

SECOND DIVISION

[G.R. NO. 158684, May 16, 2005]

**PATERNO S. MENDOZA, JR., PETITIONER, VS. SAN MIGUEL
FOODS, INC. AND INSTAFOOD CORPORATION OF THE
PHILIPPINES, RESPONDENTS.**

D E C I S I O N

CALLEJO, SR., J.:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Civil Procedure of the Decision^[1] of the Court of Appeals (CA) in CA-G.R. SP No. 63164 which affirmed the decision of the National Labor Relations Commission (NLRC) in NLRC-CA No. 021016-99, as well as the resolution of the CA denying the motion for reconsideration thereof.

The factual milieu is as follows:

In 1981, Paterno S. Mendoza, Jr., was hired by San Miguel Corporation (SMC) as a marketing coordinator in its Trading Department. He was transferred to San Miguel Foods, Inc. (SMFI), a subsidiary of SMC, and, on October 1, 1990, was assigned to Instafood Corporation of the Philippines (Instafood) as a Purchasing Officer. He, however, remained an employee of SMFI.

In the course of its operations, Instafood suffered serious business losses for successive years and was closed on March 31, 1996. SMFI also suffered serious business losses; it had to implement a redundancy program and give benefits to affected employees. One of those whose employment was terminated on account of redundancy was Mendoza. He accepted benefits equivalent to two months salary for every year of service, or the amount of P1,102,386.25 for his 15 years of service, less deductions of P261,633.08. He, thus, received a net amount of P840,753.17.^[2]

On October 30, 1996, Vicente Mauricio III, the Vice-President and General Manager of SMFI, sent Mendoza a letter of termination informing him that the severance of his employment was to take effect at the close of business hours of November 30, 1996, and that his separation benefits would be released 30 days thereafter.^[3] Pursuant to company policy, Mendoza was allowed to go on a one-month terminal leave before the date of his severance from employment. Mendoza availed of the said terminal leave upon his receipt of the termination letter. Meanwhile, he received the monetary benefits due him and signed a receipt and release in favor of SMFI and Instafood.

Mendoza, while still on leave, received a fax message dated November 7, 1996 from a certain C. D. Borja of Instafood, regarding a "return shipment" of canned *nata de coco*.^[4] Mendoza was requested to discuss the matter with Dick Bayanges, the Finance and Accounting Manager. Attached to the said message was a copy of

Freight Bill No. 35927^[5] covering the shipment, and a Letter^[6] from Sky International, Inc., dated October 30, 1996, requesting that the goods which had been overstaying at the port for almost a year be withdrawn and that the freight amounting to P225,193.40 be settled. Mauricio issued a letter authorizing Mendoza to transact with the brokers and shipping lines of the Bureau of Customs in connection with the said shipment. The said authorization letter was valid until January 31, 1997.^[7]

Mendoza met Bayanges and discussed the matter of the "return shipment." He also sought to effect its release from the Bureau of Customs and conferred with customs brokers and shipping lines up to December 1996. On January 8, 1997, Mendoza sought to collect his salary for the work he rendered for the month of December 1996, but Instafood refused to give the same to him. He also tried to collect the amount of P300,000.00 which he claimed to have spent for the release of the shipment; his claim was rejected anew.

Mendoza filed a complaint with the NLRC against respondents SMFI and Instafood for illegal dismissal, and prayed for his reinstatement to his former position, backwages, allowances, 13th month pay and other benefits, as well as moral and exemplary damages. He averred that while he may have already availed of the redundancy program of SMFI, his termination was, nevertheless, impliedly revoked when he was required to perform his usual work during the period of his terminal leave until the release of the shipment from the Bureau of Customs.

On October 6, 1997, the date of the scheduled hearing, Mendoza submitted his position paper; SMFI and Instafood, represented by Atty. Doroteo Carillo of the Legal Department of SMFI, failed to submit theirs. During the hearing of December 23, 1997, the parties expressed their willingness to settle the case. The Labor Arbiter reset the hearing to January 21, 1998 to give the parties time to do so. On January 21, 1998, the parties manifested that they were unable to arrive at a settlement; thus, the Labor Arbiter reiterated his order requiring the respondents to submit their position paper. However, the respondents failed to comply. Unable to wait any longer, the Labor Arbiter issued an Order on March 20, 1998, declaring the case submitted for decision based on whatever evidence was found in the records.

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On September 28, 1998, Atty. Roberto T. Ongsiako of the Legal Department of SMFI filed an entry of appearance for the respondents and, at the same time, filed a position paper in their behalf, appending several documents thereto. The respondents alleged that Mendoza's termination was valid, since the same was with his conformity and he accepted the monetary benefits under the redundancy program. Moreover, upon Mendoza's acceptance of the termination benefits, he executed a quitclaim where he indicated that he was entitled to P1,102,386.25 as separation benefits, and received the net amount of P840,753.17. It was emphasized that the quitclaim was valid and binding upon Mendoza, he being a graduate of the University of the Philippines with a degree of Bachelor of Arts in Economics, and thus understood the legal effects of the quitclaim. Besides, the benefits received by him were actually greater than that provided for by law, as he received an equivalent of two months salary for every year of service, plus other benefits.

On November 25, 1998, the Labor Arbiter rendered its Decision in favor of Mendoza. The *fallo* of the decision reads:

WHEREFORE, premises considered, judgment is hereby rendered nullifying the termination memo issued by the respondents to the complainant, and ordering the respondents to restore the complainant to his former position as before the issuance of said termination memo, and pay his usual salary and other benefits attached to said position the amount of Four Hundred Thousand Pesos (P400,000.00) earlier paid by the respondents to the complainant need not be returned by the latter to the former but should be applied to his claim for moral damages.

All other claims are hereby dismissed for lack of merit.

SO ORDERED.^[9]

The Labor Arbiter ratiocinated that while Mendoza's termination was valid, the termination of his employment was deemed revoked when he was required to perform his regular work after the effective date of the termination of his employment. Thus, he continued to be in the employ of SMFI. The Labor Arbiter also ruled that notwithstanding the payment of the net amount of P400,000.00 as separation benefit, the same did not validate the termination. In arriving at the decision, the Labor Arbiter disregarded the position paper filed by the respondents on the ground that the same was filed after they had been given several opportunities to do so and after the case was deemed submitted for decision.

The respondents appealed the said decision to the NLRC, contending that they were deprived of administrative due process since the Labor Arbiter totally disregarded their position paper and its appendages. They argued that it was erroneous to declare that Mendoza's termination was revoked, as he was merely made to process the release of the returned shipment of *nata de coco* with the Bureau of Customs which had been overstaying for over a year. They pointed out that Mendoza was unable to complete this task before his employment was terminated, and that the said act of following up the shipment was not the "full time job" of a purchasing manager. The respondents emphasized that as shown in the authorization letter, Mendoza's authority to deal with the shipment was valid until January 31, 1997 only.

In the meantime, Mendoza filed a motion for the issuance of a writ of execution insofar as his reinstatement was concerned, asserting that the said portion of the decision was immediately executory under existing laws and rules.^[10] On March 15, 2000, the motion was granted and a writ of execution was issued. The respondents, for their part, filed a motion to quash the writ of execution.

On August 31, 2000, the NLRC rendered its Decision^[11] reversing the decision of the Labor Arbiter and dismissing Mendoza's complaint for lack of merit. In the interest of justice, the NLRC took into consideration the position paper filed by the respondents, together with its attachments. The NLRC upheld the validity of the quitclaim executed by Mendoza and declared that the respondents never revoked his termination. It declared that while Mendoza was asked to secure the release of the shipment, the assignment did not require him to perform his usual work. It averred that even if the complainant was required to process the said shipment, the same was well within the period of Mendoza's employment; the fax message was sent on

November 7, 1996 and his severance from employment was to take effect at the close of business hours of November 30, 1996. Thus, Mendoza was still obliged to perform his usual work during the said period. The NLRC emphasized that it was Mendoza's duty to complete all his unfinished business and properly wrap up all pending transactions before bowing out of office by the end of November 1996. Moreover, the processing of the said shipment constituted a continuation of Mendoza's work; and considering further that the shipment had been overstaying for over a year, he should have finished the same before his employment was terminated.

Mendoza filed a motion for reconsideration of the decision, questioning the jurisdiction of the NLRC to resolve the appeal.^[12] Mendoza asserted that since the decision of the Labor Arbiter involved a monetary award, the respondents should have posted either a cash or surety bond when they appealed the same. He insists that with the failure of SMFI and Instafood to post the said bond, the decision of the Labor Arbiter became final and executory.

On November 28, 2000, the NLRC issued a Resolution^[13] denying Mendoza's motion for reconsideration, declaring that there was nothing in the dispositive portion of the Labor Arbiter's decision that ordered SMFI and Instafood to pay any amount to him; hence, there was no need for the respondents to post any bond in conjunction with their appeal to the NLRC.

Mendoza elevated the matter to the CA by way of a petition for *certiorari* under Rule 65 of the Rules of Civil Procedure on the following grounds: (a) the NLRC had no jurisdiction to entertain the appeal as no bond was posted by the respondents; (b) the NLRC should not have taken into consideration the position paper filed by the respondents, as the same was filed late; and (c) no valid ground existed to justify the appeal of the decision to the NLRC and the reversal thereof.

On November 4, 2002, the CA rendered a Decision^[14] dismissing the petition for lack of merit. The CA ratiocinated that the NLRC did not commit a grave abuse of its discretion in admitting the respondents' position paper and its appendages; this was in accordance with Article 221 of the Labor Code, as amended, which provides that technical rules are not binding in any proceeding before the NLRC or the Labor Arbiters. With respect to the issue of failure to post an appeal bond, the CA declared that the respondents were not mandated to do so, considering that the Labor Arbiter did not fix an exact figure as monetary award in favor of Mendoza; hence, there was no basis for the posting of an appeal bond. Mendoza filed a motion for reconsideration of the decision contending, *inter alia*, that the case should be remanded to the Labor Arbiter for further proceedings after submission by him of their Reply Position Paper and any documentary evidence in controversies of those of the respondents. Said motion was denied.

Mendoza, now the petitioner, comes before this Court and raises the following issues for resolution: (a) whether or not the respondents were obliged to post an appeal bond when they appealed the decision of the Labor Arbiter to the NLRC; (b) whether or not it was proper on the part of the NLRC to take into consideration the position paper filed by the respondents before the Labor Arbiter after the case was deemed submitted for decision; and (c) whether or not the petitioner is entitled to his monetary claim.

Anent the first issue, the petitioner posits that the NLRC had no jurisdiction to entertain the respondents' appeal of the Labor Arbiter's decision on the ground that they failed to file an appeal bond, the absence of which rendered the decision of the Labor Arbiter final and executory. The petitioner ratiocinated that even if the NLRC made no mention of any monetary award in the dispositive portion, it was nevertheless mentioned in the body of the said decision. Besides, according to the petitioner, the order of reinstatement carried with it the payment of backwages and other benefits. The petitioner, likewise, faults the NLRC for not remanding the case to the Labor Arbiter for the determination of the amount of the monetary award.

The petitioner insists that the reliance of the CA on the Court's ruling in *Vergara v. NLRC*^[15] is misplaced. In the said case, it was declared that the failure to post an appeal bond does not prejudice the perfection of the appeal. However, the petitioner avers, the party filing the appeal therein exerted efforts to determine the amount to be used as basis for the posting of the appeal bond, thus indicating the intention to post the said bond. Furthermore, notwithstanding the failure of the decision to fix the amount of the monetary award, the respondents themselves could have come up with their own computation of the backwages and other benefits, which they could then have used as basis for the posting of the appeal bond. According to the petitioner, the respondents could have sought a clarificatory order from the Labor Arbiter to have the monetary award fixed.

The contention of the petitioner is bereft of merit.

In rejecting the submission of the petitioner, the CA ruled as follows:

It should be noted that the Labor Arbiter ordered private respondents to pay petitioner the usual salary and other benefits attached to his former position without, however, stating the amount thereof. In *Blancaflor v. NLRC*, where the Labor Arbiter ordered the reinstatement of petitioner therein to his former position with payment of full backwages from June 1, 1988 until actual reinstatement, the Supreme Court ruled that since the exact amount of the award is not stated, there could be no basis for determining the amount of the appeal bond. Thus, in *Vergara v. NLRC*, it was held that the failure to post the appeal bond cannot prejudice the perfection of an appeal where the decision of the Labor Arbiter does not fix the exact amount of the monetary award.^[16]

The ruling of the CA is correct. Article 223^[17] of the Labor Code, as amended, provides that in case of a judgment involving a monetary award, an appeal by the employer may be perfected only by the posting of a cash or surety bond in the amount equivalent to the monetary award in the judgment appealed from. It is clear from the foregoing that an appeal bond is required only when the monetary award in the decision is a fixed and determined amount. The reason for requiring an appeal bond is explained by the Court in this language:

... [T]he obvious and logical purpose of an appeal bond is to insure, during the period of appeal, against any occurrence that would defeat or diminish recovery under the judgment if subsequently affirmed; it also validates and justifies, at least prima facie, an interpretation that would