# PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC), PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSIONS (NLRC), HONORABLE LABOR ARBITER LITA V. AGLIBUT IN HER CAPACITY AS NLRC...

*G.R. No. 100353. October 22, 1999*

Ponente: PURISIMA, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-100353/

**PURISIMA, J.:**

At bar is a Petition for Certiorari under Rule 65 of the Revised Rules of Court seeking to set aside the Resolution[1] dated May 31, 1991 of the National Labor Relations Commission[2] in NLRC CA No. L-000135[3] which affirmed the Decision of the Executive Labor Arbiter, dated March 27, 1991, in NLRC Case No. RABIII-12-1287-89.

The antecedent facts are as follows:

> On April 23, 1967, private respondent Ernesto M. Suarez was hired by the petitioner, Philippine National Construction Corporation (PNCC), a government owned and controlled corporation, as "Heavy Equipment Operator" under a temporary employment contract which stipulated, among other things, for sick leave, vacation leave with pay, separation pay provided that the employee had served the company continuously for at least one hundred eighty (180) working days. Private respondent worked for the petitioner from 1967 to 1989 under the following projects:
>
> "PROJECT ASSIGNED PERIOD COVERED
>
> MNEX April 23, 1967 to Jan. 31, 1969.
>
> SJB-HCG April 18, 1969 to Dec. 19, 1972
>
> CSY Dec. 20, 1972 to Jan. 5, 1973
>
> UPRP Oct. 6, 1973 to Sept. 16, 1973
>
> CCP Sept. 17, 1973 to Dec. 31, 1974
>
> MNEK2 Jan. 01, 1975 to April 15, 1975
>
> SCG-PUL May 16, 1975 to March 11, 1976
>
> SCY March 12, 1976 to April 20, 1976
>
> SCG-MCCRP April 21, 1976 to Aug. 07, 1977
>
> MSEX-CAR Aug. 08, 1977 to Jan. 31, 1978
>
> International Proj. (Malaysia) Feb. 01, 1979 to Feb. 12, 1980

International Proj. April 25, 1981 to May 25, 1982

- do - April 26, 1982 to May 24, 1983

- do - April 25, 1983 to May 23, 1985

NLE3 Feb. 13, 1987 to May 20, 1988

EMD June 30, 1988 to Sept. 15, 1989"[4]

On April 11, 1969, petitioner issued a regular appointment to the private respondent as "Crane Operator" with compensation at the rate of P1.75 per hour.

Records show that from 1978 to May 23, 1985, private respondent worked for petitioner's project in Malaysia, and was later advised to take a vacation and wait a call for his services.

On February 13, 1987, private respondent was again hired by the petitioner until August 16, 1989 when he received a notice terminating his services effective thirty (30) days from said date, citing as a ground therefor retrenchment and the policy of the state to privatize government-owned and controlled corporations. Private respondent was thus granted separation pay equivalent to two years, covering the period from 1987 to 1989 under the petitioner's special separation program for project employees.

Thereafter, private respondent pleaded for a separation pay equivalent to his full years of service, and not just for two years. Failing to obtain a favorable response, private respondent, due to financial constraints, executed a quitclaim and release in consideration of the amount of P18,815.35, representing retrenchment and terminal benefits.

On December 28, 1989, private respondent brought a Complaint for illegal dismissal against the petitioner, and praying for the payment of separation pay from April 1967 to September 1989. Petitioner countered that the private respondent, being a project employee, is not entitled to separation pay and that the cause of action of the private respondent has already prescribed.

In a decision dated March 27, 1991, the Labor Arbiter ruled in favor of the private respondent, holding thus:

"WHEREFORE, respondent is hereby ordered to pay complainant's additional separation pay for services rendered from 1967 to 1958 in the total amount of SEVENTY EIGHT THOUSAND SIX HUNDRED TWENTY-FOUR PESOS (P78, 624.00).

SO ORDERED."[5]

Therefrom, petitioner appealed to the NLRC. But on May 31, 1991, the public respondent came out with a Resolution dismissing the appeal and affirming the decision of the Labor Arbiter:[6]

Undaunted, the petitioner found its way to this court via the present petition, theorizing that the public respondent gravely abused its discretion in:

"a) disregarding altogether the evidence on record that private respondent was hired as a "project employee" and thus was enjoying limited tenure/co-terminus with the completion of the project.

b) in finding, contrary to evidence, that herein private respondent was a regular employee.

c) in declaring that private respondent's cause of action for recovery of additional separation pay has not prescribed.

d) in declaring that private respondent is not estopped from claiming separation pay despite his execution of


Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

Quitclaim/waiver."[7]

The petition is devoid of merit.

Article 280 of the Labor Code provides:

> "Art. 280. Regular and Casual Employment. - The provisions of written agreement to the contrary notwithstanding and regardless of the oral agreement of the parties, an employment shall be deemed to be regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or where the work or service to be performed is seasonal in nature and the employment is for the duration of the season."
>
> x x x" (Emphasis supplied)

The principal test in determining whether particular employees are "project employees" as distinguished from "regular employees" is whether the "project employees' are assigned to carry out "specific project or undertaking", the duration (and scope) of which are specified at the time the employees are engaged for the project.[8] In the case under scrutiny, the documents covering private respondent's temporary and regular employments do not state that the private respondent was hired as a project employee nor was there a period indicating the duration of the job as required of a project employment. In fact, the space in the temporary employment contract, which could have limited the period of employment of private respondent, was left blank. What is more, the temporary employment contract provides for separation pay and other benefits to which a regular employee is entitled. If private respondent were a project employee, there would have been no need for petitioner to award the said benefits. So also, there was nothing in the regular appointment of private respondent indicating that he was being hired as a project employee. The said regular appointment merely stated therein that private respondent was regularly appointed as "crane operator" upon his departure for their project in Tacloban with an increased compensation of P1.50 to P1.75 per hour. As aptly stressed upon by the Labor Arbiter, it is even safe to assume that all the benefits provided for in the temporary employment contract necessarily formed part of the regular employment since an employee may not suffer diminution of benefits.[9]

However, in the corporation's Personnel Action form dated May 20, 1988, which bears the signature of private respondent, it appears that after working in Malaysia, private respondent was re-engaged by petitioner as a project employee until he was served a notice of termination on August 16, 1988. It is thus clear that the complainant of private respondent started from temporary to regular status, was converted for the last two years into a project employment. Be that as it may, private respondent is still entitled to the separation pay prayed for, on the basis of the temporary and regular employment contracts and on the special separation program offered to project employees.

Then too, Article 1702 of the Civil Code provides:

> "Art. 1702. In case of doubt, all labor legislation and all labor contracts shall be construed in favor of the safety and decent living for the laborer."

Mindful of the aforecited provision in point, the contract of employment in the present case should be interpreted favorably in favor of the private respondent. As a regular employee of the petitioner from 1967 to 1985, he is truly entitled to separation pay for such period, except for the gap of one year and nine months when he went on vacation leave from 1985 to 1987.

Untenable is petitioner's contention that the cause of action of private respondent is barred by prescription. The

Complaint of private respondent was filed perfectly within the three (3) year prescriptive period within which to file a money claim. As aforestated, complainant (private respondent) was not dismissed but merely asked to go on vacation in May 1985. This was not ably disputed by respondent. It was only on August 16, 1989 that the private respondent was informed of the termination of his services. Hence, when the private respondent brought his Complaint in 1989, his cause of action was not yet barred by prescription. It was within the three year prescriptive period under Article 291[10] of the Labor Code.

There is no tenability in petitioner's contention that the private respondent is estopped from claiming separation benefits. In line with the policy of the State to promote the welfare of workers, this court takes note of the low regard for quitclaims executed by laborers which are often frowned upon as contrary to public policy.[11] This doctrine is consistent with Section 18, Article II of the 1987 Constitution which states:

> "Sec. 18. The state affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare."

Time honored is the precept that quitclaims are ineffective in barring recovery for the full measure of the worker's rights and that acceptance of benefits therefrom does not amount to estoppel.[12] In Lopez Sugar Corporation vs. Federation of Free Workers,[13] the Court explained:

> "Acceptance of those 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 the job, he has to face 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 their claim. They pressed it. They are deemed not to have waived any of their rights. xxx"[14]

In the instant case, a conscientious sifting of the pertinent records reveals that after executing the quitclaim and release, and accepting the benefit therein stated, the private respondent on two occasions, sought reconsideration of the decision of petitioner to pay him a separation pay equivalent to his last two years of service. Apart from that, in November 1989, after executing the quitclaim and release, he forthwith instituted the present case in December 1989. It is indeed abundantly clear that private respondent had no intention at all of abandoning his claim. Pressed by financial difficulties, he was only forced to sign the quitclaim and release in question.

It is thus beyond cavil that the private respondent is not estopped from claiming the separation benefits he is legally entitled to.

Premises studiedly considered, the Court is of the ineluctable conclusion, and so holds, that the public respondent erred not in affirming the Decision of the Labor Arbiter in NLRC Case No. RABIII-12-1287-89.

WHEREFORE, the petition is DISMISSED and the Resolution of the National Labor Relations Commission, dated May 31, 1993, in NLRC CA No. L-000135 AFFIRMED in toto. No pronouncement as to costs.

**SO ORDERED.**

Melo, (Chairman), Vitug, Panganiban, and Gonzaga-Reyes, JJ., concur.

---

[1] Rollo, pp. 37-43.

[2] Third Division, composed of Commissioners: Rogelio I. Rayala (ponente), Lourdes C. Javier (Presiding Commissioner) and Ireneo B. Bernardo.

[3] Decision, Annex “B”, Rollo, pp. 26-35.

[4] Petition, Rollo, p. 9.

[5] Decision, Annex “B”, Rollo, p. 35.

[6] Resolution, Rollo, p. 43.

[7] Petition, Rollo, p. 11.

[8] Tomas Lao Construction, LVM Construction Corporation vs. NLRC, 278 SCRA 716, p. 726.

[9] Decision, Rollo, p. 32.

[10] Article 291. Money claims. - All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three years from the time the cause of action accrued; otherwise they shall be forever barred. x x x”

[11] Galicia vs. NLRC, 276 SCRA 381, P. 387, citing Republic Planters Bank vs. NLRC, 266 SCRA 142, Philippine National Construction Corporation vs. NLRC 215 SCRA 204.

[12] Ibid., citing Medina v. Consolidated Broadcasting System 222 SCRA 707 and Blue Bar Coconut Philippines, Inc., v. NLRC, 208 SCRA 371.

**[13] 189 SCRA 179.**

[14] Ibid., p. 193.


*Bar review courses, mock exams and a study planner that keeps you on pace - batas.org*

ABOUT BATAS.ORG

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

**The complete Philippine law library - free for everyone.**

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

**Audio case-brief lectures.**

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

**Bar review built on the science of memory.**

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

**The full law-school curriculum.**

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

**Mock exams that tell you where you stand.**

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

**A study planner that keeps you on pace.**

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at https://batas.org**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.