

**JOSE B. CRUZ, RODOLFO C. DELOS SANTOS, VICENTE A. RIGOS,  
GREGORIO A. LINGAL AND ALICIA P. FRANCISCO, PETITIONERS, VS.  
PHILIPPINE GLOBAL COMMUNICATIONS, INC. AND/OR ALFREDO  
PARUN...**

*G.R. No. 141868. May 28, 2004*

Ponente: SANDOVAL-GUTIERREZ, J.

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**SANDOVAL-GUTIERREZ, J.:**

May a retrenched employee still claim his retirement benefits after receiving his separation pay? This is the basic issue for our resolution in the instant case.

At bar is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision[1] dated July 30, 1999 and Resolution[2] dated February 4, 2000 rendered by the Court of Appeals in CA-G.R. SP No. 50654, entitled “Jose B. Cruz, Rodolfo C. Delos Santos, Vicente A. Rigos, Gregorio A. Lingal, and Alicia P. Francisco vs. National Labor Relations Commission (Second Division), Philippine Global Communications, Inc. and/or Alfredo Parungao.”

The facts as borne by the records are:

Philippine Global Communications, Inc., respondent, is a corporation engaged in the principal business of communications through telex and telegram, with various branches nationwide.

As a result of a decline in the volume of recorded messages sent via telex and telegram, respondent suffered substantial financial losses equivalent to P2,221,804.00 in 1993 and P4,536,626.00 in 1994.

With this development, respondent adopted an organizational streamlining program that resulted in the closure of its branches and termination from the service of forty-two (42) workers. Among them were Jose B. Cruz, Rodolfo C. Delos Santos, Vicente A. Rigos, Gregorio A. Lingal and Alicia P. Francisco, petitioners, who occupied managerial, supervisory and confidential positions.

In separate letters dated January 30, 1995, respondent terminated petitioners’ services effective March 1, 1995.

Eventually, respondent paid petitioners their separation pay at the rate of 1 ½ months salary per year of service.[3]

Then after having been paid their separation pay, they executed and signed a “Release, Waiver and Quitclaim.”

However, on October 17, 1995, petitioners filed with the Labor Arbiter a complaint for payment of retirement benefits, damages and attorney’s fees against respondent and its president, Alfredo Parungao, docketed as NLRC NCR Case No. 00-10-06979-95.

On July 31, 1997, the Labor Arbiter rendered a Decision sustaining petitioners’ claim for retirement benefits under respondent’s Retirement Plan. The dispositive portion of the Decision reads:

“WHEREFORE, judgment is hereby rendered finding merit in complainants’ claim for retirement benefits, and orders respondents to pay each of the complainants, one and a half month salary for every year of service, as provided by respondent’s Retirement Plan, to wit:

- Jose B. Cruz - 35 years in service x one and half month salary for every year of service equivalent to P 1,980,108.00;

- Rodolfo C. delos Santos – 29 years in service x one and half month salary for every year of service equivalent to P1,099,543.15;

- Vicente A. Rigo – 27 years in service x one and a half month salary for every year of service equivalent to P 1,198,025.86

- Gregorio A. Lingal – 31 years in service x one and a half month salary for every year of service equivalent to P 1,542,920.85;

- Alicia P. Francisco – 13 years in service x one and a half month salary for every year of service equivalent to P 331,007.00.

Or the total sum of P 6,151,606.84 plus ten (10%) percent of the total money claims awarded as attorney’s fees.

All other claims are dismissed for lack of merit.

SO ORDERED.”

Upon appeal by the parties, the National Labor Relations Commission (NLRC), in a Decision dated March 2, 1998, reversed the Labor Arbiter’s Decision and dismissed petitioners’ complaint for payment of retirement benefits.

On March 23, 1998, petitioners filed a motion for reconsideration but was denied.

Hence, petitioners filed with this Court a petition for certiorari which we referred to the Court of Appeals pursuant to our ruling in *St. Martin’s Funeral Home vs. NLRC*.<sup>[4]</sup>

On July 30, 1999, the Appellate Court promulgated its Decision affirming the assailed Decision of the NLRC. In denying petitioners’ claim for retirement benefits, the Appellate Court ratiocinated:

“x x x, the pivotal issue at bar is whether or not the National Labor Relations Commission acted without in excess of jurisdiction or with grave abuse of discretion in declaring that petitioners are not entitled to retirement benefits under PHILCOM’s Retirement Plan in addition to their separation pay. The answer must inevitably be in the negative as we find said decision and resolution to be in accord with law and jurisprudence.

Petitioners contend that the public respondent erred when it adopted the ruling in the case of *Cipriano vs. San Miguel*, 24 SCRA 703 where the employees’ claims for retirement benefits in addition to separation pay were denied in view of a stipulation in the retirement plan that employees who are separated from the service for any reason other than misconduct or voluntary resignation shall be entitled to the benefits under the said retirement plan or to the severance pay provided by law. They also contend that the applicable provision should be Section 4, Article VI of the PHILCOM’s Retirement Plan which reads:

#### Section 4 – Involuntary Separation

“A member whose services may be terminated by the Company for any reason other than just cause or voluntary resignation shall be entitled to benefit determined in accordance with the retirement benefit formula provided in Article V hereof. However, if the termination is due to redundancy, the employee will be paid one and one-half months pay for every year of service (as amended on July 1, 1988).

Petitioners' contention holds no water. The above quoted provision should not be interpreted singly but should be read together with the other provisions of the Retirement Plan in question to determine the intent of the Plan. Thus, the meaning to be gathered from the agreement as a whole will control rather than that to be obtained from a particular part, and effect must be given to every part of the instrument if possible (*Badayos vs. Court of Appeals*, 207 SCRA 209).

Under Section 6, Article XI of PHILCOM's Retirement Plan which reads:

#### ARTICLE XI

#### MISCELLANEOUS PROVISIONS

##### Section 6 – Effect of Social Legislation

a) Social Security and Workmen's Compensation – The benefits payable under this Plan shall be in addition to such benefits which the Member shall be entitled under the Social Security and Workmen's Compensation Acts.

b) Adjustment of Benefits payments – Except only as provided in paragraph (a) of this Section, in the event the company is required under the law or by lawful order of competent authority, to pay to the Member benefits or emoluments similar or analogous to those already provided in the Plan, the member concerned shall not be entitled to both what the law or the lawful order of competent authority requires the company to give and the benefits provided by the Plan, but shall only be entitled to whichever is the greatest among them, it being understood however that for the purpose of determining whichever benefits is greatest, it is the total benefits required to be paid under the law or lawful order of competent authority or the Plan that shall be reckoned. The benefit provided by this Plan may be reduced or amended in an equitable manner by the company by the value of any present or future contract such as collective bargaining, law, e.g. termination pay provisions or lawful order of competent authority.

a)

Social Security and Workmen's Compensation – The benefits payable under this Plan shall be in addition to such benefits which the Member shall be entitled under the Social Security and Workmen's Compensation Acts.

b)

Adjustment of Benefits payments – Except only as provided in paragraph (a) of this Section, in the event the company is required under the law or by lawful order of competent authority, to pay to the Member benefits or emoluments similar or analogous to those already provided in the Plan, the member concerned shall not be entitled to both what the law or the lawful order of competent authority requires the company to give and the benefits provided by the Plan, but shall only be entitled to whichever is the greatest among them, it being understood however that for the purpose of determining whichever benefits is greatest, it is the total benefits required to be paid under the law or lawful order of competent authority or the Plan that shall be reckoned. The benefit provided by this Plan may be reduced or amended in an equitable manner by the company by the value of any present or future contract such as collective bargaining, law, e.g. termination pay provisions or lawful order of competent authority.

The aforesaid Section 6(b) Article XI, of the Retirement Plan is explicit and leaves no doubt as to the intention to prohibit the recovery of both separation pay and retirement benefits. The public respondent NLRC thus correctly pointed out that 'there is no further doubt that the payment of separation pay is a requirement of the law, i.e. the Labor Code, which is a social legislation. The clear intent of Article XI, section 6 is to input the effects of social legislation in the circulation of Retirement benefits due to retiring employees (p. 238, Rollo). The Retirement Plan itself clearly sets forth the intention of the parties to entitle employees only to whatever is greater between the

Retirement Benefits then due and that which the law requires to be given by way of separation pay. To give way to complainant's demands would be to totally ignore the contractual obligations of the parties in the Retirement Plan, and to distort the clear intent of the parties as expressed in the terms and conditions contained in such plan' (Ibid., p. 240).

x x x

After a judicious review of the case at bench, We find that the conclusions reached by respondent NLRC in its questioned decision and resolution are supported by substantial evidence, or that amount of evidence which a reasonable mind may accept as adequate to justify a conclusion. Succinctly put, with no showing that the public respondent NLRC gravely abused its discretion, or otherwise acted without jurisdiction or in excess the same, We are bound by its findings.

WHEREFORE, premises considered, the instant petition is hereby DENIED DUE COURSE and DISMISSED for lack of merit. The decision dated March 2, 1998, as well as the resolution dated April 16, 1998 of the respondent National Labor Relations Commission are AFFIRMED in toto.

**SO ORDERED.”**

On February 4, 2000, the Court of Appeals issued a Resolution denying petitioners' motion for reconsideration.

Petitioners, in the instant petition for review on certiorari, contend that the Court of Appeals erred in relying upon our ruling in Cipriano vs. San Miguel [5] that the employee separated from the service is entitled to either the amount prescribed in the retirement plan or the separation pay provided by law, whichever is higher. Petitioners invoke Section 4, Article VI of respondent's Retirement Plan (of which they are members) expressly providing that retirement benefits may be granted to them in addition to their separation pay. They likewise call our attention to Aquino vs. NLRC[6] holding that payment of separation benefits does not exclude payment of retirement benefits.

For its part, respondent maintains that payment of both separation pay and retirement benefits is proscribed under Section 6(b), Article XI of its Retirement Plan. Thus, the NLRC's and the Court of Appeals' reliance on Cipriano vs. San Miguel [7] is in order.

In Cipriano,[8] this Court, through Mr. Chief Justice Concepcion, ruled that regular employees who were separated from the service are entitled either to the amount prescribed in the retirement plan or the separation pay provided by law, whichever is higher. This is pursuant to the agreement between the company and the labor union, of which plaintiff is a member, thus:

“Plaintiff's contention is manifestly devoid of merit. His right to the benefits of the aforementioned plan came into existence by virtue of the agreement between the defendant and the labor union, of which plaintiff is a member. Admittedly, said right is subject to the limitations prescribed in the agreement, Article X of which reads:

‘Regular employees who are separated from the service of the company for any reason other than misconduct or voluntary resignation shall be entitled to either 100% of the benefits provided in Section 2, Article VIII hereof, regardless of their length of service in the company or to the severance pay provided by law, which ever is the greater amount.’

Pursuant thereto, plaintiff was entitled to ‘either’ the amount prescribed in the plan or the severance pay provided by law, whichever is the greater amount.’ In other words, he had a right to one of the two benefits, not to both, at the same time. The exclusion of one by the other is clearly deducible, not only from the terms ‘either’ and ‘or’ used in the agreement, but, also, by the qualifying phrase ‘whichever is the greater amount.’ x x x.”

In *Aquino vs. NLRC*,<sup>[9]</sup> citing *University of the East vs. Minister of Labor*<sup>[10]</sup> and *Batangas Laguna Tayabas Bus Co. vs. Court of Appeals*,<sup>[11]</sup> we ruled that if there is no prohibition both in the Retirement Plan and the Collective Bargaining Agreement, the employee has the right to recover from the employer his separation pay and retirement benefits, thus:

“The Court feels that if the private respondent really intended to make the separation pay and the retirement benefits mutually exclusive, it should have sought inclusion of the corresponding provision in the Retirement Plan and the Collective Bargaining Agreement so as to remove all possible ambiguity regarding this matter.

x x x. Knowing this, he should have made it a point to categorically provide in the Retirement Plan and the CBA that an employee who had received separation pay would no longer be entitled to retirement benefits. Or to put it more plainly, collection of retirement benefits was prohibited if the employee had already received separation pay.”

Clearly, under the above cases, the right of the concerned employees to receive both retirement benefits and separation pay depends upon the provisions in the Retirement Plan.

Does respondent’s Retirement Plan provide that petitioners are entitled to both separation pay and retirement benefit?

Section 6 (b), Article XI of the Retirement Plan provides:

“ARTICLE XI  
MISCELLANEOUS PROVISIONS

x x x

Sec. 6. Effect of Social Legislation

x x x

b) Adjustment of Benefits Payments.- x x x, in the event the Company is required under the law or by lawful order of competent authority to pay to the Member benefits or emoluments similar or analogous to those already provided in the Plan, the Member concerned shall no be entitled to both what the law or the lawful order of competent authority requires the Company to give and the benefits provided by the Plan, but shall only be entitled to whichever is the greatest among them, x x x.”

Thus, petitioners are entitled only to either the separation pay provided under Article 283 of the Labor Code, as amended, or retirement benefits prescribed by the Retirement Plan, whichever is higher.

Under Article 283 of the Labor Code, as amended, affected employees, in case of retrenchment or cessation of operations, are always given termination or separation pay equivalent to one month pay or at least ½ month pay for every year of service, whichever is higher.

Under Section 4, Article VI<sup>[12]</sup> of respondent’s Retirement Plan, the employees are entitled to a retirement pay equivalent to one and a half (1 ½) months pay for every year of service computed on the basis of their basic monthly salary at the time of retirement.

Here, respondent opted to pay petitioners separation benefits computed under the Retirement Plan, the same being higher than what Article 283 of the Labor Code, as amended, provides.

As we held in *Cipriano and Aquino*, the employees’ right to payment of retirement benefits and/or separation pay is governed by the Retirement Plan of the parties. Under the Retirement Plan before us, petitioners are not entitled to both separation pay and retirement benefits.

We, therefore, rule that the Court of Appeals did not err in concluding that petitioners, having received from respondent their separation pay, are no longer entitled to retirement benefits.

WHEREFORE, the petition is DENIED. The assailed Decision dated July 30, 1999 and Resolution dated February 4, 2000 of the Court of Appeals in CA-G.R. SP No. 50654 are hereby AFFIRMED.

**SO ORDERED.**

Vitug, (Chairman), Corona, and Carpio Morales, JJ., concur.

[1] Annex “E” of the Petition for Review, Rollo at 330-342.

[2] Annex “I”, id. at 394-396.

[3] Petitioner Cruz served the respondent company for thirty-five (35) years with a monthly salary of P37,960.00. Petitioner Delos Santos, on the other hand, was employed with the respondent company for twenty-nine (29) years with a monthly salary of P24,875.00. While petitioner Rigos commenced his twenty-seven (27) years of employment on September 1, 1968 with a monthly salary rate at P30,125.00. Petitioner Lingal was employed on April 13, 1964 and has served the respondent company for thirty-one (31) years with a monthly salary of P 33,287.50. Finally, petitioner Francisco was employed for thirteen (13) years (since March 18, 1982) with a monthly salary at P17,025.00.

[4] G.R. No. 130866, September 16, 1998, 295 SCRA 494. In this case, we held that appeal from the NLRC should be initially filed with the Court of Appeals, no longer with this Court, pursuant to the doctrine of hierarchy of courts.

[5] G.R No. L-24774, August 21, 1968, 24 SCRA 703.

[6] G.R No. 87653, February 11, 1992, 206 SCRA 118.

[7] Supra.

[8] Supra.

[9] G.R. No. 87653, February 11, 1992, 206 SCRA 118, 123.

[10] G.R. No. L-74007, June 31, 1987, 152 SCRA 676.

[11] G.R. No L-38482, June 18, 1976, 71 SCRA 470.

[12] Section 4, Article VI of the said Retirement Plan provides:

“ARTICLE VI  
DEATH AND DISABILITY BENEFITS  
X X X

Section 4 – Involuntary Separation

A member whose services may be terminated by the Company for any reason other than just cause or voluntary resignation shall be entitled to benefit determined in accordance with the retirement benefit formula provided in Article V hereof. However, if the termination is due to redundancy, the employee will be paid one and one half months pay for every year of service. (as amended on July 1, 1988)

X X X.”

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