

SECOND DIVISION

[G.R. No. 197005, June 04, 2014]

**PRINCESS JOY PLACEMENT AND GENERAL SERVICES, INC.,
PETITIONER, VS. GERMAN A. BINALLA, RESPONDENT.**

R E S O L U T I O N

BRION, J.:

We resolve the motion for reconsideration^[1] of the Court's Resolution^[2] dated August 8, 2011 denying the petition for review on *certiorari*^[3] filed by Princess Joy Placement and General Services, Inc. (**Princess Joy**) for failure to sufficiently show any reversible error in the decision^[4] dated May 6, 2010 and resolution^[5] dated May 23, 2011 of the Court of Appeals in CA-G.R. SP No. 102285.

The Antecedents

On August 9, 2004, respondent German A. Binalla filed a complaint^[6] against local manning agent CBM Business Management and Manpower Services (**CBM**) and/or Princess Joy/Al Adwani General Hospital (**Al Adwani**) for various money claims arising from his employment with Al Adwani, in Taif, Saudi Arabia from April 19, 2002 to April 28, 2004.

Binalla, a registered nurse, alleged that in April 2002, he applied for employment with Princess Joy who referred him to Reginaldo Paguio and Cynthia Latea for processing of his papers. After completing his documentary requirements, he was told that he would be deployed to Al Adwani. On April 12, 2002, he signed a four-year contract^[7] with Al Adwani as staff nurse. He paid Latea P4,500.00 and Paguio, P3,000.00, although no receipts were issued to him. Later, he was given a telegram notifying him of his departure on April 19, 2002.

Binalla further alleged that on the day of his departure, Paguio met him at the airport and gave him a copy of his employment contract, plane ticket, passport, a copy of his Overseas Employment Certificate from the Philippine Overseas Employment Administration (**POEA**) and other documents. It was only after boarding his Saudi Arabia Airlines plane that he examined his papers and discovered that CBM was his deploying agency. Under the contract certified by the POEA,^[8] his salary was supposed to be US\$550.00 for twenty-four (24) months or for two years.

Binalla also saw that under the four-year contract he signed, his monthly salary was only 1,500 Saudi Riyals (SR) equivalent to \$400. Left with no choice as he was then already bound for Saudi Arabia, he worked under his contract for only two years and returned to the Philippines in April 2004 after posting a bond of SR 3,000.00, supposedly to guarantee that he would come back to finish his contract.

Upon his return to the Philippines, Binalla verified his employment contract with the POEA. He learned that the POEA indeed certified a different contract for him, with CBM as his recruiting or deploying agency. He disowned the contract, claiming that his supposed signature appearing in the document was a forgery. Out of frustration, he opted not to return to Saudi Arabia to complete his four-year contract.

Binalla argued before the labor arbiter that he was “re-processed” – an arrangement where Princess Joy recruited and deployed him, but made it appear that it was undertaken by CBM under a different contract submitted to and certified by the POEA. He complained that he was made to work under an inferior contract and that Al Adwani itself violated the terms of his four-year contract as follows: (1) withholding his initial salary of SR1,500 purportedly as a bond to ensure the completion of the contract; (2) deducting SR 250 from his salary for six months as reimbursement for his placement fee of SR1,500; (3) non-payment of his overtime pay for his two years work; (4) refusal to allow him to avail of his 15-day vacation leave and 15-day sick leave equivalent to one month’s salary; (5) deduction of SR 50 a month (total of SR 1,200) for board and lodging and food allowance which were supposed to be free; and (6) requiring him to post a bond equivalent to three months salary to guarantee that he would return (to complete his contract) when he applied for a vacation leave after two years of work.

Despite the service of summons to Princess Joy and CBM, it was only Princess Joy which made submissions to the labor arbiter. It denied that it recruited and deployed Binalla for overseas employment, repudiating the involvement of Paguio and Lateo in Binalla’s engagement by Al Adwani. It claimed that the two were not among its officers, employees and representatives registered with the POEA. It alleged that it was not Al Adwani’s Philippine agent, but CBM. It likewise denied that it participated in the four-year contract presented in evidence by Binalla, claiming that it was not even an employment contract as it was only Binalla who signed it; neither did it “re-process” him. If at all, it argued, the “repro-scheme” committed by Paguio and Lateo constituted a prohibited recruitment practice outside the labor arbiter’s jurisdiction.

The Compulsory Arbitration Rulings

In his decision^[9] dated October 28, 2005, Labor Arbiter (LA) Fructuoso T. Aurellano of the National Labor Relations Commission’s Regional Arbitration Branch No. V found merit in the complaint. LA Aurellano considered the complaint a money claim and therefore within his jurisdiction under the law.^[10] LA Aurellano found that Princess Joy and CBM jointly undertook Binalla’s recruitment and deployment in Saudi Arabia through “reprocessing.” He found credible Binalla’s contention that Paguio and Lateo, who processed his papers, were working for Princess Joy, taking special note of the “ticket/telegram/advise”^[11] (with mention of “Princess Joy” and “Regie” [Paguio]), handed by Paguio to Binalla.

LA Aurellano declared CBM and Princess Joy jointly and severally liable to pay Binalla (1) US\$3,500.00 in salary differentials for two years; (2) SR 1,500.00 or \$400.00 representing six months’ salary deduction as bond to ensure completion of Binalla’s four-year contract; (3) \$9,900.00 in overtime pay; (4) \$550 in vacation leave and sick leave credits; (5) SR 1,200 in reimbursement of monthly deductions for board and lodging; (6) SR 3,000.00 in reimbursement of the vacation bond; (7)

P500,000.00 in moral damages; (8) P500,000.00 in exemplary damages; and (9) 10 % in attorney's fees.^[12]

Princess Joy appealed the LA's ruling by filing with the NLRC a Notice of Appeal,^[13] a Memorandum of Appeal,^[14] and a Motion to Reduce and Fix Bond,^[15] all dated November 24, 2005, accompanied by a surety bond of P250,000.00 for LA Aurellano's monetary award of P800,875.00, exclusive of damages. Binalla opposed the motion, contending that the appeal was made in violation of the NLRC rules.

On May 12, 2006, the NLRC issued an order^[16] allowing Princess Joy to post the balance of the appeal bond to make it equal to P800,875.00. Binalla moved for reconsideration and opposed the posting of the additional bond. Through a Compliance^[17] dated July 21, 2006, Princess Joy posted with the NLRC the required additional bond of P550,875.00. The NLRC then acted on the appeal and issued a resolution^[18] dated July 27, 2007 reversing LA Aurellano's decision.

The NLRC ruled that the facts and evidence of the case do not establish "reprocessing" as the means for Binalla's deployment to Saudi Arabia. It declared that, on the contrary, substantial evidence existed pointing to CBM's sole liability as the recruiting and deploying agent of Binalla. It refused to give credit to the ticket telegram/advice Binalla submitted in evidence to establish Princess Joy's liability as it was merely an unsigned and unauthenticated printout with no indication of its source, purpose, or the entity to whom it is addressed.

In the matter of CBM's liability, the NLRC stressed that while the agency waived its right to present evidence for its non-appearance, it can be held liable – together with Al Adwani – only for causes of action raised in the complaint and were duly proven. It pointed out that the complaint (the standard form) filed by Binalla mentioned only non-payment of salaries, overtime pay, vacation/sick leave pay and refund of alleged salary deductions, including placement fee, plus attorney's fees. The NLRC thus deleted the award to Binalla of salary differentials, food allowance, and moral and exemplary damages. Accordingly, it awarded Binalla \$2,200.00 in unpaid salaries for four months; \$550.00 for unused vacation and sick leave credits, plus 10% attorney's fees.

Binalla moved for reconsideration, but the NLRC denied the motion,^[19] prompting him to seek relief from the CA through a petition for *certiorari* under Rule 65 of the Rules of Court. He charged the NLRC of grave abuse of discretion in (1) entertaining Princess Joy's appeal despite its failure to post an appeal bond within the ten-day appeal period; and (2) not appreciating the "reprocessing scheme" employed by Princess Joy in his deployment to Al Adwani.

The CA Decision

In its decision of May 6, 2010,^[20] the CA granted the petition and set aside the NLRC rulings. It found that the NLRC committed grave abuse of discretion when it decided the appeal on the merits despite Princess Joy's failure "to comply with the essential requirement to perfect an appeal."^[21] It emphasized that under the law (Article 223 of the Labor Code) and the NLRC rules (Rule VI, Section 6 of the NLRC 2005 Revised Rules of Procedure), 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 equivalent in amount to the monetary award, exclusive of damages and attorney's fees, within the ten-day appeal period.

The CA found the P250,000.00 posted by Princess Joy insufficient in relation to the monetary award of P800,875.00. While it acknowledged that Princess Joy moved for a reduction of the bond, it stressed that the employer must post the bond within the 10-day period for appeal inasmuch as the motion does not stop the running of the reglementary period; otherwise, the appeal is not deemed perfected. It noted that the NLRC did not act on Princess Joy's motion to reduce and fix bond within the 10-day period. There being no perfected appeal, it opined, the labor arbiter's judgment had become final and executory.

Princess Joy moved for reconsideration, but the CA denied the motion; thus the petition.

The Petition

Princess Joy prays for the reversal of the CA decision on the ground that the appellate court committed a serious reversible error in ruling that it failed to perfect its appeal. It argued that it complied with the requirements of the NLRC rules for perfection of the appeal, including the filing of a motion to reduce bond and the posting of a reasonable amount (P250,000.00) in relation to the monetary award.

Princess Joy maintains that when the NLRC required the posting of an additional bond in its order of May 12, 2006, within ten days from receipt of the order, it timely posted the additional bond of P550,875.00 with supporting documents,^[22] thus completing the required bond. It took exception to the CA's opinion that the granting of the motion to reduce bond, as well as the posting of the additional bond set by the NLRC, must be made within the ten-day period. It regarded the CA opinion incorrect, pointing out that this Court had recognized situations where the bond has been validly posted after the ten-day period.^[23]

On the merits of the case, Princess Joy insisted that the NLRC correctly ruled that it should be dropped as a party respondent and absolved of liability in the case considering that Binalla's alleged "re-processing" had not been proven. It argued that the individuals he mentioned as having recruited and facilitated his employment abroad were not its employees or agents; also, evidence showed that it was CBM who deployed Binalla to Saudi Arabia.

Further, Princess Joy maintains that even assuming that it is liable, its liability to Binalla should be limited only to validly substantiated claims under the two-year POEA-approved contract. If the claims were under the four-year contract, there is no showing that it was the contract that had been implemented in the jobsite; furthermore, it was not a party to this four-year contract. Lastly, it took exception to the exorbitant award of damages to Binalla – P500,000.00 each for moral and exemplary damages.

The Court's Action on the Petition and Related Incidents

In a Resolution^[24] dated August 8, 2011, the Court denied the petition for failure to

sufficiently show any reversible error in the assailed judgment of the CA. This prompted Princess Joy to move for reconsideration^[25] based on the same arguments in support of the petition. The Court then required Binalla to comment on the motion for reconsideration.^[26]

Binalla's Comment

In his Comment^[27] filed without the assistance of counsel, Binalla stands firm on his position that Princess Joy's appeal to the NLRC was not perfected as it failed to post a bond equivalent in amount to the labor arbiter's award within the ten-day appeal period.

On the merits of the case, Binalla takes exception to the claim that Princess Joy has been a "victim of gross and manifest injustice."^[28] He submits that on the contrary, he was a victim to the kind of injustice Princess Joy speaks about. He reiterates his deep misgivings over what happened to his employment in Saudi Arabia where he was made to work with a monthly salary of US\$400, which to his knowledge was for four years, only to find out that he was entitled to \$550 and just for two years. He laments that not only was he made to work under a contract inferior to that certified by the POEA; his employer even violated the contract in terms of withholding or non-payment of employee benefits due him. He thus entreats the Court to deny Princess Joy's motion for reconsideration.

The Court's Ruling

We **partially** grant the motion for reconsideration.

The appeal bond issue

The NLRC committed no grave abuse of discretion in taking cognizance of and acting on Princess Joy's motion to reduce the appeal bond as it is allowed under Rule VI, Section 6 of the NLRC 2005 Revised Rules of Procedure,^[29] and the motion was filed within the ten-day appeal period, together with the notice of appeal and the memorandum of appeal. Also, the motion was accompanied by a surety bond of P250,000.00, an indication of a genuine effort on the part of the agency to comply with the bond requirement.

Compared with LA Aurellano's award of P800,875.00 to Binalla, we find the initial bond posted by Princess Joy reasonable, considering that it is questioning the unusually large amount of the awarded damages. Significantly, the agency posted an additional bond as required by the NLRC in its May 12, 2006 order,^[30] thus, bringing the amount equal to the labor arbiter's monetary award. We take this occasion to impress upon the parties that the Court takes a liberal approach on the appeal bond requirement in "the broader interest of justice and with the desired objective of deciding cases on the merits."^[31] In ***Intertranz Container Lines, Inc. v. Bautista***,^[32] the Court reiterated its call for a liberal application of the law and the rules on the appeal bond requirement "with an eye on the interest of substantial justice and the merits of the case."^[33]

In this light, the CA committed a reversible error in imputing grave abuse of