

THIRD DIVISION

[G.R. No. 168985, July 23, 2008]

**ACCESSORIES SPECIALIST INC., A.K.A. ARTS 21 CORPORATION,
AND TADAHIKO HASHIMOTO, PETITIONERS, VS. ERLINDA B.
ALABANZA, FOR AND IN BEHALF OF HER DECEASED HUSBAND,
JONES B. ALABANZA, RESPONDENT.**

DECISION

NACHURA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court assailing the Decision^[1] dated April 15, 2005 and the Resolution^[2] dated July 12, 2005 of the Court of Appeals (CA) in CA-G.R. SP No. 84206.

The Facts

The facts of the case, as narrated in the Decision of the CA:

On September 27, 2002, private respondent Erlinda B. Alabanza (Erlinda, for brevity), for and in behalf of her husband Jones B. Alabanza (Jones, for brevity) filed a complaint against petitioners Accessories Specialists, Inc. (ASI, for brevity) also known as ARTS 21 Corporation, and Tadahiko Hashimoto for non-payment of salaries, separation pay, and 13th month pay.

In her position paper, respondent Erlinda alleged, among others, that her husband Jones was the Vice-President, Manager and Director of ASI. Jones rendered outstanding services for the petitioners from 1975 to October 1997. On October 17, 1997, Jones was compelled by the owner of ASI, herein petitioner Tadahiko Hashimoto, to file his involuntary resignation on the ground that ASI allegedly suffered losses due to lack of market and incurred several debts caused by a slam in the market. At the time of his resignation, Jones had unpaid salaries for eighteen (18) months from May 1995 to October 1997 equivalent to P396,000.00 and US\$38,880.00. He was likewise not paid his separation pay commensurate to his 21 years of service in the amount of P462,000.00 and US\$45,360.00 and 13th month pay amounting to P33,000.00. Jones demanded payment of his money claims upon resignation but ASI informed him that it would just settle first the money claims of the rank-and-file employees, and his claims will be paid thereafter. Knowing the predicament of the company, Jones patiently waited for his turn to be paid. Several demands were made by Jones but ASI just kept on assuring him that he will be paid his monetary claims. Jones died on August 5, 2002 and failed to receive the same.

On the other hand, the petitioners contend that Jones voluntarily resigned on October 31, 1997. Thus, Erlinda's cause of action has already prescribed and is forever barred on the ground that under Article 291 of the Labor Code, all money claims arising from an employer-employee relationship shall be filed within three (3) years from the time the cause of action accrues. Since the complaint was filed only on September 27, 2002, or almost five (5) years from the date of the alleged illegal dismissal of her husband Jones, Erlinda's complaint is now barred.

On September 14, 2003, Labor Arbiter Reynaldo V. Abdon rendered a decision ordering the petitioners to pay Erlinda the amount of P693,000.00 and US\$74,040.00 or its equivalent in peso or amounting to a total of P4,765,200.00 representing her husband's unpaid salaries, 13th month pay, and separation pay, and five [percent] (5%) on the said total award as attorney's fees.

On October 10, 2003, the petitioners filed a notice of appeal with motion to reduce bond and attached thereto photocopies of the receipts for the cash bond in the amount of P290,000.00, and appeal fee in the amount of P170.00.

On January 15, 2004, public respondent NLRC issued an order denying the petitioner's motion to reduce bond and directing the latter to post an additional bond, and in case the petitioners opted to post a surety bond, the latter were required to submit a joint declaration, indemnity agreement and collateral security within ten (10) days from receipt of the said order, otherwise their appeal shall be dismissed. The pertinent portion of such order reads:

After a review however of respondents-appellants['] instant motion, We find that the same does not proffer any valid or justifiable reason that would warrant a reduction of the appeal bond. Hence, the same must be denied.

WHEREFORE, respondents-appellants are hereby ordered to post a cash or surety bond in the amount equivalent to the monetary award of Four Million Seven Hundred Sixty-Five Thousand and Two Hundred Pesos (P4,765,200.00) granted in the appealed Decision (less the Two Hundred and Ninety Thousand Pesos [P290,000.00] cash bond already posted), and joint declaration, indemnity agreement and collateral security in case respondents-appellants opted to post a surety bond, as required by Art. 223 of the Labor Code as amended and Section 6, Rule VI of the NLRC New Rules of Procedure as amended within an unextendible period of ten (10) calendar days from receipt of this Order; otherwise, the appeal shall be dismissed for non-perfection thereof.

SO ORDERED.

On February 19, 2004, the petitioners moved for a reconsideration of the said order. However, the public respondent in its resolution dated March 18, 2004 denied the same and dismissed the appeal of the petitioners, thus:

The reduction of appeal bond is not a matter of right but rests upon our sound discretion. Thus, after We denied respondents-appellants['] Motion to Reduce [B]ond, they should have immediately complied with our 15 January 2004 Order directing them to post an additional cash or surety bond in the amount equivalent to the judgment award less the cash bond already posted within the extended period of ten (10) days. In all, respondents had twenty (20) days, including the ten (10)-day period, prescribed under Article 223 of the Labor Code and under Section 6, Rule VI of the NLRC New Rules of Procedure, within which to post a cash or surety bond. To seek a reconsideration of our 15 January 2004 order is tantamount to seeking another extension of the period within which to perfect an appeal, which is however, not allowed under Section 7, Rule VI of the NLRC Rule. x x x

x x x x

WHEREFORE, premises considered, the Motion for Reconsideration filed by respondents-appellants is hereby DENIED and the instant appeal DISMISSED for non-perfection thereof.

SO ORDERED.

On April 22, 2004, the aforesaid resolution became final and executory. Thus, herein private respondent Erlinda filed a motion for execution.

On May 31, 2004, the petitioners filed an opposition to the said motion for execution. On June 11, 2004, Labor Arbiter Reynaldo Abdon issued an order directing the issuance of a writ of execution.^[3]

On May 28, 2004, petitioners filed a petition for *certiorari* under Rule 65 of the Rules of Court before the CA and prayed for the issuance of a temporary restraining order (TRO) and a writ of preliminary injunction. On June 30, 2004, the CA issued a TRO directing the respondents, their agents, assigns, and all persons acting on their behalf to refrain and/or cease and desist from executing the Decision dated September 14, 2003 and Resolution dated March 18, 2004 of the Labor Arbiter (LA).

On April 15, 2005, the CA issued the assailed Decision dismissing the petition. Petitioner filed a motion for reconsideration. On July 12, 2005, the CA issued the assailed Resolution denying the motion for reconsideration for lack of merit.

On September 8, 2005, petitioners posted the instant petition presenting the following grounds in support of their arguments: 1) the cause of action of respondent has already prescribed; 2) the National Labor Relations Commission (NLRC) gravely abused its discretion when it dismissed the appeal of petitioners for

failure to post the complete amount of the appeal bond; and 3) the monetary claim was resolved by the LA with uncertainty.

The Issues

The following are the issues that should be resolved in order to come up with a just determination of the case:

- I. Whether the cause of action of respondents has already prescribed;
- II. Whether the posting of the complete amount of the bond in an appeal from the decision of the LA to the NLRC is an indispensable requirement for the perfection of the appeal despite the filing of a motion to reduce the amount of the appeal bond; and
- III. Whether there were sufficient bases for the grant of the monetary award of the LA to the respondent.

The Ruling of the Court

We resolve to deny the petition.

I

Petitioners aver that the action of the respondents for the recovery of unpaid wages, separation pay and 13th month pay has already prescribed since the action was filed almost five years from the time Jones severed his employment from ASI. Jones filed his resignation on October 31, 1997, while the complaint before the LA was instituted on September 29, 2002. Petitioners contend that the three-year prescriptive period under Article 291^[4] of the Labor Code had already set-in, thereby barring all of respondent's money claims arising from their employer-employee relations.

Based on the findings of facts of the LA, it was ASI which was responsible for the delay in the institution of the complaint. When Jones filed his resignation, he immediately asked for the payment of his money claims. However, the management of ASI promised him that he would be paid immediately after the claims of the rank-and-file employees had been paid. Jones relied on this representation. Unfortunately, the promise was never fulfilled even until the time of Jones' death.

In light of these circumstances, we can apply the principle of promissory estoppel, which is a recognized exception to the three-year prescriptive period enunciated in Article 291 of the Labor Code.

Promissory estoppel may arise from the making of a promise, even though without consideration, if it was intended that the promise should be relied upon, as in fact it was relied upon, and if a refusal to enforce it would virtually sanction the perpetration of fraud or would result in other injustice.^[5] Promissory estoppel presupposes the existence of a promise on the part of one against whom estoppel is claimed. The promise must be plain and unambiguous and sufficiently specific so that the court can understand the obligation assumed and enforce the promise according to its terms.^[6]