714 Phil. 33

SECOND DIVISION

[G.R. No. 173587, July 15, 2013]

ZUELLIG PHARMA CORPORATION, PETITIONER, VS. ALICE M. SIBAL, MA. TERESA J. BARISO, PRESCILLANO L. GONZALES, LAURA B. BERNARDO, MAMERTA R. ZITA, JOSEPHINE JUDY C. GARCIA, MENDOZA,* AND MA. ASUNCION B. HERCE, EDITHA D. CARPITANOS, MA. LUZ B. BUENO, DANTE C. VERASTIGUE,** AGNES R. ALCOBER, ARWIN Y. CRUZ, ADONIS F. OCAMPO, SOPHIA P. ANGELES, JOEL B. BUSTAMANTE, EDITHA B. COLE, LUDIVINA C. PACIA, ROSELLE M. DIZON, RODOLFO A. ABCEDE, WILFREDO RICAFRENTE, RODOLFO R. ROBERTO, ROSALIE R. LUNAR, BENJAMIN R. CALAYCAY, GUILLERO YAP CADORNA, THROVADORE TOBOSO, CAROLINA S. UY, MARIA LORETTO M. REGIS, ALMAR C. CALUAG,** VILMA R. SAPIWOSO, ANATALIA L. CALPITO, FELIPE S. CALINAWAN, VIVIELIZA DELMAR MANULAT, MA. LIZA L. RAFINAN,** AMMIE V. GATILAO, ALEX B. SADAYA AND REGINO EDDIE PANGA, RESPONDENTS.

D E C I S I O N

DEL CASTILLO, J.:

This Petition for Review on *Certiorari*[1] assails the December 4, 2003 Decision[2] of the Court of Appeals (CA) in CA-G.R. SP No. 50448 which nullified the January 21, 1998 Decision[3] of the National Labor Relations Commission (NLRC) in NLRC NCR CA NO. 011914-96. The NLRC affirmed the August 6, 1996 Decision[4] of the Labor Arbiter which, in turn, denied respondents' claim for retirement gratuity and monetary equivalent of their unused sick leave on top of the redundancy pay they already received.

Also assailed in this Petition is the CA's July 13, 2006 Resolution[5] denying petitioner's motion to reconsider aforesaid CA Decision.

Factual Antecedents

Petitioner Zuellig Pharma Corporation (Zuellig) is a domestic corporation engaged in the manufacture and distribution of pharmaceutical products. It also distributes pharmaceutical products manufactured by other companies like Syntex Pharmaceuticals (Syntex). Respondents (36 in all), on the other hand, were the employees of Zuellig at its Syntex Division.

In 1995, Roche Philippines, Inc. (Roche) purchased Syntex and took over from Zuellig the distribution of Syntex products. Consequently, Zuellig closed its Syntex Division and terminated the services of respondents due to redundancy. They were

properly notified of their termination[6] and were paid their respective separation pay in accordance with Section 3(b), Article XIV of the March 21, 1995 Collective Bargaining Agreement (CBA)[7] for which, respondents individually signed Release and Quitclaim[8] in full settlement of all claims arising from their employment with Zuellig.

Proceedings before the Labor Arbiter and the NLRC

Controversy arose when respondents filed before the Arbitration Branch of the NLRC separate Complaints[9] (which were later consolidated) for payment of retirement gratuity and monetary equivalent of their unused sick leave on top of the separation pay already given them. Respondents claimed that they are still entitled to retirement benefits and that their receipt of separation pay and execution of Release and Quitclaim do not preclude pursuing such claim.

On August 6, 1996, Labor Arbiter Eduardo J. Carpio (Labor Arbiter Carpio) rendered a Decision denying respondents' claims. He opined that only employees whose separation from employment was brought about by sickness, death, compulsory or optional retirement, or resignation are entitled to gratuity pay. However, employees whose separation from employment was by reason of redundancy are not entitled to the monetary equivalent of their unused sick leave if cessation from employment was caused by redundancy.

Upon respondents' appeal, the NLRC rendered a Decision dated January 21, 1998 affirming the Decision of the Labor Arbiter.

Proceedings before the Court of Appeals

Twice rebuffed but still undeterred, the respondents filed a Petition for *Certiorari*[10] with the CA.

In a Decision dated December 4, 2003, the CA granted respondents' Petition and nullified the Decisions of both the Labor Arbiter and the NLRC. Relying on the case of *Aquino v. National Labor Relations Commission*,[11] the CA ruled that since there is nothing in the CBA which expressly prohibits the grant of both benefits, those who received separation pay are, therefore, still entitled to retirement gratuity. The CA also took note of Section 5, Article V of Zuellig's January 1, 1968 Retirement Gratuity Plan,[12] which provides that an employee who may be separated from the service for any cause not attributable to his or her own fault or misconduct shall be entitled to full retirement benefits. Since the cause of respondents' separation from work was redundancy, the CA ordered Zuellig to pay respondents retirement gratuity and the monetary equivalent of their unused sick leave on top of the redundancy pay previously granted to them. The dispositive portion of the CA Decision reads:

> WHEREFORE, the petition is GIVEN DUE COURSE and GRANTED, and the assailed Decision of the Labor Arbiter dated August 6, 1996 and the affirming Decision of the NLRC dated January 21, 1998 are SET ASIDE and VACATED. In its stead, judgment is rendered ORDERING respondent Zuellig Pharma Corporation to pay the retirement gratuity and unused

sick leave pay prayed for, and to this end the respondent NLRC is directed to compute and specify the respective amounts due them.

SO ORDERED.[13]

Grounds

Zuellig moved for a reconsideration,[14] but to no avail.[15] Hence, this Petition anchored on the following grounds:

I

THE COURT OF APPEALS COMMITTED GRAVE ERROR WHEN IT HELD THAT [UNDER THE TERMS AND CONDITIONS OF] THE CBA AND THE RETIREMENT AND GRATUITY PLAN X X X RESPONDENTS [COULD] AVAIL OF BOTH REDUNDANCY PAY AND RETIREMENT BENEFITS.

II

THE COURT OF APPEALS COMMITTED GRAVE ERROR IN FINDING THAT RESPONDENTS ARE ENTITLED TO THE MONETARY EQUIVALENT OF UNUSED SICK LEAVE.

III

THE COURT OF APPEALS COMMITTED GRAVE ERROR IN FAILING TO HOLD THAT QUITCLAIMS BAR RESPONDENTS FROM CLAIMING FROM PETITIONER ANY MORE THAN THEY HAVE LAWFULLY RECEIVED.[16]

The Parties' Arguments

Zuellig concedes that, in the absence of contractual prohibition, payment of both separation pay and retirement pay may be allowed as ruled by this Court in *Aquino*. Nonetheless, it asserts that *Aquino* is not applicable in this case. It explains that in Aquino, the parties' CBA incorporates by reference a retirement plan agreed upon by the parties prior to the execution of the CBA. On the other hand, Zuellig insists that in this case, Section 2, Article XIV of the parties' CBA prohibits the recovery of both retirement gratuity and severance pay. In addition, Section 2, Article VII of the Retirement and Gratuity Plan likewise expressly limits the benefits the employees may receive to their choice between (i) the benefits enumerated therein and (ii) separation pay or other benefits that Zuellig may be required by law or competent authority to pay them. In any event, Zuellig further argues that respondents are not qualified to receive early retirement benefits as none of them resigned from the service, have reached the retirement age of 60 or have been in the employ of Zuellig for at least 25 years as required by Section 1(b), Article XIV of the CBA.

Zuellig furthermore contends that the CA's award of monetary equivalent of respondents' unused sick leave lacks basis. It asserts that under Section 2(c) and (d), Article VIII of the CBA, only employees who are due for compulsory retirement

and those availing of early retirement are entitled to the cash equivalent of their unused sick leave. Those separated from employment by reason of redundancy like the respondents are not.

Finally, Zuellig insists that the CA committed grave error in invalidating the Release and Quitclaim voluntarily executed by the respondents. Said quitclaims represent a fair reasonable settlement of all the claims respondents had against Zuellig. In fact, the amount of redundancy pay given to respondents is substantially higher than the retirement package received by those who resigned.

Respondents counter that there is nothing in the CBA which categorically prohibits the recovery of retirement benefits in addition to separation pay. They assert that Section 2, Article XIV of the CBA alluded to by Zuellig does not constitute as an express prohibition that would foreclose recovery of retirement gratuity after the employees had received redundancy pay. Hence, following the ruling of this Court in *Aquino*, they are entitled to said retirement gratuity.

With regard to Zuellig's contention that retirement benefits can be extended only to those who resigned, respondents echo the observation of the CA that since their separation from employment was due to a cause beyond their control, they cannot be considered to have exclusively chosen separation pay and abandoned their right to retirement gratuity. To bolster their point, respondents cite Section 5, Article V of the Retirement Gratuity Plan, which reads:

> An employee, executive or supervisory personnel, who may be separated from the service of the Company for any cause not attributable to his own fault or misconduct shall be entitled to full benefits as provided for under Article V, Sections 1 and 2 above, provided, however, that any employee, executive or supervisory personnel separated for cause shall not be entitled to any benefit as provided for under said Article V, Sections 1, 2 and 3.[17]

Respondents likewise insist that since there is no specific provision in the CBA prohibiting them from claiming the monetary value of their unused sick leave, the same should be given to them.

Zuellig ripostes that nothing prevented respondents from resigning to make them eligible to receive retirement gratuity. They had ample time to decide whether to resign or to accept redundancy pay. But they chose redundancy pay over early retirement benefits because they knew they would be getting more. As to respondents' reliance on Section 5, Article V, in relation to Sections 1 and 2, of the Retirement Gratuity Plan, Zuellig posits that the same cannot prevail over Section 2, Article XIV of the CBA.

On August 23, 2006, this Court issued a Temporary Restraining Order enjoining the CA from implementing its now assailed Decision until further orders from this Court. [18]

Our Ruling

The Petition is impressed with merit.

The CBA does not allow recovery of both separation pay and retirement gratuity.

In *Aquino*,[19] the petitioner employees were retrenched after their employer Otis Elevator Company (Otis) adopted cost-cutting measures and streamlined its operations. They were thus given separation pay double the amount required by the Labor Code. Subsequently, however, the employees filed a claim for retirement benefits, alleging entitlement thereto by virtue of the Retirement Plan. Otis denied the claim by asserting that separation pay and retirement benefits are mutually exclusive of each other; hence, acceptance of one bars recovery of the other. When the case reached its final review, this Court held that in the absence of specific prohibition in the retirement plan or the CBA, retirement benefits and separation pay are not mutually exclusive of each other and the employees whose services were terminated without cause are entitled to both separation pay and retirement gratuity.

In the present case, the CBA contains specific provisions which effectively bar the availment of retirement benefits once the employees have chosen separation pay or *vice versa*. The provisions of the CBA on Retirement Gratuity read:

> ARTICLE XIV
> RETIREMENT GRATUITY
>
> Section 1[a] – Any employee who is separated from employment due to sickness or death shall receive from the COMPANY a retirement gratuity in an amount equivalent to one [1] month's basic salary per year of service. For the purpose of this agreement, years of service shall be deemed equivalent to the total service credits [in] the COMPANY; a fraction of at least six [6] months shall be considered as one [1] year, including probationary employment; basic salary is understood to mean the monthly compensation being received by the employee under the payroll for services rendered during the normal regular working hours of the company, excluding but not limited to any other emoluments for extra work, premiums, incentives, benefits and allowances of whatever kind and nature.
>
> [b] No person may retire under this paragraph for old age before reaching the age of sixty [60] years provided that the COMPANY may compel the retirement of an employee who reaches or is past 60 years of age. An employee who resigns prior to attaining such retirement age shall be entitled to any of the following percentage of the gratuity provided above:
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> Early Retirement or Separation
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> a] 5 to 7 years of service 60%