SUPREME COURT
THIRD DIVISION

BENJAMIN S. SANTOS,
***Petitioner*,**

-versus-

G.R. No. 140753
April 30, 2003

ELENA VELARDE, TERESITA GUTIERREZ, LAURA FIGUEROA, CONCHITA TRINIDAD, CARMEN BALIDOY, GINA RAZ, ENGRACIA AMPONIN, JESUSA BUDIONGAN, MAGDALENA CONDESA, NADIA OJANO and EMILY MACAYAON,
***Respondents*.**
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D E C I S I O N

CORONA, *J.*:

This is a Petition for Review on Certiorari of the Decision[1] of the Court of Appeals in CA-G.R. SP No. 52577 annulling the resolution dated July 9, 1997 of the National Labor Relations Commission (NLRC) and finding that petitioner Benjamin S. Santos failed to perfect his appeal from the Labor Arbiter's Decision in NLRC NCR Case No. 00-11-07591-95 which found him jointly and solidarily liable with Fordien Garments Ltd. Co. for the backwages, allowances and

other benefits due to certain illegally dismissed workers, herein respondents. The dispositive portion of the assailed Decision[2] of the Court of Appeals read:

> WHEREFORE, the Resolution dated July 9, 1997, of respondent NLRC is hereby ANNULLED and SET ASIDE. Consequently, the Decision dated October 3, 1996 of Labor Arbiter Francisco S. Canizares, Jr., is REINSTATED.
>
> SO ORDERED.

The facts of the case were succinctly summarized by the Court of Appeals:[3]

> Petitioners are among the forty (40) complainants in a complaint for illegal dismissal filed against Fordien Garments Ltd. Co. and/or Benjamin Santos and docketed as NLRC-NCR Case No. 00-11-07591-95.
>
> Respondent Santos moved for the dismissal of the complaint, insofar as he is concerned, on the ground of lack of cause of action, claiming that he is neither a partner nor an officer of respondent Fordien Garments. His motion to dismiss was denied on March 8, 1996, by the Labor Arbiter who forthwith required the parties to submit their respective position papers.
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> In a Manifestation dated March 28, 1996, respondent Santos adopted his Motion to Dismiss as his position paper.
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> Respondent partnership did not file any position paper.
>
> Complainants complied on April 15, 1996. In their position paper, they narrate the circumstances pertinent to their dismissal, thus:
>
> 1. Complainants Elena Velarde and 39 other persons, a list of which is attached hereto as ANNEX 'A' were employed by Respondent company Fordien Garments Ltd. as factory sewers in the latter's business. Complainants have been working with the respondent

company for approximately three years from June 15, 1992 to October 15, 1995 when they were illegally terminated therefrom;

2. Complainants were just surprised that upon arriving at work on October 15, 1995, they were not allowed to enter the premises anymore. The representative of Respondent told them that the business had already closed down and thus, it was forced to terminate the services of the Complainants;

3. Complainants have not received any prior notice as to the intended closure of Respondent's business nor have they been given an opportunity to question and look into the validity of their consequent dismissal, in violation of their rights to security of tenure and to due process;

4. As a result of their termination from Respondent's company, Complainants filed a complaint with the Arbitration Branch of the NLRC on November 23, 1995 alleging that they were illegally dismissed and pray for reinstatement or separation pay in lieu of reinstatement. Complainants also alleged that they had been underpaid of their salaries, they have not (sic) given their service incentive leave and 13th month pay, and have not been reported to the SSS by respondent company;

5. It is important to note that Complainants learned soon after they were dismissed that Respondent has continued its garment business in Bataan under a different name employing an entirely new and different set of factory workers.

On October 3, 1996, the Labor Arbiter rendered a decision, the dispositive portion of which reads:

> WHEREFORE, the respondents are jointly and solidarily hereby ordered to reinstate the complainants with full

backwages, inclusive of allowances, and to their other benefits or their monetary equivalent computed from the time their compensation were (sic) withheld from them up to the time of their actual reinstatement.

The complainants' backwages up to the date of this Decision as computed by Ms. Julieta C. Nicolas, Labor Arbitration Associate of the Commission's NCR Arbitration Branch are the following: (Please see attached xerox copy of the computation).

The respondents are also ordered to pay the complainants 10% of the monetary awards as attorney's fee.

In lieu of reinstatement, the complainants may opt for payment of separation pay, in which case, the respondents shall pay them their separation pay equivalent to one-half month pay for every year of service, a fraction of 6 months being considered one year.

Article 223 of the Labor Code in part provides that, 'In any event, the decision of the Labor Arbiter reinstating a dismissed or separated employee, insofar as the reinstatement aspect is concerned, shall immediately be executory, even pending appeal. The employee shall either be admitted back to work under the same terms and conditions prevailing prior to his dismissal or separation or, at the option of the employer, merely reinstated in the payroll. The posting of a bond by the employer shall not stay the execution for reinstatement provided herein.' Consequently, the respondents are further directed to reinstate the complainants when they report for work by virtue of this Decision.

SO ORDERED.

Petitioner appealed the Labor Arbiter's decision and filed his Appeal Memorandum with the NLRC within the reglementary period but did not pay the bond on the ground that "The appeal is made by one who is not an employer, hence there is no need

for the posting of a cash or surety bond."[4] The NLRC treated this solitary statement as a motion "seeking exemption from posting the requisite bond" and denied the same. Petitioner was then ordered to pay a cash or surety bond within 10 days from the receipt of the Decision.[5] Thereafter, petitioner filed a "Motion for Reduction of Surety or Cash Bond and Admission of Reduced Bond"[6] which was unacted upon; thus, petitioner filed a "Motion to Admit Surety Bond" on April 24, 1997.[7] The NLRC gave due course to the appeal and affirmed the decision of the Labor Arbiter, with the modification that petitioner Santos be deleted as a party respondent. The dispositive portion[8] read:

> WHEREFORE, prescinding from the foregoing considerations, the appeal is hereby given due course.
>
> Accordingly, the complaint as against respondent Santos is hereby dismissed and the decision appealed from is AFFIRMED with MODIFICATION deleting respondent Santos as party respondent.

After respondents' Motion for Reconsideration was denied, they filed a petition for certiorari with this Court but the same was referred to the Court of Appeals which rendered the assailed decision.

In this Petition for Review, petitioner submits the following issues:

I. WHETHER OR NOT PETITIONER'S APPEAL WAS DULY PERFECTED IN SUCH A MANNER AS TO PREVENT THE DECISION OF THE LABOR ARBITER FROM BECOMING FINAL AND EXECUTORY; and

II. WHETHER OR NOT THE PETITIONER'S APPEAL, THE BELATED POSTING OF THE BOND NOTWITHSTANDING, SHOULD BE GIVEN DUE COURSE IN THE INTEREST OF SUBSTANTIAL JUSTICE.

The petition is without merit. The Court finds that petitioner failed to perfect his appeal by the non-payment of the appeal bond within the

10-day period provided by law. Thus, the decision of the Labor Arbiter became final and executory upon the expiration of the reglementary period.

Article 223 of the Labor Code provides that:

> 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 the receipt of such decisions, awards, or orders.
>
> 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.
>
> x x x

This Court has repeatedly ruled that the posting of a cash or surety bond is a requirement sine qua non for the perfection of an appeal from the labor arbiter's monetary award.[9] The posting of a bond within the period provided by law is not merely mandatory but jurisdictional. Failure to perfect an appeal has the effect of rendering the judgment final and executory.[10]

There have been instances when this Court allowed the belated filing of the appeal bond. In Quiambao vs. NLRC,[11] this Court had occasion to cite cases where the belated filing of the appeal bond was justified:

> Thus, in Rada vs. NLRC the bond was paid although belatedly (because the labor arbiter's Decision did not state the amount awarded as back wages and overtime pay). On the other hand, in the case of Blancaflor vs. NLRC the failure to give a bond was in part due to the failure of the Labor Arbiter to state the exact amount of backwages and separation pay due. There was

> therefore no basis for determining the amount of the bond to be filed by private respondents therein.
>
> In Your Bus Line vs. NLRC, the petitioner was excused for its failure to give the bond because it was misled by the notice of the decision which, stating the requirements for perfecting an appeal, did not mention that a bond must be filed. The lawyer for petitioner relied on such notice, and this Court, considering the circumstance as an excusable mistake, allowed petitioner to file the bond and appeal from the decision of the Labor Arbiter.
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> It should be noted, however, that, in these cases, delayed payment was allowed because the failure to pay was due to the excusable oversight or error of a third party, that is, the failure of the labor arbiter to state in the notice of decision the amount of award and the inclusion of the bond as among the requirements for perfecting an appeal. In the case at bar, petitioner's failure to post a bond was due to his own negligent and mistaken belief that he was exempt. The Labor Arbiter's decision stated the exact award of backwages to be paid by petitioner Santos. There was nothing in the decision which could have given petitioner the impression that the bond was not necessary or that he was excused from paying it.

In the aforecited case of Quiambao vs. NLRC, the Court pointed out that, in the cases where belated posting of a bond was allowed, there was substantial compliance with the rule. Thus, technical considerations had to give way to considerations of equity and justice. In the present case, no similar justifications exist. The eventual posting of the bond by petitioner cannot be considered by this Court as substantial compliance warranting the relaxation of the rules in the interest of justice. In the instances where the Court acknowledged substantial compliance, the appellants, at the very least, exhibited willingness to pay by posting a partial bond[12] or filing a motion for reduction of bond[13] within the 10-day period provided by law. In the present case, no such willingness was exhibited by petitioner. Petitioner's failure to pay the bond was due simply to his own mistaken conclusion that he was exempt from paying because he was not liable to them. His statement that "the Appeal is made by one who is not an employer, hence there is no need for the posting of a cash or

surety bond," was a reckless conclusion since there was no circumstance which would have warranted such a belief.

The rule on perfection of appeals cannot be classified as a difficult question of law which excused petitioner's mistaken conclusion. Petitioner was just too presumptuous in assuming that mere denial of his status as employer exempted him from paying the appeal bond. The Court is reminded of Peftok Integrated Services, Inc. vs. NLRC[14] where the appellant also relied on his erroneous belief that a surety bond was not required to perfect an appeal. He therefore failed to put up a surety bond which resulted in the dismissal of his appeal.

In view of the foregoing, the NLRC erred in giving due course to the appeal despite the non-payment of the appeal bond within the reglementary period. Treating the one-sentence declaration of petitioner as a motion for exemption to pay bond and allowing him to post it well beyond the 10-day period was tantamount to extending such period. This is not allowed under the NLRC Rules of Procedure.[15] In Lamzon vs. NLRC,[16] petitioner filed a motion for extension to file the bond within the 10-day period but posted bond only on the 13th day from receipt of the decision. This Court ruled that:[17]

> Considering that the motion for extension to file appeal bond remained unacted upon, petitioner, pursuant to the NLRC rules, should have seasonably filed the appeal bond within the ten (10) day reglementary period following the receipt of the order, resolution or decision of the NLRC to forestall the finality of such order, resolution or decision. The motion filed by petitioner in this case is tantamount to an extension of the period for perfecting an appeal. As payment of the appeal bond is an indispensable and jurisdictional requirement and not a mere technicality of law or procedure, we find the challenged NLRC Resolution of October 26, 1993 and Order dated January 11, 1994 in accordance with law.

In Lamzon, there was a proper motion filed which was not even for exemption but merely for extension of time. Nevertheless, we ruled that petitioner should have paid within the 10-day period,

notwithstanding the pendency of the motion, to forestall the finality of the decision appealed from.

The Court is aware that the NLRC is not bound by the technical rules of procedure and is allowed to be liberal in the interpretation of rules in deciding labor cases. However, such liberality should not be applied in the instant case as it would render futile the very purpose for which the principle of liberality is adopted. The liberal interpretation in favor of labor stems from the mandate that the workingman's welfare should be the primordial and paramount consideration.[18] Validating petitioner's unilateral act of declaring his exemption from posting a bond will set a dangerous precedent since such act will only serve to delay the case. From the decision of the Labor Arbiter, it took the NLRC four months to rule on the "motion" for exemption to pay bond and another four months to decide the merits of the case. This Court has repeatedly ruled that delay in the settlement of labor cases cannot be countenanced. Not only does it involve the survival of an employee and his loved ones who are dependent on him for food, shelter, clothing, medicine and education,[19] it also wears down the meager resources of the workers to the point that, not infrequently, they either give up or compromise for less than what is due them.[20] Also, in Favila vs. NLRC,[21] we ruled that:

> While it is true that the NLRC Rules must be liberally construed and that the NLRC is not bound by the technicalities of law and procedure, the NLRC itself must not be the first to arbitrarily disregard specific provisions of the Rules which are precisely intended to assist the parties in obtaining just, expeditious and inexpensive settlement of labor disputes. In short, the rule on liberal construction is not a license to disregard the rules of procedure. Rules of Procedure exist for a purpose, and to disregard such rules in the guise of Liberal Construction would be to defeat such purpose.

WHEREFORE, the Court of Appeals Decision, dated August 4, 1999, nullifying the resolution of the NLRC, dated July 9, 1997, and affirming the Labor Arbiter's decision, dated October 3, 1996, is hereby **AFFIRMED**.

SO ORDERED.

Puno, Panganiban, Sandoval-Gutierrez and Carpio-Morales, *JJ.*, concur.

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[1] Penned by Associate Justice Artemio G. Tuquero and concurred in by Associate Justices Eubulo G. Verzola and Elvi John S. Asuncion; Thirteenth Division.
[2] Rollo, p. 23.
[3] Id., pp. 23–25.
[4] Id., p. 49.
[5] Id., p. 55.
[6] Id., p. 57.
[7] Id., p. 12.
[8] Id., p. 39.
[9] Peftok Integrated Services, Inc. vs. NLRC, 293 SCRA 507, 512 [1998]; Unicane Workers Union-CLUP vs. NLRC, 261 SCRA 573, 584 [1996].
[10] Philippine Airlines, Inc. vs. NLRC, 263 SCRA 638, 658 [1998].
[11] 254 SCRA 211, 216–217 [1996].
[12] Teofilo Gensoli & Co. vs. NLRC, 289 SCRA 407 [1998].
[13] Rosewood Processing Inc. vs. NLRC, 290 SCRA 408 [1998].
[14] 293 SCRA 507 [1998].
[15] Section 7, Rule VI, NLRC Rules of Procedure, as amended.
[16] 307 SCRA 665 [1999].
[17] Id., pp. 673–674.
[18] Salinas, Jr. vs. NLRC, 319 SCRA 54 [1999]; PLDT vs. NLRC, 276 SCRA 1 [1997].
[19] Favila vs. NLRC, 308 SCRA 303 [1999], citing Mañebo vs. NLRC, 229 SCRA 240 [1994].
[20] Narag vs. NLRC, 155 SCRA 199 [1987], quoting Vir-Jen Shipping and Marine Services vs. NLRC, 115 SCRA 347 [1982].
[21] Supra note 19 at 313.
