employees themselves inasmuch as they formed themselves into a cooperative, PEARA, ultimately to take over, as agrarian lot beneficiaries, private respondents' landed estate pursuant to RA 6657. The resulting closure of the business establishment, Patalon Coconut Estate, when it was placed under CARP, occurred through no fault of the private respondents.
>
> "While the Constitution provides that the "the State shall protect the rights of workers and promote their welfare," that constitutional policy of providing full protection to labor is not intended to oppress or destroy capital and management. Thus, the capital and management sectors must also be protected under a regime of justice and the rule of law."

From all the foregoing, We hold that respondent NLRC did not commit grave abuse of discretion nor acted without or in excess of jurisdiction in giving due course to private respondents' appeal and setting aside the Labor Arbiter's decision awarding separation pay and other money claims in favor of petitioners.[31]

IN LIGHT OF ALL THE FOREGOING, the petition is **DENIED** for lack of merit. The assailed decision of the Court of Appeals in CA-G.R. SP No. 61598 is **AFFIRMED**. Costs against the petitioners.

SO ORDERED.

PUNO, *J.*, *(Chairman)*, AUSTRIA-MARTINEZ, TINGA, and CHICO-NAZARIO, *JJ.*, concur.

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[1] Penned by Associate Justice Rebecca de Guia-Salvador, with Associate Justices Conchita Carpio Morales (now Supreme Court Associate Justice) and Candido V. Rivera, concurring.
[2] Rollo, p. 113.
[3] Id. at 66.
[4] Id. at 68-69.
[5] Id. at 69-73.
[6] Id. at 74-85.
[7] Id. at 86-88.
[8] Id. at 89-90.
[9] Id. at 93.
[10] Id. at 115.
[11] Id. at 130.
[12] Id. at 151.
[13] Id. at 147-156.
[14] Id. at 153.
[15] Art. 283. Closure of Establishment and Reduction of Personnel.
The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the worker and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered as one (1) whole year.
[16] G.R. No. 127718, 2 March 2000, 327 SCRA 158.

[17] Rollo, pp. 154-156.
[18] Id. at 164.
[19] Id. at 15.
[20] Id. at 16-21.
[21] Id. at 200-202.
[22] Id. at 203.
[23] Id. at 215-222.
[24] 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.

In the case of a judgment involving 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.

x x x

[25] Lamzon vs. National Labor Relations Commission, G.R. No. 113600, 28 May 1999, 307 SCRA 665.
[26] Cuevas vs. Bais Steel Corporation, G.R. No. 142689, 17 October 2002, 391 SCRA 192.
[27] Jaro vs. Court of Appeals, G.R. No. 127536, 19 February 2002, 377 SCRA 282.
[28] Rollo, p. 111.
[29] (Rada vs. NLRC, G.R. No. 96078, January 9, 1992, 205 SCRA 69).
[30] Id. at 76.
[31] Rollo, pp. 154-156.

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