

THIRD DIVISION

[G.R. No. 152991, July 21, 2008]

ALBERTO P. OXALES, PETITIONER, VS. UNITED LABORATORIES, INC., RESPONDENT.

DECISION

REYES, R.T., J.:

HOW should a private company retirement plan for employees be implemented vis-à-vis The Retirement Pay Law (Republic Act No. 7641)?

Papaano ipapatupad ang isang plano ng pribadong kompanya para sa pagreretiro ng mga empleyado sa harap ng Batas ng Pagbabayad sa Pagreretiro (Batas Republika Blg. 7641)?

We address the concern in this appeal by *certiorari* of the Decision^[1] of the Court of Appeals (CA) affirming the Resolution^[2] and Decision^[3] of the Labor Arbiter and the National Labor Relations Commission (NLRC), respectively, dismissing petitioner Alberto P. Oxales' complaint for additional retirement benefits, recovery of the cash equivalent of his unused sick leaves, damages, and attorney's fees, against respondent United Laboratories, Inc. (UNILAB).

The Facts

Sometime in 1959, UNILAB established the United Retirement Plan (URP).^[4] The plan is a comprehensive retirement program aimed at providing for retirement, resignation, disability, and death benefits of its members. An employee of UNILAB becomes a member of the URP upon his regularization in the company. The URP mandates the compulsory retirement of any member-employee who reaches the age of 60.

Both UNILAB and the employee contribute to the URP. On one hand, UNILAB provides for the account of the employee an actuarially-determined amount to Trust Fund A. On the other hand, the employee chips in 2½% of his monthly salary to Trust Fund B. Upon retirement, the employee gets both amounts standing in his name in Trust Fund A and Trust Fund B.

As retirement benefits, the employee receives (1) from Trust Fund A a lump sum of 1½ month's pay per year of service "based on the member's last or terminal basic monthly salary,"^[5] and (2) whatever the employee has contributed to Trust Fund B, together with the income minus any losses incurred. The URP excludes commissions, overtime, bonuses, or extra compensations in the computation of the basic salary for purposes of retirement.

Oxales joined UNILAB on September 1, 1968. He was compulsorily retired by

UNILAB when he reached his 60th birthday on September 7, 1994, after having rendered service of twenty-five (25) years, eleven (11) months, and six (6) days. He was then Director of Manufacturing Services Group.

In computing the retirement benefits of Oxales based on the 1½ months for every year of service under the URP, UNILAB took into account only his basic monthly salary. It did not include as part of the salary base the permanent and regular bonuses, reasonable value of food allowances, 1/12 of the 13th month pay, and the cash equivalent of service incentive leave.

Thus, Oxales received from Trust Fund A P1,599,179.00, instead of P4,260,255.70. He also received P176,313.06, instead of P456,039.20 as cash equivalent of his unused sick leaves. Lastly, he received P397,738.33 from his contributions to Trust Fund B. In sum, Oxales received the total amount of P2,173,230.39 as his retirement benefits.

On August 21, 1997, Oxales wrote UNILAB, claiming that he should have been paid P1,775,907.23 more in retirement pay and unused leave credits. He insisted that his bonuses, allowances and 13th month pay should have been factored in the computation of his retirement benefits.^[6]

On September 9, 1997, UNILAB wrote^[7] back and reminded Oxales about the provision of the URP excluding any commissions, overtime, bonuses or extra compensations in the computation of the basic salary of the retiring employee.

Disgruntled, Oxales filed a complaint with the Labor Arbiter for (1) the correct computation of his retirement benefits, (2) recovery of the cash equivalent of his unused sick leaves, (3) damages, and (4) attorney's fees. He argued that in the computation of his retirement benefits, UNILAB should have included in his basic pay the following, to wit: (a) cash equivalent of not more than five (5) days service incentive leave; (b) 1/12th of 13th month pay; and (c) all other benefits he has been receiving.

Efforts were exerted for a possible amicable settlement. As this proved futile, the parties were required to submit their respective pleadings and position papers.

Labor Arbiter, NLRC and CA Dispositions

On June 30, 1998, Labor Arbiter Romulus A. Protasio rendered a decision dismissing the complaint, thus:

WHEREFORE, premises considered, judgment is hereby rendered dismissing the instant complaint for lack of merit.

SO ORDERED.^[8]

The Labor Arbiter held that the URP clearly excludes commission, overtime, bonuses, or other extra compensation. Hence, the benefits asked by Oxales to be included in the computation of his retirement benefits should be excluded.^[9]

The Arbiter also held that the inclusion of the fringe benefits claimed by Oxales would put UNILAB in violation of the terms and conditions set forth by the Bureau of

Internal Revenue (BIR) when it approved the URP as a tax-qualified plan. More, any overpayment of benefits would adversely affect the actuarial soundness of the plan. It would also expose the trustees of the URP to liabilities and prejudice the other employees. Worse, the BIR might even withdraw the tax exemption granted to the URP.^[10] Lastly, the Labor Arbiter opined that the URP precludes the application of the provisions of R.A. No. 7641.^[11]

Oxales appealed to the NLRC. On February 8, 1999, the NLRC affirmed the decision of the Labor Arbiter, disposing as follows:

WHEREFORE, in view thereof, the instant appeal is hereby dismissed for lack of merit and the appealed decision is ordered affirmed.

SO ORDERED.^[12]

The NLRC ruled that the interpretation by Oxales of R.A. No. 7641 is selective. He only culled the provisions that are beneficial to him, putting in grave doubt the sincerity of his motives. For instance, he claims that the value of the food benefits and other allowances should be included in his monthly salary as multiplicand to the number of his years of service with UNILAB. At the same time, however, he does not intend to reduce the 1½ month salary as multiplier under the URP to ½ under R.A. No. 7641.^[13]

The NLRC agreed with the Labor Arbiter that the provisions of R.A. No. 7641 do not apply in view of the URP. The NLRC also took into account the fact that the benefits granted to Oxales by virtue of the URP was even higher than what R.A. No. 7641 requires.^[14]

His motion for reconsideration having been denied, Oxales filed with the CA a petition for *certiorari* under Rule 65.

In a decision promulgated on April 12, 2002, the CA dismissed the petition. The CA ruled that the petition of Oxales calls for a review of the factual findings of the Labor Arbiter as affirmed by the NLRC. It is not the normal function of the CA in a special civil action for *certiorari* to inquire into the correctness of the evaluation of the evidence by the Labor Arbiter. Its authority is confined only to issues of jurisdiction or grave abuse of discretion.^[15]

Just like the Labor Arbiter and the NLRC, the CA also held that R.A. No. 7641 is applicable only in the absence of a retirement plan or agreement providing for the retirement benefits of employees in an establishment.^[16]

Finally, the CA denied the claim of Oxales to moral and exemplary damages. According to the appellate court, he failed to prove the presence of bad faith or fraud on the part of UNILAB. His mere allegations of having suffered sleepless nights, serious anxiety, and mental anguish are not enough. No premium should be placed on the right to litigate.^[17]

Left with no other option, Oxales filed the present recourse under Rule 45 of the 1997 Rules of Civil Procedure.^[18]

Issues

In his Memorandum,^[19] Oxaes raises the following issues for Our disposition, to wit:

1. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED IN NOT FINDING THAT ACCORDING TO PREVAILING JURISPRUDENCE, SUCH ERRORS IN THE COMPUTATION OF RETIREMENT BENEFITS OF PETITIONER SHOULD BE CORRECTED IN A SPECIAL ACTION FOR *CERTIORARI*;
2. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED IN NOT FINDING THAT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION IN INCORRECTLY INTERPRETING THE URP TO EXCLUDE SEVERAL REMUNERATIONS FROM THE SAID SALARY BASE;
3. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED AND COMMITTED GRAVE ABUSE OF DISCRETION IN TOTALLY IGNORING THE ISSUE AND IN NOT FINDING THAT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION IN INCORRECTLY INTERPRETING THE URP TO EXCLUDE PERMANENT AND REGULAR ALLOWANCES FROM THE SALARY BASE FOR COMPUTING RETIREMENT BENEFITS OF PETITIONER;
4. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED IN NOT FINDING THAT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION IN INCORRECTLY INTERPRETING THE URP TO EXCLUDE PERMANENT AND REGULAR REMUNERATIONS MISLABELED AS BONUSES FROM THE SALARY BASE FOR COMPUTING THE RETIREMENT BENEFITS OF THE PETITIONER;
5. WHETHER OR NOT THE COURT OF APPEALS ERRED IN NOT FINDING THAT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION IN INCORRECTLY INTERPRETING THE URP TO EXCLUDE ONE TWELFTH (1/12th) OF THE STATUTORY THIRTEENTH MONTH PAY FROM THE SALARY BASE FOR COMPUTING RETIREMENT BENEFITS;
6. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED IN THE INTERPRETATION OF R.A. NO. 7641 WHEN IT CONCLUDED THAT THE SAID LAW IS APPLICABLE ONLY IN THE ABSENCE OF RETIREMENT PLAN OR AGREEMENT PROVIDING FOR THE RETIREMENT BENEFITS OF EMPLOYEES IN AN ESTABLISHMENT;
7. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED IN NOT FINDING THAT THE DEFINITION OF "SALARY" UNDER THE IMPLEMENTING RULES OF R.A. NO. 7641 SHOULD BE INTERPRETED TO INCLUDE THE PERMANENT AND REGULAR REMUNERATIONS OF PETITIONER IN THE SALARY BASE FOR COMPUTING RETIREMENT BENEFITS;

8. WHETHER OR NOT THE LABOR ARBITER, THE NLRC, AND COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION IN IGNORING AND NOT RESOLVING THE ISSUES REGARDING PETITIONER'S UNPAID CASH EQUIVALENT OF THE UNUSED SICK LEAVE CREDITS;
9. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED IN NOT RULING THAT THE NLRC GRAVELY ABUSED ITS DISCRETION IN ITS FAILURE TO PROPERLY INTERPRET THE URP IN DETERMINING THE EMPLOYMENT PERIOD OF PETITIONER FOR THE PURPOSE OF COMPUTING RETIREMENT BENEFITS;
10. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED IN NOT RULING THAT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION IN NOT REINSTATING THE MEDICAL RETIREMENT BENEFITS OF PETITIONER;
11. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED AND GRAVELY ABUSED ITS DISCRETION IN TOTALLY AND ARBITRARILY IGNORING THE ISSUE AND IN NOT FINDING THAT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION IN RENDERING A DECISION IN VIOLATION OF THE CONSTITUTIONAL REQUIREMENTS WHICH IN EFFECT DENIED PETITIONER'S RIGHT TO DUE PROCESS;
12. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED AND GRAVELY ABUSED ITS DISCRETION IN LIKEWISE RENDERING A DECISION IN VIOLATION OF THE CONSTITUTIONAL REQUIREMENT THAT DECISIONS SHOULD EXPRESS CLEARLY AND DISTINCTLY THE FACTS OF THE CASE AND THE LAW ON WHICH IT IS BASED;
13. WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED IN NOT GRANTING MORAL AND EXEMPLARY DAMAGES AND ATTORNEY'S FEES TO PETITIONER;
14. WHETHER OR NOT THE SUPREME COURT SHOULD GRANT PETITIONER UNPAID RETIREMENT PAY, UNPAID CASH EQUIVALENT OF UNUSED LEAVE CREDITS, REINSTATEMENT OF MEDICAL BENEFITS, MORAL AND EXEMPLARY DAMAGES, AND ATTORNEY'S FEES.^[20] (Underscoring supplied)

The issues posed by Oxales may be compressed as follows: **first**, whether in the computation of his retirement and sick leave benefits, UNILAB should have factored such benefits like bonuses, cash and meal allowances, rice rations, service incentive leaves, and 1/12 of the 13th month pay; **second**, whether R.A. No. 7641 is applicable for purposes of computing his retirement benefits; and **third**, whether UNILAB is liable for moral damages, exemplary damages, and attorney's fees.

Our Ruling

The clear language of the URP should be respected.