

## SECOND DIVISION

[ G.R. No. 170928, September 11, 2007 ]

**VICENTE S. ALMARIO, PETITIONER, VS. PHILIPPINE AIRLINES, INC., RESPONDENT.**

### DECISION

**CARPIO MORALES, J.:**

On October 21, 1988, petitioner, Vicente S. Almario (Almario), was hired by respondent, Philippine Airlines, Inc. (PAL), as a Boeing 747 Systems Engineer.

On April 28, 1995, Almario, then about 39 years of age<sup>[1]</sup> and a Boeing 737 (B-737) First Officer at PAL, successfully bid for the higher position of Airbus 300 (A-300) First Officer.<sup>[2]</sup> Since said higher position required additional training, he underwent, at PAL's expense, more than five months of training consisting of ground schooling in Manila and flight simulation in Melbourne, Australia.<sup>[3]</sup>

After completing the training course, Almario served as A-300 First Officer of PAL, but after eight months of service as such or on September 16, 1996, he tendered his resignation, for "personal reasons," effective October 15, 1996.<sup>[4]</sup>

On September 27, 1996, PAL's Vice President for Flight Operations sent Almario a letter, the pertinent portions of which read:

x x x x

2. Our records show that you have been trained by the Company as A300 First Officer starting on 04 September 1995 and have completed said training on 08 February 1996. As you are aware the Company invested heavily on your professional training in the estimated amount of PHP786,713.00 on the basis that you continue to serve the Company for a definite period of time which is approximately three (3) years or thirty- six (36) months.

3. In view of the foregoing, we urge you to reconsider your proposed resignation otherwise you will be required to reimburse the Company an amount equivalent to the cost of your professional training and the damaged [*sic*] caused to the Company.<sup>[5]</sup> (Emphasis and underscoring supplied)

Despite receipt of the letter, Almario pushed through with his resignation.

By letter of October 9, 1996, Almario's counsel sought PAL's explanation behind its September 27, 1996 letter considering that Almario "did not sign anything regarding

any reimbursement."<sup>[6]</sup> PAL did not reply, prompting Almario's counsel to send two letters dated January 6, 1997 and February 10, 1997 following-up PAL's reply, as well as the release of Almario's clearances which he needed to avail of his benefits.<sup>[7]</sup>

On February 11, 1997, PAL filed a Complaint <sup>[8]</sup> against Almario before the Makati Regional Trial Court (RTC), for reimbursement of P851,107 worth of training costs, attorney's fees equivalent to 20% of the said amount, and costs of litigation. PAL invoked the existence of an innominate contract of *do ut facias* (I give that you may do) with Almario in that by spending for his training, he would render service to it until the costs of training were recovered in at least three (3) years.<sup>[9]</sup> Almario having resigned before the 3-year period, PAL prayed that he should be ordered to reimburse the costs for his training.

In his Answer with Special and Affirmative Defenses and Compulsory Counterclaims,<sup>[10]</sup> Almario denied the existence of any agreement with PAL that he would have to render service to it for three years after his training failing which he would reimburse the training costs. He pointed out that the 1991-1994 Collective Bargaining Agreement (CBA) between PAL and the Airline Pilot's Association of the Philippines (ALPAP), of which he was a member,<sup>[11]</sup> carried no such agreement.

Almario thus prayed for the award of actual damages on account of PAL's withholding of the necessary clearances which he needed in order to obtain his lawful benefits, and moral and exemplary damages for malicious prosecution and unjust harassment.<sup>[12]</sup>

PAL, in its Reply to Defendant's Answer and Answer to Counterclaim,<sup>[13]</sup> argued as follows:

The right of PAL to be reimbursed for training expenses is based on **Article XXIII, Section 1 of the 1991-1994 Collective Bargaining Agreement** (CBA, for brevity) and which was taken from the decision of the Secretary of Labor.

[The Secretary of Labor] ruled that a pilot should remain in the position where he is upon reaching the age of fifty-seven (57), irrespective of whether or not he has previously qualified in the Company's turbo-jet operations. The rationale behind this is that a pilot who will be compulsorily retired at age sixty (60) should no longer be burdened with training for a new position.

Thus, Article XXIII, Section 1 of the CBA provide[s]:

"Pilots fifty-seven (57) years of age shall be frozen in their position. Pilots who are less than fifty-seven (57) years of age provided they have previously qualified in any company's turbo-jet aircraft shall be permitted to occupy any position in the company's turbo-jet fleet.

The reason why pilots who are 57 years of age are no longer qualified to bid for a higher position is because **they have only three (3) years**

**left before the mandatory retirement age [of 60] and to send them to training at that age, PAL would no longer be able to recover whatever training expenses it will have to incur.**

Simply put, the foregoing provision clearly and unequivocally recognizes the prohibitive training cost principle such that it will take a period of at least three (3) years before PAL could recover from the training expenses it incurred.<sup>[14]</sup> (Emphasis and underscoring supplied)

By Decision<sup>[15]</sup> of October 25, 2000, Branch 147 of the Makati RTC, finding no provision in the CBA between PAL and ALPAP stipulating that a pilot who underwent a training course for the position of A-300 First Officer must serve PAL for at least three years failing which he should reimburse the training expenses, rendered judgment in favor of Almario.

The trial court denied Almario's claim for moral damages, however.<sup>[16]</sup> It denied too Almario's claim for the monetary equivalent of his family trip pass benefits (worth US\$49,824), it holding that the same had been forfeited as he did not avail of them within one year from the date of his separation.

Thus the trial court disposed:

WHEREFORE, in view of the foregoing, the Court hereby renders judgment in favor of defendant Vicente Almario and against the plaintiff:

1-Dismissing the plaintiff's complaint; 2-Ordering the plaintiff to pay the defendant:

- a-the amount of P312,425.00 as actual damages with legal interest from the filing of the counterclaim;
- b-the amount of P500,000.00 as exemplary damages;
- c-the amount of P150,000.00 as attorney's fees;
- d-the costs of the suit.

SO ORDERED.<sup>[17]</sup>

On appeal by both parties,<sup>[18]</sup> the Court of Appeals, by Decision<sup>[19]</sup> dated March 31, 2005, reversed the trial court's decision. It found Almario liable under the CBA between PAL and ALPAP and, in any event, under Article 22 of the Civil Code. Thus it disposed:

**WHEREFORE**, the appealed Decision is **REVERSED** and **SET ASIDE**. In lieu thereof, a new judgment is hereby **ENTERED**, as follows: (a) Appellee Vicente Almario is hereby ordered to pay appellant Philippine Airlines, Inc. the sum of Five Hundred Fifty Nine Thousand, Seven Hundred [T]hirty Nine & 9/100 Pesos (P559, 739.90) with six percent (6%) interest as above- computed; and (b) the award of exemplary damages and attorney's fees in favor of appellee is hereby **DELETED**.<sup>[20]</sup> (Emphasis in the original; underscoring supplied)

His Motion for Reconsideration<sup>[21]</sup> having been denied,<sup>[22]</sup> Almario filed the instant Petition for Certiorari [*sic*] (Under Rule 45),<sup>[23]</sup> raising the following issues:

- A. Whether the Court of Appeals committed reversible error in interpreting the Collective Bargaining Agreement between Philippine Airlines, Inc. (PAL) and the Airline Pilots Association of the Philippines (ALPAP) as an ordinary civil law contract applying ordinary contract law principles which is contrary to the ruling of the Supreme Court in *Samahang Manggagawa sa Top Form Manufacturing-United Workers of the Philippines (SMTFM-UWP) v. NLRC* and, therefore, erroneously reading into the CBA a clause that was not agreed to during the negotiation and not expressly stated in the CBA;
- B. Whether the Court of Appeals committed reversible error in holding that Article 22 of the Civil Code can be applied to recover training costs which were never agreed to nor included as reimbursable expenses under the CBA;
- C. Whether the availing by petitioner of a required training is a legal ground justifying the entitlement to a benefit and therefore, negating claims of unjust enrichment;
- D. Whether the failure of private respondent to honor and provide the Family Trip Pass Benefit in the equivalent amount of US\$ 49,824.00 which petitioner and his family were not able to avail of within the one (1) year from date of separation due to the actions of PAL amounts to unjust enrichment;
- E. Whether or not respondent is liable for malicious prosecution[.]<sup>[24]</sup>  
(Underscoring supplied)

Almario insists on the absence of any written contract or explicit provision in the CBA obliging him to reimburse the costs incurred by PAL for his training. And he argues:

[T]here can be no unjust enrichment because petitioner was entitled to the benefit of training when his bid was accepted, and x x x PAL did not suffer any injury because the failure to include a reimbursement provision in the CBA was freely entered into by the negotiating parties;

x x x x

It is not disputed that the petitioner merely entered a bid for a higher position, and that when he was accepted based on seniority and qualification, the position was awarded to him. It is also not disputed that petitioner [had] not asked, requested, or demanded for the training. It came when his bid was accepted by PAL;

Because the training was provided when the bid was accepted, the acceptance of the bid was the basis and legal ground for the training;

Therefore, since there is a legal ground for the entitlement of the training, contrary to the ruling of the Court of Appeals, there can be no unjust enrichment;<sup>[25]</sup> (Underscoring supplied)

The petition fails.

As reflected in the above-enumerated issues raised by Almario, he cites the case of

*Samahang Manggagawa sa Top Form Manufacturing-United Workers of the Philippines (SMTFM-UWP) v. NLRC*<sup>[26]</sup> (*Manggagawa*) in support of his claim that the appellate court erred in interpreting the CBA as an ordinary civil law contract and in reading into it "a clause that was not agreed to during the negotiation and not expressly stated in the CBA."

On the contrary, the ruling in *Manggagawa* supports PAL's position. Thus this Court held:

The CBA is the law between the contracting parties — the collective bargaining representative and the employer-company. Compliance with a CBA is mandated by the expressed policy to give protection to labor. In the same vein, CBA provisions should be "construed liberally rather than narrowly and technically, and the courts must **place a practical and realistic construction upon it**, giving due consideration to the **context in which it is negotiated and purpose which it is intended to serve.**" This is founded on the dictum that a CBA is not an ordinary contract but one impressed with public interest. It goes without saying, however, that **only provisions embodied in the CBA should be so interpreted and complied with.** Where a proposal raised by a contracting party does not find print in the CBA, it is not a part thereof and the proponent has no claim whatsoever to its implementation.<sup>[27]</sup> (Emphasis and underscoring supplied)

In N.S. Case No. 11-506-87, "*In re Labor Dispute at the Philippine Airlines, Inc.*," the Secretary of the Department of Labor and Employment (DOLE), passing on the failure of PAL and ALPAP to agree on the terms and conditions for the renewal of their CBA which expired on December 31, 1987 and construing Section 1 of Article XXIII of the 1985-1987 CBA, held:

x x x x

Section 1, Article XXIII of the 1985-1987 CBA provides:

Pilots fifty-five (55) years of age or over who have not previously qualified in any Company turbo-jet aircraft shall not be permitted to bid into the Company's turbo-jet operations. Pilots fifty-five (55) years of age or over who have previously qualified in the company's turbo-jet operations may be by-passed at Company option, however, any such pilot shall be paid the by-pass pay effective upon the date a junior pilot starts to occupy the bid position.

x x x PAL x x x proposed to amend the provision in this wise:

The compulsory retirement age for all pilots is sixty (60) years. Pilots who reach the age of fifty-five (55) years and over without having previously qualified in any Company turbo-jet aircraft shall not be permitted to occupy any position in the Company's turbo-jet fleet. Pilots fifty-four (54) years of age and over are ineligible for promotion to any position in Group I. Pilots reaching the age of fifty-five (55)