

THE SAN MIGUEL CORPORATION (FORMERLY SAN MIGUEL BREWERY, INC.), PETITIONER, VS. MACARIO CRUZ AND THE COURT OF INDUSTRIAL RELATIONS, RESPONDENTS.

G.R. No. L-27828. February 27, 1970

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

Petition filed by the San Miguel Corporation (formerly San Miguel Brewery, Inc.) for review of the decision of the Court of Industrial Relations (in Case No. 2870-ULP), finding it guilty of unfair labor practices and ordering the reinstatement with back wages of complainant Macario Cruz.

The records of the case show that so the time in October, 1957 the "Pagkakaisa Samahang Manggagawa sa S.M.B. (Paflu)", a labor organization in the San Miguel corporation, staged a strike against the latter. After said strike ended and the strikers resumed their work, Macario Cruz, a driver-employee and member of the Union, was called by one Mr. Camahort, a company official, and was shown a newspaper clipping carrying a picture depicting him (Cruz) as one of the strikers. According to Cruz, he was told by Camahort that he would be dismissed if he would not desist from union activities. A few months thereafter, or on 17 March 1958, Cruz was advised of the company's decision to retire him from the service for physical disability, effective 11 March 1958.[1] Cruz must have already received information thereof before it could be sent by the company because under date of 15 March 1958 said employee wrote the company re-requesting that the benefits due him on account of his retirement be given in only one installment.[2] Accordingly, on 10 April 1958, Cruz received from the company HSBC Checks Nos. K905357 and K905358 in the total sum of P3,019.46 as "full and complete payment of all my (his) retirement benefits".[3]

On 12 June 1958, Cruz also filed with the Social Security System an application for disability benefit,[4] wherein he affirmed having retired from employment on 31 March 1958. This claim, however, was denied for the reason that the case properly falls under sickness bene-fits, to which claimant was not yet entitled, he having been a member of the System for less than one year.[5]

Three years after he was retired, on 27 May 1961, Macario Cruz charged the San Miguel Company before the Court of Industrial Relations with unfair labor practices for his dismissal in 1958, allegedly for union activities. The formal complaint against the company was filed by the Acting Prosecutor of the Court on 12 October 1961 (Case No. 2870-ULP). After hearing, the trial Judge rendered decision sustaining the charges and ordering therein respondent Company to reinstate the complainant with back wages, but deducting therefrom the amounts already received by him as retirement benefits. The company sought reconsideration thereof before the court en banc, and when the same was denied on 5 June 1967 (with two judges dissenting) the present petition for review was filed.

The primary question posed in this proceeding is whether or not a former employee who has accepted retirement benefits may still contest the regularity and validity of his retirement 3 years thereafter.

In disposing of the company's defense of estoppel and ruling that the acceptance by complainant of retirement

benefits did not preclude the latter from assailing the validity of the termination of his employment, the respondent Court cited the case of *Cariño vs. Agricultural Credit and Cooperative Financing Administration*,^[6] wherein we said:

"Acceptance of those benefits (separation pay and terminal leave benefits) would not amount to estoppel. The reason is plain. Employer and employee, obviously, do not stand on the same footing. The employer drove the employee to the wall. The latter must have to get hold of money. Because, out of job, he had to face the harsh necessities of life. He thus found himself in no position to resist money proffered. His, then, is a case of adherence, not of choice. One thing sure, however, is that petitioners did not relent on their claim. They pressed it. They are deemed not to have waived any of their rights."

The above pronouncement relied upon by the Industrial Court is not controlling in the present case. In the first place, as distinctly stated in the *Cariño* case, therein petitioners were improperly dismissed and never relented in their efforts to assert the illegality of their separation from employment and to demand reinstatement. By contrast, the herein complainant not only specified, and obtained, payment of retirement gratuities due him in a lump sum but even applied for disability benefits with the Social Security System. Moreover, he never protested his alleged illegal dismissal nor demanded reinstatement. It took him more than 3 years to question the validity of his said retirement. The original posture taken by the complainant, indeed, can be nothing but an agreement, or at least acquiescence, to the decision of the company to have him retired for physical disability. Thus, even assuming that there was ground to declare his separation from the service invalid, complainant's receipt of all the benefits arising therefrom, with full knowledge of all the facts surrounding the same, amounts to waiver of the right to contest the validity of the company's act.^[7]

Secondly, the petitioner company's cause is not only premised on estoppel, but also on complainant's right having lapsed into a stale demand. For, truly, all the elements for the operation of the principle of laches are here present: (a) conduct on the part of the employer that gave rise to the situation on which the complaint is made, which is the retirement of the complainant for physical disability; (b) delay in the assertion of complainant's right -- the lapsing of a period of 3 years which is neither explained nor justified; (c) lack of knowledge or notice on the part of the respondent employer that the complainant would assert the right on which the present suit is based; and (d) injury or prejudice to the employer in the event relief is awarded to the complainant.^[8]

Herein private respondent tries to remove this case from the operation of the laches principle by alleging that the matter of unfair labor practice involves public interest, and that the Industrial Peace Act (Republic Act 875) did not prescribe any period within which a right provided thereunder may be enforced. There can be no quarrel on this point; but it must be realized that, unlike prescription, the defense of laches is not dependent on the existence of a statutory period of limitation. It can be invoked without reckoning any specific or fixed period; it is sufficient that there be an unreasonable and unexplained delay in bringing the action that its maintenance would already constitute inequity or injustice to the party claiming it. As this Court succinctly declared in previous cases:

"- - - - Laches is different from the statute of limitations. Prescription is concerned with the fact of delay, whereas laches is concerned with the effect of delay. Prescription is a matter of time; laches is principally a question of inequity of permitting a claim to be enforced, this inequity being founded on some change in the condition of the property or the relation of the parties. Prescription is statutory; laches is not. Laches applies in equity, whereas prescription applies at law. Prescription is based on fixed time; laches is not." (*Nielson & Co., Inc. vs. Lepanto Consolidated Mining Co.*, L-21601, 17 December 1966).^[9]

"Laches in a general sense, is failure or neglect, for an unreasonable and unexplained length of time, to do that which, by exercising due diligence, could or should have been done earlier, it is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it.

"The doctrine of laches or of 'stale demands' is based upon grounds of public policy which requires, for the peace of society, the discouragement of stale claims, and unlike the statute of limitations, is not a mere question of time but is principally a question of the inequity or unfairness of permitting a right or claim to be enforced' or asserted." (Tijam vs. Sibonghanoy, L-21450, 15 April 1968).[10]

WHEREFORE, the decision of the Court of Industrial Relations under review is hereby reversed, and the complaint for unfair labor practices against herein petitioner, dismissed. No pronouncement as to costs.

Concepcion, C.J., Dizon, Makalintal, Zaldivar, Ruiz Castro, Teehankee, Barredo, and Villamor, JJ., concur. Fernando, J., did not take part.

[1] Exhibit "G", page 84, CIR record.

[2] Exhibit "2", page 116, CIR record.

[3] Exhibit "1", page 115, id.

[4] Exhibit "5", page 87, CIR record.

[5] Exhibit "7", page 83, id.

[6] G.R. No. L-19808, 29 September 1966, 18 SCRA 183.

[7] Misa vs. National Marketing Corporation, L-20701, 27 April 1967, 19 SCRA 1017, Lopez vs. Board of Directors, 101 Phil. 349.

[8] Go Chi Gun, et al. vs. Go Cho, et al., 96 Phil. 622.

[9] 18 SCRA 1040.

[10] 23 SCRA 29; also Z. E. Lotho, Inc. vs. Ice and Cold Storage Industries of the Philippines, L-16563, 28 December 1961, 3 S. C. R. A., 744.

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