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FIRST DIVISION

[G.R. No. 190809, February 13, 2017]

DE LA SALLE ARANETA UNIVERSITY, PETITIONER, VS. JUANITO C. BERNARDO, RESPONDENT.

D E C I S I O N

LEONARDO-DE CASTRO, J.:

Before Us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court filed by De La Salle-Araneta University (DLS-AU) seeking the annulment and reversal of the Decision[1] dated June 29, 2009 and Resolution[2] dated January 4, 2010 of the Court of Appeals in CA-G.R. SP No. 106399, which affirmed *in toto* the Decision[3] of the National Labor Relations Commission (NLRC) in NLRC NCR CA No. 043416-05. The NLRC reversed and set aside the Labor Arbiter's Decision[4] dated December 13, 2004 in NLRC NCR Case No. 00-02-02729-04 and found that respondent Juanito C. Bernardo (Bernardo) was entitled to retirement benefits.

On February 26, 2004, Bernardo filed a complaint against DLS-AU and its owner/manager, Dr. Oscar Bautista (Dr. Bautista), for the payment of retirement benefits. Bernardo alleged that he started working as a part-time professional lecturer at DLS-AU (formerly known as the Araneta University Foundation) on June 1, 1974 for an hourly rate of P20.00. Bernardo taught for two semesters and the summer for the school year 1974-1975. Bernardo then took a leave of absence from June 1, 1975 to October 31, 1977 when he was assigned by the Philippine Government to work in Papua New Guinea. When Bernardo came back in 1977, he resumed teaching at DLS-AU until October 12, 2003, the end of the first semester for school year 2003-2004. Bernardo's teaching contract was renewed at the start of every semester and summer. However, on November 8, 2003, DLS-AU informed Bernardo through a telephone call that he could not teach at the school anymore as the school was implementing the retirement age limit for its faculty members. As he was already 75 years old, Bernardo had no choice but to retire. At the time of his retirement, Bernardo was being paid P246.50 per hour.[5]

Bernardo immediately sought advice from the Department of Labor and Employment (DOLE) regarding his entitlement to retirement benefits after 27 years of employment. In letters dated January 20, 2004[6] and February 3, 200,[7] the DOLE, through its Public Assistance Center and Legal Service Office, opined that Bernardo was entitled to receive benefits under Republic Act No. 7641, otherwise known as the "New Retirement Law," and its Implementing Rules and Regulations.

Yet, Dr. Bautista, in a letter[8] dated February 12, 2004, stated that Bernardo was not entitled to any kind of separation pay or benefits. Dr. Bautista explained to Bernardo that as mandated by the DLS-AU's policy and Collective Bargaining Agreement (CBA), only full-time permanent faculty of DLS-AU for at least five years

immediately preceeding the termination of their employment could avail themselves of the post-employment benefits. As part-time faculty member, Bernardo did not acquire permanent employment under the Manual of Regulations for Private Schools, in relation to the Labor Code, regardless of his length of service.

Aggrieved by the repeated denials of his claim for retirement benefits, Bernardo filed before the NLRC, National Capital Region, a complaint for non-payment of retirement benefits and damages against DLS-AU and Dr. Bautista.

DLS-AU and Dr. Bautista averred that DLS-AU is a non-stock, non profit educational institution duly organized under Philippine laws, and Dr. Bautista was then its Executive Vice-President. DLS-AU and Dr. Bautista countered that Bernardo was hired as a part-time lecturer at the Graduate School of DLS-AU to teach Recent Advances in Animal Nutrition for the first semester of school year 2003-2004. As stated in the Contract for Part Time Faculty Member Semestral, Bernardo bound himself to teach "for the period of one semester beginning June 9, 2003 to October 12, 2003." The contract also provided that "this Contract shall automatically expire unless expressly renewed in writing."[9] Prior contracts entered into between Bernardo and DLS-AU essentially contained the same provisions. On November 8, 2003, DLS-AU informed Bernardo that his contract would no longer be renewed. DLS-AU and Dr. Bautista were surprised when they received a letter from Bernardo on February 18, 2004 claiming retirement benefits and Summons dated February 26, 2004 from the NLRC in relation to Bernardo's complaint.[10]

DLS-AU and Dr. Bautista maintained that Bernardo, as a part-time employee, was not entitled to retirement benefits. The contract between DLS-AU and Bernardo was for a fixed term, *i.e.*, one semester. Contracts of employment for a fixed term are not proscribed by law, provided that they had been entered into by the parties without any force, duress, or improper pressure being brought to bear upon the employee and absent any other circumstance vitiating consent. That DLS-AU no longer renewed Bernardo's contract did not necessarily mean that Bernardo should be deemed retired from service.

DLS-AU and Dr. Bautista also contended that Bernardo, as a part time employee, was not entitled to retirement benefits pursuant to any retirement plan, CBA, or employment contract. Neither was DLS-AU mandated by law to pay Bernardo retirement benefits. The compulsory retirement age under Article 302 [287] of the Labor Code, as amended, is 65 years old. When the employee reaches said age, his/her employment is deemed terminated. The matter of extension of the employee's service is addressed to the sound discretion of the employer; it is a privilege only the employer can grant. In this case, Bernardo was effectively separated from the service upon reaching the age of 65 years old. DLS-AU merely granted Bernardo the privilege to teach by engaging his services for several more years after reaching the compulsory retirement age. Assuming arguendo that Bernardo was entitled to retirement benefits, he should have claimed the same upon.reaching the age of 65 years old. Under Article 291 of the Labor Code, as amended, all money claims arising from employer-employee relations shall be filed within three years from the time the cause of action accrues.

Still according to DLS-AU and Dr. Bautista, Bernardo had no cause of action against Dr. Bautista because the latter was only acting on behalf of DLS-AU as its Executive

Vice-President. It is a well-settled rule that a corporation is a juridical entity with a legal personality separate and distinct from the people comprising it and those acting for and on its behalf. There was no showing that Dr. Bautista acted deliberately or maliciously in refusing to pay Bernardo his retirement benefits, so as to make Dr. Bautista personally liable for any corporate obligations of DLS-AU to Bernardo.

Finally, DLS-AU asserted that Bernardo failed to establish the factual and legal bases for his claims for actual, moral, and exemplary damages, and attorney's fees. There was no proof of the alleged value of the profits or any other loss suffered by Bernardo because of the non-payment of his retirement benefits. There was likewise no evidence of bad faith or fraud on the part of DLS-AU in refusing to grant Bernardo retirement benefits.

On December 13, 2004, the Labor Arbiter rendered its Decision dismissing Bernardo's complaint on the ground of prescription, thus:

> [T]he age of sixty-five (65) is declared as the compulsory retirement age under Article 287 of the Labor Code, as amended. When the compulsory retirement age is reached by an employee or official, he is thereby effectively separated from the service (*UST Faculty Union v. National Labor Relations Commission, University of Santo Tomas*, G.R. No. 89885, August 6, 1990). As mentioned earlier, [Bernardo] is already seventy-five (75) years old, and is way past the compulsory retirement age. If he were indeed entitled to receive his retirement pay/benefits, he should have claimed the same ten (10) years ago upon reaching the age of sixty-five (65).
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> In this connection, it would be worthy to mention that the Labor Code contains a specific provision that deals with money claims arising out of employer-employee relationships. Article 291 of the Labor Code as amended clearly provides:
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> > "*ART. 291. MONEY CLAIMS. - 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 forever be barred.*
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> > x x x x
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> The prescriptive period referred to in Article 291 of the Labor Code, as amended applies to all kinds of money claims arising from employer-employee relations including claims for retirement benefits.
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> The ruling of the Supreme Court in *De Guzman v. Court of Appeals*, (G.R. No. 132257, October 12, 1998), squarely applies to the instant case:
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> > "*The language of Article 291 of the Labor Code does not limit its application only to "money claims specifically recoverable under said Code," but covers all money claims arising from employer-employee relations. Since petitioners' demand for unpaid retirement/separation benefits is a money claim arising*

> *from their employment by private respondent, Article 291 of the Labor Code is applicable. Therefore, petitioners' claim should be filed within three years from the time their cause of action accrued, or forever barred by prescription.*"
>
> It cannot be denied that the claim for retirement benefits/pay arose out of employer-employee relations. In line with the decision of the Supreme Court in *De Guzman*, it should be treated as a money claim that must be claimed within three years from the time the cause of action accrued.
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> Thus, upon reaching the compulsory retirement age of sixty-five (65), [Bernardo] was effectively separated from the service. Clearly, such was the time when his cause of action accrued. He should have sought the payment of such benefits/pay within three (3) years from such time. It cannot be denied that [Bernardo] belatedly sought the payment of his retirement benefits/pay considering that he filed the instant Complaint only ten (I0) years after his cause of action accrued. For failure to claim the retirement benefits/pay to which he claims to be entitled within three (3) years from the time he reached the age of sixty-five (65), his claim should be forever barred.[11]

The Labor Arbiter decreed:

> **WHEREFORE**, premises considered, judgment is hereby rendered DISMISSING the instant Complaint on the ground that the claim for retirement benefits/pay is already barred by prescription.[12]

Bernardo appealed the foregoing Labor Arbiter's Decision to the NLRC, arguing that since he continuously worked for DLS-AU and Dr. Bautista until October 12, 2003, he was considered retired and the cause of action for his retirement benefits accrued only on said date. There was clearly an agreement between Bernardo and DLS-AU that the former would continue teaching even after reaching the compulsory retirement age of 65 years. In addition, under Republic Act No. 7641, part-time workers are entitled to retirement pay of one-half month salary for every years of service, provided that the following conditions are present: (a) there is no retirement plan between the employer and employees; (b) the employee has reached the age of 60 years old for optional retirement or 65 years old for compulsory retirement; and (c) the employee should have rendered at least five years of service with the employer. Bernardo avowed that all these conditions were extant in his case.

The NLRC, in its Decision dated June 30, 2008, reversed the Labor Arbiter's ruling and found that Bernardo timely filed his complaint for retirement benefits. The NLRC pointed out that DLS-AU and Dr. Bautista, knowing fully well that Bernardo already reached the compulsory age of retirement of 65 years old, still extended Bernardo's employment. Thus, Bernardo's cause of action for payment of his retirement benefits accrued only on November 8, 2003, when he was informed by DLS-AU that his contract would no longer be renewed and he was deemed separated from employment. The principle of estoppel was also applicable against DLS-AU and Dr. Bautista who could not validly claim prescription when they were the ones who permitted Bernardo to work beyond retirement age. As to Bernardo's entitlement to retirement benefits, the NLRC held:

> Equally untenable is the contention that [Bernardo], being a part time employee, is not entitled to retirement benefits under Republic Act No. 7641. Indeed, a perusal of the retirement law does not exclude a part time employee from enjoying retirement benefits. On this score, Republic Act No. 7641 explicitly provides as within its coverage "all employees in the private sector, regardless of their position, designation, or status, and irrespective of the method by which their wages are paid" (Section 1, Rules Implementing the New Retirement Law) (Underlined for emphasis). The only exceptions are employees covered by the Civil Service Law; domestic helpers and persons in the personal service of another; and employees in retail, service and agricultural establishments or operations regularly employing not more than ten employees (ibid). Clearly, [Bernardo] does not fall under any of the exceptions.
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> Lastly, it is axiomatic that retirement law should be construed liberally in favor of the employee, and all doubts as to the intent of the laws should be resolved in favor of the retiree to achieve its humanitarian purpose (Re: Gregorio G. Pineda, 187 SCRA 469, 1990). A contrary ruling would inevitably defy such settled rule.[13]

In the end, the NLRC adjudged:

> WHEREFORE, judgment is hereby rendered REVERSING and SETTING ASIDE the appealed decision of the Labor Arbiter. Accordingly, a new one is issued finding [Bernardo] entitled to retirement benefits under Republic Act No. 7641 and ordering [DLS-AU and Dr. Bautista] to pay [Bernardo] his retirement benefits equivalent to at least one-half (1/2) month of his latest salary for every year of his service. Other claims are hereby denied for lack of merit.[14]

In a Resolution dated September 15, 2008, the NLRC denied the Motion for Reconsideration ofDLS-AU and Dr. Bautista for lack of merit.

DLS-AU filed before the Court of Appeals a Petition for *Certiorari* and Prohibition, imputing grave abuse of discretion on the part of the NLRC for (1) holding that Bernardo was entitled to retirement benefits despite the fact that he was a mere part-time employee; and (2) not holding that Bernardo's claim for retirement benefits was barred by prescription.

The Court of Appeals promulgated its Decision on June 29, 2009, affirming *in toto* the NLRC judgment. The Court of Appeals ruled that the coverage of, as well as the exclusion from, Republic Act No. 7641 are clearly delineated under Sections 1 and 2 of the Implementing Rules of Book VI, Rule II of the Labor Code, as well as the Labor Advisory on Retirement Pay Law; and part-time employees are not among those excluded from enjoying retirement benefits. Labor and social laws, being remedial in character, should be liberally construed in order to further their purpose. The appellate court also declared that the NLRC did not err in relying on the Implementing Rules of Republic Act No. 7641 because administrative rules and regulations issued by a competent authority remain valid unless shown to contravene the Constitution or used to enlarge the power of the administrative agency beyond the scope intended.