FIRST DIVISION

[G.R. No. 190654, July 28, 2020]

KARJ GLOBAL MARKETING NETWORK, INC., VS. MIGUEL P. MARA,* RESPONDENT

D E C I S I O N

CAGUIOA, J:

Before the Court is a Petition for Review on Certiorari[1] (Petition) under Rule 45 of the Rules of Court assailing the Decision[2] dated October 19, 2009 and Resolution[3] dated December 17, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 109424. The CA affirmed the findings of the National Labor Relations Commission (NLRC) that petitioner Karj Global Marketing Network, Inc. (petitioner) failed to perfect its appeal, so that the Labor Arbiter's (LA) decision finding respondent Miguel P. Mara (respondent) entitled to 14th month pay and a refund of his car's maintenance expenditures, damages and attorney's fees has already become final and executory.

Facts

The facts are summarized by the CA as follows:

Also referred to as Miguel Angel P. Mara in some parts of the records.

On 6 July 2006, Respondent MIGUEL ANGEL P. MARA (hereinafter Respondent) instituted a complaint before the Labor Arbiter against the Petitioner for non-payment of 14th month pay and refund of his car's maintenance expenditures, damages and attorney's fees.

In March 2004, Respondent commenced his employment with the Petitioner as Assistant General Manager. In his complaint, Respondent alleged that the Petitioner agreed to grant him with a "retention incentive 14th month bonus" pursuant to the Offer Sheet purportedly executed by the Petitioner; that in said Offer Sheet, Petitioner likewise undertook to provide Respondent with a brand new Isuzu Fuego or its equivalent and that it shall also shoulder Respondent's car's repairs and maintenance costs.

On the other hand, in its position paper. Petitioner contested the Respondent's allegations, contending that the 14th month bonus being claimed by the latter is discretionary in nature and that there is no document that would show that such gratuity is part of the regular compensation of the employees. Likewise, Petitioner rejected Respondent's claim for reimbursements of car repairs alleging that per the company car policy, in order that the Respondent could be entitled to such benefit, he should have used a brand new or second hand Toyota Altis and not a 1999 Black

BMW used by the Respondent, hence, Respondent's claim for such reimbursements failed to comply with the procedure laid down by [the] company car policy.

On 16 October 2006, Labor Arbiter ARTHUR L. AMANSEC rendered a decision, the *faIlo* thereof reads:

> WHEREFORE, judgment is hereby made ordering the respondents to pay the complainant P198,800.00 or 14th month pay benefit for the years 2004 and 2005. The respondents are also ordered to refund to the complainant the amount of P289,000.00 as company car maintenance costs.
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> Other claims are dismissed for lack of merit.
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> SO ORDERED.

Aggrieved thereby, Petitioner filed an appeal before the NLRC.

It came to pass that prior to the issuance of the aforesaid Labor Arbiter's decision, three creditors of the Petitioner instituted before the Regional Trial Court (RTC) of Para[ñ]aque City a *Petition for Involuntary Insolvency* against the Petitioner which was raffled to Branch 196, which on 2 October 2006, issued an Order, ruling thus:

> As a consequence of the filing of the petition, respondent corporation in the petition is enjoined from disposing, in any manner, of its property except in so far as it concerns the ordinary operations of commerce or industry in which it is engaged in and furthermore, from making any payments outside of necessary or legitimate expenses of its business or industry so long as the proceeding is pending.
>
> SO ORDERED.
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> Meanwhile, on 28 November 2008, the NLRC dismissed Petitioner's appeal, dispositively holding as follows:
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> With the appeal having been filed without the required bond, we have no recourse but to dismiss respondent's appeal for non-perfection.
>
> SO ORDERED.[4]

Petitioner thus filed a petition for *certiorari* with the CA arguing that the NLRC committed grave abuse of discretion amounting to lack or excess of jurisdiction when it dismissed petitioner's appeal despite the RTC Order[5] dated October 2, 2006 (RTC Order), which petitioner claims was a legal justification for not posting the cash or surety bond normally required for an appeal.[6]

In its Decision, the CA affirmed the NLRC, ruling that an appeal bond is an indispensable requirement in perfecting an appeal before the NLRC. Accordingly, the CA held that the NLRC did not commit any error in dismissing petitioner's appeal.[7]

The CA further found petitioner's claim that the RTC Order prohibited it from disposing of its property as baseless as the posting of the bond did not mean that

petitioner had to dispose a portion of its property. And even if such constituted a disposal of property, it would not have been a violation of the RTC Order because the case involves payment of an employee's benefits, which is within the ambit of a legitimate operation of petitioner's business.[8]

For the CA, given that an appeal is a statutory privilege, petitioner should have complied strictly with the rules on appeal.[9] The NLRC therefore did not commit grave abuse of discretion when it ruled that petitioner failed to perfect its appeal.[10]

Aggrieved, petitioner filed a motion for reconsideration, but this was denied.

Hence, this Petition.

Petitioner claims that it was barred from posting the bond following the RTC Order, the dispositive portion of which is quoted here anew:

As a consequence of the filing of the petition, respondent corporation in the petition is enjoined from disposing, in any manner, of its property except in so far as it concerns the ordinary operations of commerce or industry in which it is engaged in and furthermore, from making any payments outside of necessary or legitimate expenses of its business or industry so long as the proceeding is pending.

SO ORDERED.[11]

Records show that petitioner filed its Motion to Suspend Proceedings[12] dated November 2, 2006, and alleged that it received the LA's Decision on October 27, 2006,[13] while it received the RTC Order on October 9, 2006.[14] Petitioner further stated in its motion that it informed the RTC of the pendency of the case filed by respondent.[15]

Eventually, petitioner filed a Notice of Appeal and Memorandum of Appeal *Ad Cautelam*[16] dated November 6, 2006.

Issue

The question for the Court is whether the CA was correct in affirming the NLRC's strict adherence to the requirement for the posting of an appeal bond in order to perfect an appeal before it.

The Court's Ruling

The Petition is granted. The CA erred in affirming the NLRC.

Liberal application of the requirement for an appeal bond

Article 223 of the Labor Code requires the posting of a cash or surety bond when the judgment appealed from involves a 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
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> 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.

Indeed, as the CA ruled, the posting of the bond is "an *indispensable* requisite for the perfection of an appeal by the employer."[17] As the Court held in *Viron Garments Manufacturing, Co., Inc. v. NLRC*[18] (*Viron*), the mandatory nature of the bond "is clearly limned in 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."[19]

As against this rule, the Court has recognized exceptional circumstances where it relaxed the requirement for an appeal bond. As held in *Lepanto Consolidated Mining Corp. v. Icao:*[20]

> x x x [T]his Court has liberally applied the NLRC Rules and the Labor Code provisions on the posting of an appeal bond in exceptional cases. In *Your Bus Lines v. NLRC,* the Court excused the appellant's failure to post a bond, because it relied on the notice of the decision. While the notice enumerated all the other requirements for perfecting an appeal, it did not include a bond in the list. In *Blancaflor v. NLRC,* the failure of the appellant therein to post a bond was partly caused by the labor arbiter's failure to state the exact amount of monetary award due, which would have been the basis of the amount of the bond to be posted. In *Cabalan Paslulan Negrito Labor Association v. NLRC*, petitioner-appellant was an association of Negritos performing trash-sorting services in the American naval base in Subic Bay. The plea of the association that its appeal be given due course despite its non-posting of a bond, on account of its insolvency and poverty, was granted by this Court. In *UERM-Memorial Medical Center v. NLRC*, we allowed the appellant-employer to post a property bond in lieu of a cash or surety bond. The assailed judgment involved more than P17 million; thus, its execution could adversely affect the economic survival of the employer, which was a medical center.[21] (Citations removed)

To determine whether to allow a liberal application of the rule on bonds, it is crucial to understand, especially in this case, whether respondent stands to lose the security provided by the appeal bond as the purpose of the appeal bond, as held in *Viron*, is to ensure that when the workers prevail, they will receive the money judgment in their favor:

> The requirement that the employer post a cash or surety bond to perfect its/his appeal is apparently intended to assure the workers that if they prevail in the case, they will receive the money judgment in their favor upon the dismissal of the employer's appeal. It was intended to discourage employers from using an appeal to delay, or even evade, their obligation to satisfy their employees' just and lawful claims.[22]

Here, the Court deems the existence of the insolvency proceedings as an exceptional circumstance to warrant the liberal application of the rules requiring an appeal bond. The failure to file an appeal bond did not contradict the need to ensure that respondent, if his claim is deemed valid, will receive the money judgment.

The rule on a requirement of an appeal bond cannot operate in a vacuum. "[W]hen the law does not clearly provide a rule or norm for the tribunal to follow in deciding a question submitted, but leaves to the tribunal the discretion to determine the case in one way or another, the judge must decide the question in conformity with justice, reason and equity, in view of the circumstances of the case."[23]

Here, there seems to be an absence of rule or norm to follow on whether to require an appeal bond when the appealing employer is subject of involuntary liquidation proceedings. But the NLRC, mandated to act with justice, reason and equity, should have allowed the appeal and ruled on the merits considering the circumstances of the case.

It is beyond dispute that money claims arising from employer-employee relationship are within the original and exclusive jurisdiction of the LA and the NLRC. Article 217 of the Labor Code states:

> Art. 217. ***Jurisdiction of the Labor Arbiters and the Commission.***
> - (a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:
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> x x x x
>
> (6) Except claims for Employees Compensation, Social Security, Medicare and maternity benefits, **all other claims arising from employer-employee relations**, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00) regardless of whether accompanied with a claim for reinstatement. (Emphasis supplied and underscoring supplied)

Following Article 217 of the Labor Code, and given the LA's and NLRC's exclusive and original jurisdiction to rule on money claims of an employee, such case may only be filed and ruled upon by the LA and NLRC.

However, when an employer is undergoing insolvency proceedings, Article 217 of the Labor has to be read together with Section 60 of the Insolvency Law[24] which