595 Phil. 732

THIRD DIVISION

[G.R. No. 164344, December 23, 2008]

KENJI OKADA, PETITIONER, VS. SECURITY PACIFIC ASSURANCE CORPORATION, RESPONDENT.

D E C I S I O N

REYES, R.T., J.:

"*NITO o ou mono wa itto o mo ezu*,"[1] says a Japanese proverb. If you run after two hares, you would catch neither. ***Kung hahabol ka sa dalawang kuneho, di mo mahuhuli ang isa man nito***.

It would be more prudent - as it is proper - for petitioner to run after his employer to satisfy his money claims rather than stubbornly insist on an invalid bond.

This exhortation is apt in this petition for review on *certiorari* of the Decision[2] of the Court of Appeals (CA) in CA-G.R. SP No. 77451.[3] The CA set aside the Labor Arbiter's Order dated March 28, 2003 and annulled the writ of execution dated October 15, 2002 in so far as it ordered the satisfaction of the decision from Surety Bond No. SPAC-01061/2001 issued by respondent Security Pacific Assurance Corporation (SPAC).

The Facts

On January 14, 1999, petitioner Kenji Okada filed a complaint for illegal dismissal, payment of service incentive leave, 13th month pay, damages, and attorney's fees against then Meiyu Technology Corporation (Meiyu)[4] before the Labor Arbiter. The complaint, docketed as NLRC NCR Case No. 00-01-00520-99, likewise impleaded Meiyu officers, namely: Hideaki Terraya, Keiji Sobana, and Voltaire Soriano.[5] The case was raffled off to Labor Arbiter Fatima Jambaro-Franco.

On July 12, 1999, the Labor Arbiter rendered judgment in favor of petitioner. The dispositive part of the Arbiter ruling reads:

> WHEREFORE, in view of the foregoing, the respondents Meiyu Technology Corporation/Hideaki Terraya/Keiji Sobana and Voltaire Soriano are hereby directed to pay, jointly and severally complainant Kenji Okada the amount of SIX MILLION THREE HUNDRED EIGHTY THOUSAND PESOS (P6,380,000.00), representing the monetary awards as above-computed and attorney's fees.
>
> All other claims are DISMISSED for lack of merit.
>
> SO ORDERED.[6]

Expectedly, Meiyu appealed the decision to the National Labor Relations Commission (NLRC).[7] It posted an appeal bond issued by Wellington Insurance Co., Inc. in the amount equivalent to the monetary judgment. In their appeal memorandum, Meiyu argued, *inter alia*, that the action for reinstatement and payment of benefits has prescribed.

On November 5, 1999, the NLRC reversed the decision of the Labor Arbiter, on the ground of prescription.[8] The NLRC resolved:

> Article 291 of the Labor Code, as amended, provides:
>
> > "All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise they shall be forever barred."
>
> In connection therewith, the Supreme Court in *Calianta v. Carnation Philippines,* G.R. 70615, Feb. 28, 1986, ruled that the period of prescription mentioned under Article 291 of the Labor Code refers to and is "limited to money claims," all other cases of injury to rights of working man being governed by the Civil Code. Hence, an action for reinstatement is four years, for the injury to the employee's right as provide[d] under Article 1146 of the Labor Code. The four-year prescriptive period under Article 1146 of the New Civil Code is applied by way of supplement.
>
> In the case at bar, there is no dispute that complainant's employment was terminated on 5 May 1993. Hence, complainant had until 5 May 1997 within which to file the complaint for reinstatement or until 5 May 1996 for his money claims.
>
> In relation thereto, Article 217 of the Labor Code declares that,
>
> > "a) x x x the Labor Arbiter shall have original and exclusive jurisdiction to hear and decide x x x the following cases involving all workers x x x.
> >
> > x x x x
> >
> > 2. Termination disputes."
>
> Article 292 of the Labor Code also mandates that "money claims specified in the immediately preceding Article shall be filed before the appropriate entity."
>
> In connection therewith, Article 1155 of the New Civil Code also states that "the prescription of actions is interrupted when they are filed before the court." And the phrase "before the court" should only mean before appropriate court, quasi or quasi-judicial body.
>
> Therefore, the filing of the petition for reinstatement with the SEC which is not the appropriate court did not have the effect of suspending or interrupting the prescriptive period for the filing of an action for illegal

dismissal and money claims.

The Labor Arbiter also seriously erred in holding that the respondents are estopped from questioning the Order dated 8 April 1993 (denying the motion to dismiss on ground of prescription), "inasmuch as the respondents' failure to appeal and question the Order means that they have acquiesced to the said findings."

Obviously, the Labor Arbiter *a quo* failed to consider Section 15, Rule V of the NLRC Rules of Procedure which provides that,

> "Any motion to dismiss on the ground x x x that the cause of action, i.e. barred x x x by prescription, shall be immediately resolved by the Labor Arbiter by a written order. An order denying the motion to dismiss x x x is not appealable."[9]

Aggrieved, petitioner moved for reconsideration of the NLRC judgment. In his motion for reconsideration, petitioner averred that the appeal was not perfected because the bond posted by Meiyu was spurious. It had no legal effect. Hence, the decision of the Labor Arbiter became final and executory.[10]

Upon verification, the NLRC found that the appeal bond was, indeed, spurious. It then set aside its earlier decision and reinstated the Labor Arbiter's Decision dated July 12, 1999 in favor of petitioner.[11]

Meiyu elevated the matter to the CA via petition for *certiorari*.[12]

Meantime, petitioner moved for the execution of the Arbiter award. Meiyu opposed petitioner's motion for execution pending appeal, alleging it did not know that the appeal bond it earlier filed was spurious. Together with the petition, it posted another appeal bond, this time issued by private respondent SPAC, with the purpose of staying the execution of the Labor Arbiter's decision.[13]

In a Decision dated August 6, 2001, the CA denied Meiyu's petition. The appellate court held that Meiyu failed to perfect its appeal because a fake or spurious bond produces no legal effect. The appellate court further ruled that the Labor Arbiter's decision lapsed into finality.[14]

Predictably, on October 15, 2002, a writ of execution[15] was issued by the Labor Arbiter. A notice of garnishment[16] was later issued by Sheriff Conrado Gaddi.

On October 23, 2002, respondent SPAC filed a manifestation and motion to quash writ of execution before the Labor Arbiter.[17] Respondent posited that it should be discharged from any liability on the bond it issued to Meiyu on the following grounds: (1) the bond would not have served its purpose of staying the execution or perfecting the appeal required under Article 223 of the Labor Code; (2) the bond was filed only when the case was already with the CA or long after the Honorable Commission declared the appeal from the Labor Arbiter's decision ineffective; and (3) said bond was not approved at all by the tribunals concerned because the CA

sustained the NLRC's dismissal of the appeal.[18]

Labor Arbiter and CA Dispositions

In its Order[19] dated March 28, 2003, the Labor Arbiter denied SPAC's motion to quash writ of execution. The Arbiter opined:

> In other words, the obligation of the respondents to the Commission was to submit a surety bond in order to perfect its appeal. On the other hand, the obligation of movant SPAC is to be held liable on its bond should the decision appealed from be affirmed in whole or in part by the appellate body. Clearly, movant SPAC's liability is not conditioned on the perfection of the appeal of the respondents, but on whether or not the decision appealed from is affirmed in whole or in part by the Court of Appeals.[20] (Underscoring supplied)

Undaunted, respondent SPAC filed a petition for *certiorari* and prohibition[21] with the CA, seeking the quashal of the writ of execution.

On June 29, 2004, the CA gave judgment[22] for respondent SPAC, disposing as follows:

> **WHEREFORE**, premises considered, the petition is hereby **GRANTED**.
>
> Public respondent Labor Arbiter's Order dated March 28, 2003 is ordered **VACATED AND SET ASIDE**.
>
> The Writ of Execution dated October 15, 2002, insofar as it orders to cause the satisfaction of the Decision dated July 12, 1999 from Surety Bond No. SPAC-01061/2001 issued by petitioner Security Pacific Assurance Corporation in the amount of P5,800,000.00, is hereby **ANNULLED**.
>
> **SO ORDERED**.[23]

The CA ratiocinated:

> The posting of a surety bond is a requirement of Article 223 of the Labor Code in order to perfect the appeal to the NLRC by an employer. The surety bond seeks to stay the execution of the award of money claims.
>
> In this case, the Surety Bond issued by petitioner SPAC did not stay the execution of the public respondent Labor Arbiter's decision because it was belatedly filed. The same is deducible from this Court's decision in CA-G.R. SP No. 61472. In fact, this Court's Former Sixth Division did not even consider the fact that a new Surety Bond issued by petitioner SPAC was filed before this Court. This Court did not take cognizance of the Surety Bond issued by petitioner SPAC designed to replace the fake bond issued to the NLRC.
>
> The non-acceptance of the Surety Bond issued by petitioner SPAC brought the original parties in the labor dispute into a situation where no

appeal was filed, hence no appeal bond to proceed against. The subject bond cannot be held answerable because of the non-fulfillment of the condition precedent for its issuance - the perfection of the appeal."[24] (Underscoring supplied)

Further, the CA held:

> Public respondent Labor Arbiter's view that petitioner SPAC is bound to the NLRC, whether or not the appeal was perfected, is erroneous. She lost sight of the fact that the subject Surety Bond would not have been issued if not for Meiyu's desire to replace the fake bond and to perfect its appeal. The Surety Bond intended to hold itself liable for the purpose of perfecting the appeal and staying the execution of public respondent labor Arbiter's decision. Therefore, the failure to achieve its purpose released petitioner SPAC from its liability under the bond.[25]

The Issues

Petitioner has resorted to the present recourse via Rule 45 and ascribes to the CA the following errors:

I

> THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN CONSIDERING THAT THE VALIDITY OF THE BOND ISSUED BY PRIVATE RESPONDENT SPAC IS CONDITIONED SOLELY ON THE PERFECTION OF MEIYU'S APPEAL.

II

> THE HONORABLE COURT OF APPEALS ERRED IN SETTING ASIDE THE ORDER OF THE LABOR ARBITER DATED MARCH 28, 2003 AS HAVING BEEN ISSUED WITH GRAVE ABUSE OF DISCRETION.

III

> THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT SPAC'S FAILURE TO FURNISH A COPY OF THE PETITION TO PETITIONER'S COUNSEL IS OF NO MOMENT.

IV

> THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN DECLARING THAT IT WAS PROPER FOR PRIVATE RESPONDENT TO FILE A PETITION FOR *CERTIORARI* RATHER THAN APPEAL THE QUESTIONED ORDER TO THE COMMISSION.[26] (Underscoring supplied)

Our Ruling

The first two issues are interrelated and shall be treated jointly.

I. An appeal bond timely filed is indispensable to the perfection of an appeal in a labor case. Conversely, the validity, worth, and efficacy of an