

## SECOND DIVISION

[ G.R. No. 195513, June 22, 2015 ]

**MARLON BEDUYA, ROSARIO DUMAS\* ALEX LEONOZA, RAMBLO FAJARDO, HARLAN LEONOZA, ALVIN ABUYOT, DEVDO URSABIA,\*\* BERNIE BESONA, ROMEO ONANAD,\*\* ARMANDO LIPORADA,\*\*\* FRANKFER ODULIO, MARCELO MATA, ALEX COLOCADO, JOJO PACATANG, RANDY GENODIA AND ISABINO B. ALARMA, JR.,\*\*\*\*\* PETITIONERS, VS. ACE PROMOTION AND MARKETING CORPORATION AND GLEN\*\*\*\*\* HERNANDEZ, RESPONDENTS.**

### DECISION

**DEL CASTILLO, J.:**

Procedural rules should be relaxed if only to serve the ends of justice.

This Petition for Review on *Certiorari*<sup>[1]</sup> assails the November 30, 2010 Decision<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 111536 affirming the February 23, 2009 Decision<sup>[3]</sup> and August 4, 2009 Resolution<sup>[4]</sup> of the National Labor Relations Commission (NLRC), which granted respondents' appeal from the April 24, 2008 Decision<sup>[5]</sup> of the Labor Arbiter and ordered the dismissal of petitioners' complaint for illegal dismissal. Likewise assailed is the February 3, 2011 CA Resolution<sup>[6]</sup> which denied petitioners' Motion for Reconsideration of the said CA Decision.

#### **Antecedent Facts**

Respondent Ace Promotion and Marketing Corporation (APMC), with respondent Glen Hernandez as its President, is a contractor engaged in the deployment of workers to various companies to promote the latter's products through promotional and merchandising services. In pursuance of its business, APMC entered into a Promotional Contract<sup>[7]</sup> with Delfi Marketing, Inc.<sup>[8]</sup> (Delfi) whereby the former undertook to conduct promotional activities for the latter's confectionery products. For this purpose, APMC employed workers, including petitioners Marlon Beduya, Rosario Dumas, Alex Leonoza, Alvin Abuyot, Dindo Ursabia, Bernie Bosona, Romeo Onanad, Armando Liporada, Frankfer Odulio, Marcelo Mata, Alex Colocado, Jojo Pacatang, Randy Genodia and Isabino B. Alarma, Jr. (petitioners), as merchandisers and assigned them to various retail outlets and supermarkets under fixed-term employment contracts. The last contracts of employment<sup>[9]</sup> that petitioners signed were until January 30, 2007.

In a letter<sup>[10]</sup> dated December 27, 2006, Delfi notified APMC that their Promotional Contract will expire effective January 31, 2007. On January 29, 2007, APMC informed petitioners, among other workers, that their last day of work would be on

January 30, 2007.

### ***Proceedings before the Labor Arbiter***

Before the Labor Arbiter, three separate complaints<sup>[11]</sup> for illegal dismissal and money claims against respondents were filed by petitioners and by other employees (complainants) whose employment was terminated allegedly by reason of the expiration of APMC's contract with Delfi. The said complaints, docketed as NLRC-NCR Case Nos. 00-02-01022-07, 00-02-0185-07 and 00-03-02756-07, were consolidated.

In their Position Paper,<sup>[12]</sup> complainants alleged that: they are regular employees of APMC, having continuously worked in APMC since 1997; they are bonafide members of the Social Security System (SSS) and the company's Home Development Mutual Fund (HDMF); the expiration of the Promotional Contract between APMC and Delfi does not automatically result in their dismissal; and, the said Promotional Contract is still subsisting as new workers were hired as their replacements. All of the complainants asked for wage differentials, claiming that part of their wages were unlawfully withheld unless they sign a waiver and quitclaim in favor of APMC, while 18 of them additionally prayed for recovery of unpaid ECOLA.

Respondents, on the other hand, countered that APMC is a legitimate job contractor that hires employees for a specific job on a contractual basis. With respect to complainants, respondents claimed that they were duly apprised of the contractual nature of their employment, its duration, working hours, basic salaries, and the basic work policies as stipulated in their contracts of employment. And since complainants were hired as merchandisers for Delfi, their employment automatically ended when APMC's Promotional Contract with Delfi expired. On the complainants' allegation of continuous employment, respondents explained that, indeed, complainants were previously engaged as merchandisers for a client, Goya, Inc. (Goya). But when Goya's business interest was sold to Delfi, complainants' fixed-term employment contracts also accordingly expired. They were then rehired and reassigned to Delfi, again on a fixed-term basis, which employment was necessarily terminated upon the end of the term. In view of this, respondents denied liability over complainants' money claims, damages, and attorney's fees.

In a Decision<sup>[13]</sup> dated April 24, 2008, the Labor Arbiter, after finding no credible evidence to prove that they were employed on a contractual basis, declared complainants to have been illegally dismissed. He found unconvincing APMC's allegation that complainants' employment was terminated due to the expiration of its contract with Delfi considering that it continued to hire new employees as replacements for complainants. This, the Labor Arbiter opined, infringed upon complainants' right to security of tenure. On the other hand, he viewed complainants' continuous employment with APMC for a considerable length of time and the fact that they are SSS and HDMF members, as indications of their being regular employees. Thus, he ordered complainants' reinstatement or payment of separation pay, payment of backwages, unpaid wages, ECOLA, moral and exemplary damages, and attorney's fees. The dispositive portion of the Labor Arbiter's Decision reads:

WHEREFORE, premises all considered, judgment is hereby rendered finding the dismissal illegal and ordering respondents, as follows:

1. To reinstate complainants to their former position with full backwages to be reckoned from the date of their dismissal up to the finality of this decision.
2. In the alternative, to pay them x x x their backwages plus separation pay equivalent to half month salary for every year of service if employment is no longer tenable.
3. To pay the named eighteen (18) employees x x x their unpaid ECOLA for one (1) year.
4. To pay complainants x x x their unpaid wages for fifteen (15) days.
5. To pay moral damages in the amount of P10,000.00 each.
6. To pay exemplary damages [in] the [amount] of P5,000.00 each.
7. To pay attorney's fees equivalent to 10% of the total monetary award.

The computation of the monetary award as computed by the Computation Division of this Office is attached hereto and forms part of this decision.

SO ORDERED.<sup>[14]</sup>

*Proceedings before the National Labor Relations Commission*

Respondents filed a Memorandum of Appeal with Motion for Reduction of Bond<sup>[15]</sup> with the NLRC. They maintained that complainants were contractual employees. As such, their contracts of employment were terminated upon the expiration of APMC s Promotional Contract with Delfi. Anent their motion for reduction of appeal bond, respondents contended that the awards granted to complainants amounting to P6,269,856.89 should be decreased considering that:

(1) eight complainants did not sign the position paper submitted to the Labor Arbiter and therefore, the monetary awards given in their favor should be excluded in the computation of the total award; (2) nine complainants already withdrew their complaints as shown by their Affidavits of Desistance;<sup>[16]</sup> (3) assuming that separation pay was correctly awarded, the computation thereof should start from year 2003 when complainants started working for Goya and not from year 1997 as computed by the Labor Arbiter; and (4) the backwages should be computed only up to January 31, 2007 or up to the expiration of the Promotional Contract with Delfi and not until July 31, 2008. Respondents attached a supersedeas bond<sup>[17]</sup> in the amount of P437,210.00 along with their appeal.

In their Opposition with Motion to Dismiss Appeal,<sup>[18]</sup> complainants prayed for the dismissal of respondents' appeal based on insufficiency of the bond posted. This thus resulted in the non-perfection of the appeal, and consequently, the Labor

Arbiter's Decision had become final and executory.

Without acting on respondents' motion for reduction of bond and the complainants' opposition thereto, the NLRC rendered a Decision<sup>[19]</sup> on February 23, 2009 finding complainants to be contractual employees hired for a specific duration. The NLRC noted that complainants were duly informed at the commencement of their employment that they were hired for a definite period and for a specific project, *i.e.*, Delfi, and that they voluntarily agreed to these and the other terms of their employment contracts. Hence, when the specific project or undertaking for which they were hired ceased, their employment also ceased. They were therefore not illegally dismissed. In the ultimate, the NLRC reversed the Labor Arbiter's Decision and dismissed the complaints for illegal dismissal. It, however, affirmed the awards of unpaid wages and ECOLA in favor of complainants. Thus:

WHEREFORE, premises considered, judgment is hereby rendered GRANTING the instant appeal. The Decision of the Labor Arbiter dated 24 April 2008 is hereby reversed and set aside, and a new one is issued dismissing the complaint. Respondents-Appellants are, however, directed to cause the immediate satisfaction of complainants-appellees' unpaid wages for fifteen (15) days and ECOLA for one (1) year.

SO ORDERED.<sup>[20]</sup>

In their Motion for Reconsideration,<sup>[21]</sup> complainants maintained that the P437,210.00 appeal bond is insufficient and unreasonable in relation to the total monetary award of P6,269,856.89, which should have warranted the dismissal of respondents' appeal. Complainants likewise pointed out that the NLRC gravely abused its discretion when it did not resolve respondents' motion to reduce bond and their opposition thereto with motion to dismiss before rendering its decision granting the appeal. Complainants' Motion for Reconsideration was, however, denied by the NLRC in its Resolution<sup>[22]</sup> dated August 4, 2009.

### ***Proceedings before the Court of Appeals***

Some of the complainants, including petitioners, filed a Petition for *Certiorari*<sup>[23]</sup> with the CA. They insisted that the NLRC gravely abused its discretion in granting respondents' appeal despite the latter's failure to perfect the same since the appeal bond filed was grossly insufficient and inadequate. Consequently, the Labor Arbiter's Decision had already become final and executory.

On November 30, 2010, the CA rendered a Decision<sup>[24]</sup> dismissing the petition. It found respondents' willingness and good faith in complying with the requirements as sufficient justification to relax the rule on posting of an appeal bond. Moreover, the CA agreed with the NLRC in finding that complainants were not illegally dismissed. The termination of their employment was simply brought about by the expiration of the fixed period stipulated in their contracts that they voluntarily signed after the terms thereof were fully explained to them.

Complainants' Motion for Reconsideration<sup>[25]</sup> was denied by the CA in its Resolution<sup>[26]</sup> of February 3, 2011.

Thus, petitioners, from among all the complainants, are now before this Court through the present Petition.

### **Issues**

(a)

WHETHER XXX THE FILING OF APPEAL WITH MOTION TO REDUCE APPEAL BOND WILL TOLL THE RUNNING OF THE PERIOD TO PERFECT AN APPEAL

(b)

WHETHER X X X AN APPEAL BOND IN THE AMOUNT OF P473,210.00 IS REASONABLE IN RELATION TO [A POSSIBLE] MONETARY AWARD OF P6,269,856.00

(c)

WHETHER XXX THE DECISION RENDERED BY THE LABOR ARBITER IS DEEMED FINAL AND EXECUTORY AS THE APPEAL WAS NOT PERFECTED

(d)

WHETHER X X X IT IS PROCEDURALLY CORRECT TO PASS JUDGMENT ON A CASE WHEN THERE IS STILL A PENDING MOTION TO BE RESOLVED<sup>[27]</sup>

For respondents' alleged failure to comply with the jurisdictional requirements on appeal bonds, petitioners maintain that the NLRC did not acquire jurisdiction over respondents' appeal. Moreover, they claim that the NLRC erred in resolving the merits of the appeal without first ruling on respondents' motion to reduce appeal bond and their opposition thereto with motion to dismiss.

### **Our Ruling**

The Petition has no merit.

Article 223 of the Labor Code provides:

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. Such appeal may be entertained only on any of the following grounds:

(a) If there is prima facie evidence of abuse of discretion on the part of the Labor Arbiter;

(b) If the decision, order or award was secured through fraud or coercion, including graft and corruption;

(c) If made purely on questions of law; and