

## THIRD DIVISION

[ G.R. No. 107693, July 23, 1998 ]

**SAN MIGUEL CORPORATION, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION, EDMUNDO Y. TORRES, JR. AND MANUEL C. CASTELLANO, RESPONDENTS.**

### D E C I S I O N

**PURISIMA, J.:**

Before the court is a petition for Certiorari under Rule 65 of the Revised Rules of Court, assailing the Decision<sup>[1]</sup> of the National Labor Relations Commission<sup>[2]</sup> promulgated on August 21, 1992, and the Resolution<sup>[3]</sup> dated October 19, 1992 denying petitioner's motion for reconsideration in RAB-VI-Case No. 0372-84.

The antecedent facts which gave rise to private respondents' complaints are summarized in the Decision<sup>[4]</sup> of the Labor Arbiter,<sup>[5]</sup> as follows:

"... [C]omplainant Edmundo Torres, Jr. alleges that he was formerly the regional sales manager of the Bacolod Beer Region, San Miguel Corporation, Sum-ag, Bacolod City; that complainant Manuel G. Chu was the head of the warehouse operations of the respondent corporation at its Bacolod Beer Region, Sum-ag, Bacolod City; that complainant Gabriel I. Adad was formerly the trade and customers relation employee (sic) for the area of Negros and Panay Island; that complainants George D. Teddy, Jr. and Manuel Castellano were the district sales supervisors in their respective area of the respondent company. Complainants allege that on March 14, 1984 the respondent company notified them that effective at the close of the business hours on April 15, 1984, it will exercise its option to retire them from the service; that complainants would not anymore be allowed to work from March 14, 1984 but that they would continue to receive their compensation up to April 15, 1984; that at the time the respondent corporation exercised the said option, all the complainants have not yet reached the compulsory retirable age of sixty (60) years old; that complainant Edmundo Y. Torres, Jr. had served the respondent corporation for more than fifteen (15) years of loyal and dedicated service and that he was only forty-one (41) years old when he was retired from the service; that complainant Manuel G. Chu had served the company for 22 years and that he was only forty-eight (48) years old when retired; that complainant Gabriel Adad served the company for twenty-six (26) and that he was fifty-nine (59) years old when retired; that complainant George D. Teddy, Jr. had served the company for twenty (20) years and that he was forty-five (45) years when retired and that a complainant Manuel Castellano had rendered service for fourteen (14) years and that he was only thirty-nine (39) years old when he was

retired by the company. The complainants allege that they had no bad record with the respondent corporation as they were never admonished, reprimanded or suspended during the term of their employment; that their retirement from work effected at the option of the respondent corporation violated their tenurial security of employment, as provided for in Article 280 of the Labor Code of the Philippines; that in the notice dated March 13, 1984 informing them of respondent's option to retire them from the service, the latter's prerogative was solely premised on the company's retirement and death benefit plan; that the said plan or company policy violated the security of tenure of the complainants as it is not one of the grounds enumerated in Art. 183 of the Labor Code for terminating the services of an employee; that the respondent company's retirement plan is in contravention of the provisions of Art. 288 of the Labor Code of the Philippines on retirement.

Complainants further allege that the respondent corporation had involuntarily secured their signature in conformity with their retirement from the service; that this involuntariness could be gleaned from the fact that when complainant George D. Teddy, Jr. was about to go out of the door of his office when he refused to affix his conformity with the option of the respondent to retire him from the service, one Mr. Antonio Labirua, Personnel Director of the Beer and Packaging Division of the respondent corporation blocked the door of the office; that complainant (sic) were threatened by this Mr. Labirua that whether they like it or not, the respondent company had decided to retire them from work; that in fact complainant Manuel G. Chu who did not sign any documents tendered to him by Mr. Labirua was likewise retired by the respondent corporation.

Complainants also allege that they were discriminated upon by the respondent corporation in the payment of their separation pay; that while they were paid separation pay equivalent to one month basic salary for every year of service, the respondent corporation had, at its option also retired other employees and were paid separation pay equivalent to 150% of their basic monthly salary; that the receipt of payment of their separation pay does not bar complainants from contesting the illegality of their dismissal or separation from the service. Complainants further allege that when the supervisory employees of the respondent corporation were granted wage increases effective January 1, 1984, complainants were not granted this benefit, to their discrimination.

Complainants claim that their unceremonious and unlawful retirement amount to constructive dismissal; that they, together with their families suffered financial difficulties; that they found hard time to secure for a substitute employment; that they suffered social humiliation, wounded feelings, serious anxiety, sleepless nights, thus, entitling them to moral damages and attorney's fees.

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x x x

x x x

On the other hand, in their position paper, respondents aver that complainants Gabriel Adad, Manuel Castellano, George Teddy, Jr. and Edmundo Torres, Jr., in separate letters dated March 13, 1984, applied

for voluntary retrenchment under the respondent company's retrenchment program ...; that each application was subsequently favorably acted upon by the respondents; that on the same day, respondent corporation informed complainant Manuel Chu in a letter ... that it is exercising its option to retire him from the service effective the close of business hours on April 15, 1984 pursuant to the company's retirement and death benefit plan; that on March 17, 1984, the complainants sent a single telegram addressed to Mr. S. A. Abaya of the respondent corporation ... requesting for cash conversion of their respective unused sick leave and a 20% increase of basic pay for the purpose of inclusion in the computation of their separation pay and other benefits; that in response thereto, out of benevolence and for humanitarian reasons respondent corporation approved a financial assistance of P400.00 per year of service for each complainant; that accordingly, respondent Antonio Labirua directed respondent company's Bacolod office in a telegram ... to inform the complainants of the approval; that thereafter, all the complainants were paid termination pay and other benefits including financial assistance in the following aggregate amount to wit: M. Castellano received P47, 954.16 as retirement pay, P5,635.00 as financial assistance, P15,507.18 as unused vacation and sick leaves and P987.28 as 13th month pay; Complainant G. Z. Adad received P93,450.01 as retirement pay, P10,465.00 as financial assistance, P21, 166.69 as unused vacation and sick leaves and P1,038.31 as 13th month pay; complainant G. A. Teddy, Jr. received P68,828.32 as retirement pay, P8,100.00 as financial assistance, P18,036.74 as unused vacation and leaves and P987.68 as 13th month pay; Complainant E.Y. Torres, Jr. received P75,225.00 as retirement pay, P5,935.00 as financial assistance, P29,817.56 as unused vacation and sick leaves and P1,462.68 as 13th month pay; Complainant Manuel G. Chu received P93,353.32 as retirement pay, P8,900.00 as financial assistance, P24,853.23 as unused vacation and sick leaves and P1,219.15 as 13th month pay; that on April 16, 1984, each complainant voluntarily executed a Release and Receipt ... acknowledging receipt of the aforestated amounts and irrevocably and unconditionally released respondent San Miguel Corporation from any claim or demand whatsoever in law and equity which each complainant may have in connection with their employment; that on July 25, 1984, complainants wrote the respondent corporation's chairman of the board pleading for additional separation benefits ... contending that supervisors were awarded pay increases retroactive January 1, 1984; that on August 29, 1984, the company thru its Vice-President and Division Manager, Jose B. Lugay clarified in a letter ... that the pay increases were granted on selective basis with merit and performance as the criteria and that all the complainants were already extended financial assistance; that subsequently, all the complainants filed the instant complaint for illegal dismissal; that the dismissal was not involuntary much less illegal; respondents vehemently deny that they used force and intimidation in dismissing the complainants; that in the series of communication with the respondents, it is evidenced (sic) that their collective and paramount concern was to seek further termination benefits after they had applied to be retrenched, received corresponding benefits and executed their respective release and receipt of payment; that with respect to

complainant Chu, he is bound by reasonable rules and regulations relative to the terms and conditions of his employment; that one such rule is respondent corporation's 1978 Retirement and Death Benefit plan and which was later amended reducing the period of service to 15 years; that it was pursuant to this plan that the respondent corporation exercised its option to terminate complainant Chu who had rendered work with the company for 22 years and 4 months/per his record of employment....

Respondents further aver that complainants were correctly and completely paid their separation benefits; that complainants received twice than what is provided for by the Labor Code of the Philippines, Article 284 thereof; that complainant Manuel Chu was retired under the optional retirement clause of the plan and for which he was paid one (1) month's salary for every year of service; that in the case of the four (4) other complainants, they applied under the retrenchment program of the company and they were also paid one (1) month's pay for every year of service; that per copies (sic) of the summary of the computation of the termination pay and other benefits of each complaint ..., all the complainants were paid and received retirement/termination pay and other benefits from the respondent corporation, including unused vacation and sick leave benefits and pro-rata 13th month pay, per respondent's cash vouchers for Bacolod Region ...."

In his Decision rendered on September 16, 1988, Labor Arbiter Oscar S. Uy found that the complainants were not illegally dismissed; ratiocinating, thus:

"Based on the foregoing, we find that complainants were not illegally terminated but had voluntarily retired from the service. We likewise find that they were duly paid of their retirement benefits. Evidently, their claim for illegal dismissal together with the relief of reinstatement with backwages has no basis and perforce must be denied.

With respect to complainants' claims for moral and exemplary damages, the same is likewise denied. We find that the respondent company did not act in bad faith when it approved and granted the retirement of the complainants.

WHEREFORE, premises considered, judgment is hereby rendered DISMISSING all the claims of the complainants against the respondents for lack of merit.

SO ORDERED."

On October 21, 1988, complainants appealed the aforesaid Decision against them to the Fourth Division of public respondent NLRC, in Cebu City, which handed down its August 21, 1992 Decision, reversing in part the Labor Arbiter's disposition and disposing, as follows:

"WHEREFORE, in view of all the foregoing, the appealed decision is hereby SET ASIDE, and another one entered declaring the complainants Gabriel Z. Adad, George A. Teddy, Jr. and Manuel J. Chu to have been validly retired. Respondent San Miguel Corporation is hereby ordered to

immediately reinstate complainants Manuel C. Castellano (sic) and Edmundo Y. Torres, Jr. to have their former or equivalent positions without loss of seniority rights and to pay complainants Manuel C. Castellano (sic) the amount of P73,905.84, and Edmundo Y. Torres, Jr. the amount of P108,915.00, representing their back salaries for three (3) years after deducting the sum of P47,954.16 and P75,255.00 they received as retirement pay.

SO ORDERED."

With the denial of its motion for reconsideration by Resolution of NLRC dated October 19, 1992, petitioner found its way to this court via the present petition for Certiorari against NLRC, Messrs. Edmundo Y. Torres, Jr. and Manuel C. Castellano; assigning as errors, that :

### **I.**

PRIVATE RESPONDENTS WERE GIVEN CHOICES TO CHOOSE FROM WHICH CONSISTED OF RETRENCHMENT, RETIREMENT OR DISMISSAL BEFORE THEY SEVERED THEIR EMPLOYMENT RELATIONSHIP WITH PETITIONER. HENCE, UNDER THE DOCTRINE ENUNCIATED IN SAMANIEGO V. NLRC, 198 SCRA 111 (1991), THE PRIVATE RESPONDENTS WERE NOT ILLEGALLY DISMISSED BUT RATHER, THEY OPTED TO BE VOLUNTARILY RETRENCHED PURSUANT TO THE COMPANY'S RETRENCHMENT PROGRAM;

### **II.**

RECEIPT AND RELEASE EXECUTED BY THE PRIVATE RESPONDENTS AMOUNTED TO VALID AND BINDING COMPROMISE AGREEMENT AS HELD IN PERIQUET V. NLRC, 186 SCRA 724 (1990), SAMANIEGO V. NLRC, SUPRA AND VELOSO V. DEPARTMENT OF LABOR AND EMPLOYMENT, 200 SCRA 201 (1991);

### **III.**

SECTION 2, ARTICLE XV OF THE 1981 COLLECTIVE BARGAINING AGREEMENT WHICH REDUCED THE RETIRABLE PERIOD OF SERVICE FROM 20 TO 15 YEARS IS APPLICABLE TO THE PRIVATE RESPONDENTS HEREIN.

The pivotal issue for resolution here is whether or not grave abuse of discretion tainted the challenged Decision and Resolution of public respondent NLRC ?

Anent its first assigned error, petitioner contends that private respondents voluntarily severed their employment with petitioner, that they were given the choice of being retrenched, retired or dismissed and they opted to retire so as to avail of more financial benefits; that private respondents voluntarily applied for retirement and even negotiated for a better financial package which they, in fact, obtained and their application for retirement, coupled with their signing the requisite release and quitclaim, signified that private respondents' separation from petitioner's employment was voluntary and never vitiated by force or coercion.