

SECOND DIVISION

[G.R. No. 181995, July 16, 2012]

**BIBIANO C. ELEGIR, PETITIONER, VS. PHILIPPINE AIRLINES,
INC., RESPONDENT.**

DECISION

REYES, J.:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to annul and set aside the Decision^[1] dated August 6, 2007 of the Court of Appeals (CA) in CA-G.R. SP No. 79111, which reversed and set aside the Decision^[2] dated March 18, 2002 and Order^[3] dated June 30, 2003 of the National Labor Relations Commission (NLRC) in NLRC NCR Case No. 00-08-06135-97 and NLRC NCR CA No. 015030-98.

Factual Antecedents

As culled from the records, the instant case stemmed from the following factual antecedents:

Petitioner Bibiano C. Elegir (petitioner) was hired by Philippine Airlines, Inc. (PAL) as a commercial pilot, specifically designated as HS748 Limited First Officer, on March 16, 1971.^[4]

In 1995, PAL embarked on a refueling program and acquired new and highly sophisticated aircrafts. Subsequently, it sent an invitation to bid to all its flight deck crew, announcing the opening of eight (8) B747-400 Captain positions that were created by the refueling program. The petitioner, who was then holding the position of A-300 Captain, submitted his bid and was fortunately awarded the same.^[5] The petitioner, together with seven (7) other pilots, was sent for training at Boeing in Seattle, Washington, United States of America on May 8, 1995, to acquire the necessary skills and knowledge in handling the new aircraft. He completed his training on September 19, 1995.^[6]

On November 5, 1996, after rendering twenty-five (25) years, eight (8) months and twenty (20) days of continuous service, the petitioner applied for optional retirement authorized under the Collective Bargaining Agreement (CBA) between PAL and the Airline Pilots Association of the Philippines (ALPAP), in which he was a member of good standing. In response, PAL asked him to reconsider his decision, asseverating that the company has yet to recover the full value of the costs of his training. It warned him that if he leaves PAL before he has rendered service for at least three (3) years, it shall be constrained to deduct the costs of his training from his retirement pay.^[7]

On November 6, 1996, the petitioner went on terminal leave for thirty (30) days and thereafter made effective his retirement from service. Upon securing his clearance, however, he was informed that the costs of his training will be deducted from his retirement pay, which will be computed at the rate of P5,000.00 per year of service. The petitioner, through his counsel, sent PAL a correspondence, asserting that his retirement benefits should be based on the computation stated in Article 287 of the Labor Code, as amended by Republic Act (R.A.) No. 7641, and that the costs of his training should not be deducted therefrom. In its Reply dated August 4, 1997, PAL refused to yield to the petitioner's demand and maintained that his retirement pay should be based on PAL-ALPAP Retirement Plan of 1967 (PAL-ALPAP Retirement Plan) and that he should reimburse the company with the proportionate costs of his training. Thus, on August 27, 1997, the petitioner filed a complaint for non-payment of retirement pay, moral damages, exemplary damages and attorney's fees against PAL.^[8]

On February 6, 1998, the Labor Arbiter (LA) rendered a Decision,^[9] the pertinent portions of which read:

From the foregoing, it is manifestly clear that an employee's retirement benefits under any collective bargaining agreement shall not be less than those provided under the New Retirement Pay Law and if such benefits are less, the employee shall pay the difference between the amount due the employee and that provided under the CBA or individual agreement or retirement plan (Par. 3.2, Sec. 3, rules Implementing the New Retirement Pay Law).

Thus, applying the pertinent CBA provision in correlation with the New Retirement Pay Law, complainant should receive the following amount, to wit:

$$22.5 \times 26 \text{ yrs.} \times [P]138,447.00 = [P]2,700,301.50$$

If we were to follow the [PAL's] computation of [petitioner's] retirement pay, the latter's retirement benefits in the amount of [P]125,000.00 based on Section 2, Article VII of the Retirement Plan of the CBA at [P]5,000.00 per every year of service would be much less than his monthly salary of [P]138,477.00 at the time of his retirement. This was never envisioned by the law. Instead, it is the clear intention of our law makers to provide a bigger and better retirement pay or benefits under existing laws and/or existing CBA or other agreements.

x x x x

WHEREFORE, in view of the foregoing, we find [PAL] liable to the [petitioner] for the payment of his retirement benefits as follows:

Retirement Benefits	[P]2,700,301.50
(22.5 x 26 years x	
[P]138,477.00)	
Accrued Trip Leave	760,299.37
Accrued Vacation Leave	386,546.44

1996 Unutilized days off	105,089.46
Nov. '96 Prod. Allow. (net)	1,726.92
Unpaid Salary 12/1/-5/96	22,416.65
1996 w/tax refund	2,464.42
13 th month backpay for the _____	<u>171,262.50</u>
year 1988-1991	
TOTAL	[P]4,150,106.20

plus legal interest of 12% per annum from November 06, 1996.

Finally, ten percent (10%) of all sums owing to [petitioner] is hereby adjudged as attorney's fees.

SO ORDERED.^[10]

The LA ratiocinated that PAL had no right to withhold the payment of the petitioner's retirement benefits simply because he retired from service before the lapse of three (3) years. To begin with, there was no document evidencing the fact that the petitioner was required to stay with PAL for three (3) years from the completion of his training or that he was bound to reimburse the company of the costs of his training should he retire from service before the completion of the period. The LA likewise dismissed the theory espoused by PAL that the petitioner's submission of his bid for the new position which necessarily requires training created an innominate contract of *du ut facias* between him and the company since their relationship is governed by the CBA between the management and the ALPAP.^[11]

On appeal, the NLRC took a different stance and modified the decision of the LA in its Decision dated March 18, 2002, which pertinently states:

Considering that [petitioner] was only fifty-two (52) years when he opted to retire on November 6, 1996, he was, strictly, not yet qualified to receive the benefits provided under said Article 287 of the Labor Code, as amended by R.A. 7641. However, [petitioner] is eligible for retirement under the CBA between respondent PAL and ALPAP, as he had already served for more than 25 years with said respondent. This is covered by the provision in the first paragraph of Article 287 of the Labor Code which states that an employee may be retired upon reaching the retirement age established in the collective bargaining agreement or other applicable employment contract, inasmuch as the CBA in question does not provide for any retirement age, but limited itself to the number of years of service or flying hours of the employee concerned. Consequently, anytime that an employee of respondent PAL reaches twenty (20) years of service or 20,000 (flying) hours as a pilot of PAL, then his age at that precise time would be considered as the retirement age, as far as he is concerned.

The retirement benefits of [petitioner] should, therefore, be computed in accordance with both Article 287 of the Labor Code and the Retirement Plan in the CBA of PAL and ALPAP.

On the second issue, we rule that [petitioner] is under obligation to reimburse a portion of the expenses incurred for his training as B747-400 Captain.

It would be grossly unfair and unjust to [PAL] if the [petitioner] would be allowed to reap the fruits of this training, which upgraded his knowledge and skills that would enable him to demand higher pay, if he would not be made to return said benefits in the form of service for a reasonable period of time, say three (3) years as [PAL's] company policy demands. x x x

x x x x

Thus, with the adjudged reimbursement for training expenses of [P]921,281.71 (sic), the awards due to [petitioner] shall be, as follows:

Retirement Pay	-[P]1,800,201.00
([P]138,477.00 divided by 2 times 26)	
Service Incentive Leave	- 23,074.50
([P]138,477.00 divided by 30 x 5)	
Accrued Trip Leave	- 386,546.44
13 th Month Pay	- 138,477.00
1996 Unutilized days off	- 105,089.48
Nov. 1996 Productive Allowance (net)	- 1,726.92
Unpaid salary 12/1-5/96	- 2,464.42
-22,416.63 1996 w/ tax refund	
TOTAL	- [.]2,479.996.39

LESS:

Reimbursement of training expenses	981,281.71
1996 13 th month pay overpayment	19,837.16
1996 Christmas bonus overpayment	11,539.75
PESALA	567.93

TOTAL	1,013,226.55
RETIREMENT PAY STILL PAYABLE	[P]1,466,769.81

IN VIEW OF THE FOREGOING, the decision of the Labor Arbiter should be MODIFIED by increasing the awards to the [petitioner] to ONE MILLION FOUR HUNDRED SIXTY SIX THOUSAND SEVEN HUNDRED SIXTY-NINE and 84/100 ([P]1,466,769.84) PESOS as computed above.

SO ORDERED.^[12]

Both PAL and petitioner filed their respective motions for partial reconsideration from the decision of the NLRC. In its Motion for Partial Reconsideration,^[13] PAL asseverated that the decision of the NLRC, directing the computation of the petitioner's retirement benefits based on Article 287 of the Labor Code, instead of the CBA, was inconsistent with the disposition of this Court in *Philippine Airlines, Inc. v. Airline Pilots Association of the Philippines*.^[14] It emphasized that in said case, this Court sustained PAL's position and directed the payment of retirement benefits of the complainant pilot in accordance with the PAL-ALPAP Retirement Plan. However, in an Order^[15] dated June 30, 2003, the NLRC denied PAL's motion for reconsideration.

Unyielding, PAL filed a petition for *certiorari* with the CA. In said petition, PAL emphasized that the petitioner's case should be decided in light of the ruling in *Philippine Airlines, Inc.*, where this Court held that the computation of the retirement pay of a PAL pilot who retired before reaching the retirement age of sixty (60) should be based on the PAL-ALPAP Retirement Plan or at the rate of P5,000.00 for every year of service.^[16]

In its Decision dated August 6, 2007, the CA ruled that the petitioner's retirement pay should be computed in accordance with PAL ALPAP Retirement Plan and the PAL Pilots' Retirement Benefit Plan as was held in *Philippine Airlines, Inc.* It held, thus:

The present case squarely falls within the state of facts upon which the ruling in *Philippine Airlines, Inc., vs[.] Airline Pilots Association of the Philippines* was enunciated. [Petitioner] herein applies for retirement at an age below 60. A distinction was made between a pilot who retires at the age of sixty and another who retires earlier. The Supreme Court was explicit when it declared:

"A pilot who retires after twenty years of service or after flying 20,000 hours would still be in the prime of his life and at the peak of his career, compared to one who retires at the age of 60 years old."

Furthermore, [petitioner] would not be getting less if his retirement pay is computed on the PAL-ALPAP retirement plan rather than the formula provided by the Labor Code. [Petitioner] did not refute that he already got retirement benefits from another retirement plan – the PAL Pilots Retirement Plan. It appearing that the retirement benefits amounting to [.]1,800,201.00 being the main bone of contention herein, this Court proceeds to compute the balance of Capt. Elegir's retirement benefits as follows:

Retirement Pay (.5,000 x 25 years)	P125,000.00
Trip Leave Pay	757,564.04
Vacation Leave Pay	385,155.76
1996 Unutilized Day-	104,711.38