

## **SECOND DIVISION**

**[ G.R. No. 180147, June 04, 2014 ]**

**SARA LEE PHILIPPINES, INC., PETITIONER, VS. EMILINDA D. MACATLANG, ET AL.,<sup>[1]</sup> RESPONDENTS.**

**[G.R. No. 180148]**

**ARIS PHILIPPINES, INC., PETITIONER, VS. EMILINDA D. MACATLANG, ET AL., RESPONDENTS.**

**[G.R. No. 180149]**

**SARA LEE CORPORATION, PETITIONER, VS. EMILINDA D. MACATLANG, ET AL., RESPONDENTS.**

**[G.R. No. 180150]**

**CESAR C. CRUZ, PETITIONER, VS. EMILINDA D. MACATLANG, ET AL., RESPONDENTS.**

**[G.R. No. 180319]**

**FASHION ACCESSORIES PHILS., INC., PETITIONER, VS. EMILINDA D. MACATLANG, ET AL., RESPONDENTS.**

**[G.R. No. 180685]**

**EMILINDA D. MACATLANG, ET AL., PETITIONERS, VS. NLRC, ARIS PHILIPPINES, INC., FASHION ACCESSORIES PHILS., INC., SARA LEE CORPORATION, SARA LEE PHILIPPINES, INC., COLLIN BEAL AND ATTY. CESAR C. CRUZ, RESPONDENTS.**

## **D E C I S I O N**

**PEREZ, J.:**

The dilemma of the appeal bond in labor cases is epochal, present whenever the amount of monetary award becomes debatably impedimental to the completion of remedies. Such instances exaggerate the ambivalence between rigidity and liberality in the application of the requirement that the bond must be equal to the arbiter's award. The rule of reasonableness in the determination of the compliant amount of the bond has been formulated to allow the review of the arbiter's award. However, that rule seemingly becomes inadequate when the award staggers belief but is, nonetheless, supported by the premises of the controversy. The enormity of the award cannot prevent the settlement of the dispute. The amount of award may vary case-to-case. But the law remains constant.

Before us are six (6) consolidated petitions for review on *certiorari* pertaining to the P3,453,664,710.66 (P3.45 Billion) appeal bond, which, as mandated by Article 233 of the Labor Code, is equivalent to the monetary award adjudged by the labor arbiter in the cases. The first 5 petitions seek a relaxation of the rule while the last petition urges its strict interpretation.

Petitioners in G.R. Nos. 180147, 180148, 180149, 180150, and 180319 are Sara Lee Philippines, Inc. (SLPI), Aris Philippines, Inc. (Aris), Sara Lee Corporation (SLC), Atty. Cesar Cruz (Cruz), and Fashion Accessories Philippines, Inc. (FAPI), respectively and shall be collectively referred to as the "Corporations."

SLPI is a domestic corporation engaged in the manufacture and distribution of personal care products and is a subsidiary of SLC.

Aris is a domestic corporation engaged in the business of producing gloves and other apparel.<sup>[2]</sup>

FAPI is a corporation engaged in the manufacture of knitted products.<sup>[3]</sup>

SLC, a corporation duly organized and existing under the laws of the United States of America, is a stockholder of Aris. It exercised control over Aris, FAPI, and SLPI which were all its subsidiaries or affiliates.<sup>[4]</sup>

Cruz was the external counsel of Aris at the time of its closure. When Aris filed for its dissolution, Cruz became the Vice-President and Director of Aris.<sup>[5]</sup>

The petition docketed as G.R. No. 180685 is filed by Emilinda D. Macatlang and 5,983 other former employees of Aris. Emilinda D. Macatlang allegedly represents the employees whose employment was terminated upon the closure of Aris.

## I.

This controversy stemmed from a Notice of Permanent Closure filed by Aris on 4 September 1995 with the Department of Labor and Employment stating that it will permanently cease its operations effective 9 October 1995. All employees of Aris were duly informed.

Aris Philippines Workers Confederation of Filipino Workers (Union), which represents 5,984<sup>[6]</sup> rank-and-file employees of Aris, staged a strike for violation of duty to bargain collectively,<sup>[7]</sup> union busting and illegal closure.<sup>[8]</sup>

After conciliation, the parties entered into an agreement whereby Aris undertook to pay its employees the benefits which accrued by virtue of the company's closure, which settlement amounted to P419 Million<sup>[9]</sup> and an additional P15 Million<sup>[10]</sup> Benevolent Fund to the Union.

On 26 October 1995, FAPI was incorporated.<sup>[11]</sup> When said incorporation came to the knowledge of the affected employees, they all filed 63 separate complaints against Aris for illegal dismissal. The complaints were consolidated before the labor

arbiter. Later amendments to the complaint included as respondents SLC, SLP, FAPI and Cruz, and Emilinda D. Macatlang, et al., is captioned as the complainant, represented in the suit by Emilinda D. Macatlang. The complaints alleged that FAPI is engaged in the manufacture and exportation of the same articles manufactured by Aris; that there was a mass transfer of Aris' equipment and employees to FAPI's plant in Muntinlupa, Rizal; that contractors of Aris continued as contractors of FAPI; and that the export quota of Aris was transferred to FAPI.<sup>[12]</sup> Essentially, the complainants insisted that FAPI was organized by the management of Aris to continue the same business of Aris, thereby intending to defeat their right to security of tenure. They likewise impleaded in their subsequent pleadings that SLC and SLP are the major stockholders of FAPI, and Cruz as Vice-President and Director of Aris.

Aris countered that it had complied with all the legal requirements for a valid closure of business operations; that it is not, in any way, connected with FAPI, which is a separate and distinct corporation; that the contracts of Aris with its contractors were already terminated; and that there is no truth to the claim that its export quota with Garments and Textile Export Board was transferred to FAPI because the export quota is non-transferable.<sup>[13]</sup>

On 30 October 2004, the Labor Arbiter rendered judgment finding the dismissal of 5,984 complainants as illegal and awarding them separation pay and other monetary benefits amounting to P3,453,664,710.86.<sup>[14]</sup> The dispositive portion of the decision read:

WHEREFORE, premises all considered, judgment is hereby rendered dismissing the complaint for unfair labor practice (ULP); declaring that complainants were illegally dismissed; ordering respondents to jointly and severally pay them separation pay at one (1) month for every year of service; backwages from the time their compensation was withheld until the promulgation of this Decision[,] P5,000.00 moral damages and P5,000.00 exemplary damages for each of them, and eight percent (8%) attorney's fee of the total monetary award, less the separation pay they received upon closure of API.

All other claims are hereby DISMISSED.

Attached and marked as Annexes "A" to "A-117" and shall form part of this decision are the lists of complainants and their respective monetary awards.<sup>[15]</sup>

Upon receipt of a copy of the aforesaid decision, the Corporations filed their Notice of Appeal with Motion to Reduce Appeal Bond and To Admit Reduced Amount with the National Labor Relations Commission (NLRC). They asked the NLRC to reduce the appeal bond to P1 Million each on the grounds that it is impossible for any insurance company to cover such huge amount and that, in requiring them to post in full the appeal bond would be tantamount to denying them their right to appeal.<sup>[16]</sup> Aris claimed that it was already dissolved and undergoing liquidation. SLC added that it is not the employer of Emilinda D. Macatlang, et al., and that the latter

had already received from Aris their separation pay and other benefits amounting to P419,057,348.24, which covers practically more than 10% of the monetary award. [17] FAPI, for its part, claimed that its total assets would not be enough to answer for even a small portion of the award. To compel it to post a bond might result in complete stoppage of operations. FAPI also cited the possibility that the assailed decision once reviewed will be reversed and set aside. [18] The Corporations posted a total of P4.5 Million.

Emilinda D. Macatlang, *et al.*, opposed the motion by asserting that failure to comply with the bond requirement is a jurisdictional defect since an appeal may only be perfected upon posting of a cash bond equivalent to the monetary award provided by Article 223 of the Labor Code. [19]

In light of the impossibility for any surety company to cover the appeal bond and the huge economic losses which the companies and their employees might suffer if the P3.45 Billion bond is sustained, the NLRC granted the reduction of the appeal bond. The NLRC issued an Order dated 31 March 2006 [20] directing the Corporations to post an additional P4.5 Million bond, bringing the total posted bond to P9 Million. The dispositive portion of the Order provides:

WHEREFORE, premises considered, respondents are hereby ordered to post bond, either in cash, surety or property, in the additional amount of FOUR MILLION FIVE HUNDRED THOUSAND PESOS (P4,500,000.00) within an INEXTENDIBLE period of FIFTEEN (15) calendar days from receipt hereof. To the said extent, the Motion for Reduction is granted.

Failure to render strict compliance with the Order entered herein shall render the dismissal of the appeal and the decision sought for review, as final and executory. [21]

Emilinda D. Macatlang, *et al.*, filed a petition for *certiorari* before the Court of Appeals, docketed as CA-G.R. SP No. 96363. They charged the NLRC with grave abuse of discretion in giving due course to the appeal of petitioners despite the gross insufficiency of the cash bond. They declared that the appeal bond must be equivalent to the amount of the award. [22] Another petition, this time by Pacita Abelardo, *et al.*, was also filed before the Court of Appeals and docketed as CA-G.R. SP No. 95919.

The Corporations filed a Motion to Dismiss the petition in CA-G.R. SP No. 95919 on the grounds of forum-shopping, absence of authorization from the employees for Emilinda D. Macatlang to file said petition, and for failure to state the material dates. [23]

While the case was pending, the NLRC issued a Resolution on 19 December 2006 setting aside the Decision of the labor arbiter and remanding the case to the "forum of origin for further proceedings." [24]

In view of this related development, the Corporations filed their respective Manifestation and Motion dated 30 January 2007 praying for the dismissal of the

petition for *certiorari* for being moot and academic.

On 26 March 2007, the Court of Appeals proceeded to reverse and set aside the 31 March 2006 NLRC Resolution and deemed it reasonable under the circumstances of the case to order the posting of an additional appeal bond of P1 Billion. The dispositive portion of the decision decreed:

WHEREFORE, premises considered, the March 31, 2006 Decision of the 2nd Division of the National Labor Relations Commission, in NLRC NCR CA No. 046685-05, which reduced the required Php 3.453 BILLION Pesos appeal bond to a paltry 9 Million Pesos, is hereby REVERSED and SET ASIDE and a new one issued, to ensure availability of hard cash or reliable surety, on which victorious laborers could rely, DIRECTING private respondents to POST additional appeal bond in the amount of Php 1 BILLION Pesos, in cash or surety, within thirty (30) days from finality of this judgment, as pre-requisite to perfecting appeal.<sup>[25]</sup>

All parties filed their Motion for Reconsideration but were later denied by the Court of Appeals in a Resolution<sup>[26]</sup> dated 22 October 2007.

## II.

Six (6) petitions for review on *certiorari* of the Decision of the Court of Appeals were filed before this Court. They were docketed and entitled as follows: 1) G.R. No. 180147: *Sara Lee Philippines, Inc. v. Emilinda D. Macatlang, et al.*; 2) G.R. No. 180148: *Aris Philippines, Inc. v. Emilinda D. Macatlang, et al.*; 3) G.R. No. 180149: *Sara Lee Corporation v. Emilinda D. Macatlang, et al.*; 4) G.R. No. 180150: *Cesar C. Cruz v. Emilinda D. Macatlang, et al.*; 5) G.R. No. 180319: *Fashion Accessories Phils., Inc. v. Emilinda D. Macatlang, et al.*; and 6) G.R. No. 180685: *Emilinda D. Macatlang, et al. v. NLRC*. In Resolutions dated 28 January 2008 and 18 February 2008, this Court resolved to consolidate these six (6) cases.<sup>[27]</sup>

The Corporations argue that the Court of Appeals committed serious error in not dismissing Emilinda D. Macatlang, *et al.*'s petition due to the filing of two (2) separate petitions for *certiorari*, namely: *Emilinda Macatlang, et al. v. Aris Philippines* in CA-G.R. SP No. 96363 (Macatlang petition) and *Pacita S. Abelardo v. NLRC, Aris Philippines, et al.* in CA-G.R. SP No. 95919 (Abelardo petition). These two petitions, the Corporations aver, raise identical causes of action, subject matters and issues, which are clearly violative of the rule against forum-shopping. Moreover, the petitioners in the Abelardo petition<sup>[28]</sup> consist of 411 employees,<sup>[29]</sup> all of whom are also petitioners in the Macatlang petition. The Corporations question the authority of Emilinda D. Macatlang to file and sign the verification and certification of non-forum shopping because *Resolusyon Bilang 09-01-1998 (Resolusyon)* dated 5 September 1998 did not make any specific reference or authority that Emilinda D. Macatlang can sign the verification and certification against forum shopping on behalf of the other complainants. The Corporations claim that the Macatlang's petition failed to state the material dates, such as when the NLRC order and resolution were received and when the motion for reconsideration thereof was filed.<sup>[30]</sup>