

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

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

Ponente: REYES, R.T., J.

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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] Oxales raises the following issues for Our disposition, to wit:

- 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;
- 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;
- 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;
- 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;
- 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;

- 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;

- 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;

- 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;

- 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;

- 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;

- 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;

- 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;

- WHETHER OR NOT THE COURT OF APPEALS SERIOUSLY ERRED IN NOT GRANTING MORAL AND EXEMPLARY DAMAGES AND ATTORNEY'S FEES TO PETITIONER;

- 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.

A retirement plan in a company partakes the nature of a contract, with the employer and the employee as the contracting parties. It creates a contractual obligation in which the promise to pay retirement benefits is made in consideration of the continued faithful service of the employee for the requisite period.[21]

The employer and the employee may establish such stipulations, clauses, terms, and conditions as they may deem convenient.[22] In *Allgeyer v. Louisiana*,[23] *New York Life Ins. Co. v. Dodge*,[24] *Coppage v. Kansas*,[25] *Adair v. United States*,[26] *Lochner v. New York*,[27] and *Muller v. Oregon*,[28] the United States Supreme Court held that the right to contract about one's affair is part and parcel of the liberty of the individual which is protected by the "due process of law" clause of the Constitution.

The obligations arising from the agreement between the employer and the employee have the force of law between them and should be complied with in good faith.[29] However, though the employer and the employee are given the widest latitude possible in the crafting of their contract, such right is not absolute. There is no such thing as absolute freedom of contract. A limitation is provided for by the law itself. Their stipulations, clauses, terms, and conditions should not be contrary to law, morals, good customs, public order, or public policy.[30] Indeed, the law respects the freedom to contract but, at the same time, is very zealous in protecting the contracting parties and the public in general. So much so that the contracting parties need not incorporate the existing laws in their contract, as the law is deemed written in every contract. *Quando abest, proviso parties, adest proviso legis*. When the provision of the party is lacking, the provision of the law supplies it. *Kung may kulang na kondisyon sa isang kasunduan, ang batas ang magdaragdag dito*.

Viewed from the foregoing, We rule that Oxales is not entitled to the additional retirement benefits he is asking. The URP is very clear: "basic monthly salary" for purposes of computing the retirement pay is "the basic monthly salary, or if daily[,] means the basic rate of pay converted to basic monthly salary of the employee excluding any commissions, overtime, bonuses, or extra compensations." [31] *Inclusio unius est exclusio alterius*. The inclusion of one is the exclusion of others. *Ang pagsama ng isa, pagpwera naman sa iba*.

The URP is not contrary to law, morals, good customs, public order, or public policy to merit its nullification. We, thus, sustain it. At first blush, the URP seems to be disadvantageous to the retiring employee because of the exclusion of commissions, overtime, bonuses, or extra compensations in the computation of the basic monthly salary. However, a close reading of its provisions would reveal otherwise. We quote with approval the explanation of the NLRC in this regard, viz.:

x x x the United Retirement Plan of the respondent [Unilab] has a one and one-half months salary for every year of service as the basis of entitlement. Under the new law, only one-half month of the retiree's salary inclusive however, of not more than five (5) days of service incentive leave and one-twelfth (1/12) of the 13th month pay are used as the bases in the retirement benefits computation.

Mathematically speaking therefore, complainant's [Oxales] benefits received amounting to P1,599,179.00 under Trust Fund A together with the cash equivalent of his unused leaves which has an amount of P176,313.06 and his contribution in the Trust Fund B amounting to P397,738.33 are way above the entitlement he could have received under Republic Act 7641, otherwise known as the New Retirement Law.[32] (Underscoring supplied)

Both law[33] and jurisprudence[34] mandate that if the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control. Thus, if the terms of a writing are plain and unambiguous, there is no room for construction, since the only purpose of judicial construction is to remove doubt and uncertainty.[35] Only where the language of a contract is ambiguous and

uncertain that a court may, under well-established rules of construction, interfere to reach a proper construction and make certain that which in itself is uncertain.[36] Where the language of a contract is plain and unambiguous, its meaning should be determined without reference to extrinsic facts or aids.[37]

R.A. No. 7641 does not apply in view of the URP which gives to the retiring employee more than what the law requires; the supporting cases cited by Oxales are off-tangent.

R.A. No. 7641, otherwise known as "The Retirement Pay Law," only applies in a situation where (1) there is no collective bargaining agreement or other applicable employment contract providing for retirement benefits for an employee; or (2) there is a collective bargaining agreement or other applicable employment contract providing for retirement benefits for an employee, but it is below the requirements set for by law. The reason for the first situation is to prevent the absurd situation where an employee, who is otherwise deserving, is denied retirement benefits by the nefarious scheme of employers in not providing for retirement benefits for their employees. The reason for the second situation is expressed in the latin maxim *pacta privata juri publico derogare non possunt*. Private contracts cannot derogate from the public law. Ang kasunduang pribado ay hindi makasisira sa batas publiko. Five (5) reasons support this conclusion.

First, a plain reading of the Retirement Pay Law. R.A. No. 7641 originated from the House of Representatives as House Bill 317 which was later consolidated with Senate Bill 132. It was approved on December 9, 1992 and took effect on January 7, 1993.[38] Amending Article 287 of the Labor Code, it provides as follows:

Art. 287. Retirement. - Any employee may be retired upon reaching the retirement age established in the collective bargaining agreement or other applicable employment contract.

In case of retirement, the employee shall be entitled to receive such retirement benefits as he may have earned under existing laws and any collective bargaining agreement and other agreements: Provided, however, that an employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided herein.

In the absence of a retirement plan or agreement providing for retirement benefits of employees in the establishment, an employee upon reaching the age of sixty (60) years or more, but not beyond sixty-five (65) years which is hereby declared the compulsory retirement age, who has served at least five (5) years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.

Unless the parties provide for broader inclusions, the term `one-half (1/2) month salary shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of not more than five (5) days of service incentive leaves. (Underscoring supplied)

Second, the legislative history of the Retirement Pay Law. It may be recalled that R.A. No. 7641 traces back its history in the case of *Llora Motors, Inc. v. Drilon*.[39] In this case, the Court held that the then Article 287 of the Labor Code[40] and its Implementing Rules[41] may not be the source of an employee's entitlement to retirement pay absent the presence of a collective bargaining agreement or voluntary company policy that provides for retirement benefits for the employee.[42]

Third, the legislative intent of the Retirement Pay Law. A reading of the explanatory note of Representative Alberto S. Veloso would show why Congress sought to pass the Retirement Pay Law: many employers refuse or neglect to adopt a retirement plan for their employees because of the absence of any legal compulsion for them to do so, thus:

When the Labor Code came into effect in 1974, retirement pay had, as a matter of course, been granted to employees in the private sector when they reach the age of sixty (60) years. This had practically been the rule

observed by employers in the country pursuant to the rules and regulations issued by the then Minister of Labor and Employment to implement the provisions of the Labor Code, more particularly, where there is no provision for the same in the collective bargaining agreement or retirement plan of the establishment.

At present, however, such benefit of retirement pay is no longer available where there is no collective agreement thereon or any retirement plan at all. This is so because, in a decision of the Supreme Court (*Llora Motors vs. Drilon and NLRC, et al.*, G.R. No. 82895, November 7, 1989), it was held that the grant of such benefit under the rules implementing the Labor Code is not supported by any express provision of the Labor Code itself. In short, there is no specific statutory basis for the grant of retirement benefits for employees in the private sector reaching the age of 60 years.

Since the time of such nullification by the Supreme Court of said implementing rules on retirement pay for private sector employees, many employers simply refuse or neglect to adopt any retirement plan for their workers, obviously emboldened by the thought that, after said ruling, there is no longer any legal compulsion to grant such retirement benefits. In our continuous quest to promote social justice, unfair situations like this, productive of grievance or irritants in the labor-management relations, must immediately be corrected or remedied by legislation. (Underscoring supplied)

Fourth, the title of the Retirement Pay Law. The complete title of R.A. No. 7641 is "An Act Amending Article 287 of Presidential Decree No. 442, As Amended, Otherwise Known as the Labor Code of the Philippines, By Providing for Retirement Pay to Qualified Private Sector in the Absence of Any Retirement Plan in the Establishment." *Res ipsa loquitur*. The thing speaks for itself. Isang bagay na nangungusap na sa kanyang sarili.

Fifth, jurisprudence. In *Oro Enterprises, Inc. v. National Labor Relations Commission*,^[43] the Court held that R.A. No. 7641 "is undoubtedly a social legislation. The law has been enacted as a labor protection measure and as a curative statute that - absent a retirement plan devised by, an agreement with, or a voluntary grant from, an employer - can respond, in part at least, to the financial well-being of workers during their twilight years soon following their life of labor."^[44]

In *Pantranco North Express, Inc. v. National Labor Relations Commission*,^[45] the Court held that Article 287 of the Labor Code "makes clear the intention and spirit of the law to give employers and employees a free hand to determine and agree upon the terms and conditions of retirement,"^[46] and that the law "presumes that employees know what they want and what is good for them absent any showing that fraud or intimidation was employed to secure their consent thereto."^[47]

Lastly, in *Brion v. South Philippine Union Mission of the Seventh Day Adventist Church*,^[48] the Court ruled that a reading of Article 287 of the Labor Code would reveal that the "employer and employee are free to stipulate on retirement benefits, as long as these do not fall below floor limits provided by law."^[49]

We are aware of the several cases cited by Oxales to support his claim that the computation of his retirement benefits should not have been limited to the basic monthly salary as defined by the URP. However, these cases negate, rather than support, his claim.

In *Villena v. National Labor Relations Commission*,^[50] the "compulsory retirement" of Villena was, in fact, an illegal dismissal in disguise. Thus, the Court ordered the Batangas, Laguna, Tayabas Bus Co. to pay Villena "his full backwages, allowances, and other benefits for a period of three (3) years after his illegal dismissal on April 24, 1987, until he reached the compulsory retirement age plus his retirement benefits equivalent to his gross monthly pay, allowances and other benefits for every year of service up to age sixty (60), which is the normal retirement age for him."^[51]

The distinction between Villena with the instant case is readily apparent. The Court used the regular

compensation of Villena in computing his retirement benefits because the provision of the CBA for rank-and-file employees is inapplicable to him, being a managerial employee. The Villena case was also decided before the passage of R.A. No. 7641.

In *Planters Products, Inc. v. National Labor Relations Commission*,^[52] the petitioning employees were given termination benefits based on their basic salary. However, Planters Products, Inc. had integrated the allowances of its remaining employees into their basic salary. Thus, it was the basic salary that increased. Also, it was the basic salary as increased (not the basic salary and allowances) which still formed the basis for the computation of the termination benefits of the remaining employees of the company. The Court held that fairness demanded that the terminated employees receive the same treatment.^[53] Clearly, such situation is absent here.

In *Manuel L. Quezon University v. National Labor Relations Commission*,^[54] the issue raised was whether respondents are entitled to the retirement benefits provided for under R.A. No. 7641, even if petitioner has an existing valid retirement plan. The Court held that the coverage of the law "applies to establishments with existing collective bargaining or other agreements or voluntary retirement plans whose benefits are less than those prescribed under the proviso in question."^[55]

Admittedly, this Court held in the case of *Songco v. National Labor Relations Commission*^[56] that not only the basic salary but also the "allowances" (like transportation and emergency living allowances) and "earned sales commissions" should be taken into consideration in computing the backwages and separation pay of the employee. However, a closer examination of the case would show that the CBA^[57] between Zuellig and F.E. Zuellig Employees Association, in which Songco was a member, did not contain an explicit definition of what salary is. Neither was there any inclusions or exclusions in the determination of the salary of the employee. Here, the URP has an explicit provision excluding any commissions, overtime, bonuses, or extra compensations for purposes of computing the basic salary of a retiring employee. Too, the Songco case was decided before the passage of R.A. No. 7641.

Clearly then, R.A. No. 7641 does not apply because the URP grants to the retiring employee more than what the law gives. Under the URP, the employee receives a lump sum of 1½ pay per year of service, compared to the minimum ½ month salary for every year of service set forth by R.A. No. 7641.

Oxales is trying to have the best of both worlds. He wants to have his cake and eat it too: the 1½ months formula under the URP, and the inclusion of the value of food benefits and other allowances he was entitled to as employee of UNILAB with his monthly salary as the multiplicand of his number of years in the service. This he should not be permitted to do, lest a grave injustice is caused to UNILAB, and its past and future retirees.

We agree with the NLRC observation on this score:

As an illustration, Complainant claims that his monthly salary as the multiplicand of his number of years in the service should include the value of the food benefits and other allowances he was entitled while in the employ of respondent. However, he did not even, by implication, intend to reduce the 1½ month salary as multiplier under the URP to ½ under the law he invoked. This is a sign of covetousness, unfair both to the employer and those employees who have earlier retired under said plan.^[58]

Oxales is not entitled to the reinstatement of his medical benefits, which are not part of the URP. Corollarily, he is not also entitled to moral damages, exemplary damages, and attorney's fees.

Oxales claims that UNILAB unilaterally revoked his medical benefits, causing him humiliation and anxiety. This, he argues, entitles him to moral damages, exemplary damages, plus attorney's fees.

We cannot agree. The records bear out that after Oxales retired from UNILAB, he chose to join a rival company,

Lloyds Laboratories, Inc. As UNILAB correctly puts it, "[i]f any employer can legally and validly do the supreme act of dismissing a disloyal employee for having joined or sympathized with a rival company, with more reason may it do the lesser act of merely discontinuing a benefit unilaterally given to an already-retired employee." [59] As a retired employee, Oxales may not claim a vested right on these medical benefits. A careful examination of the URP would show that medical benefits are not included in the URP.

Indeed, while there is nothing wrong in the act of Oxales in joining a rival company after his retirement, justice and fair play would dictate that by doing so, he cannot now legally demand the continuance of his medical benefits from UNILAB. To rule otherwise would result in an absurd situation where Oxales would continue to receive medical benefits from UNILAB while working in a rival company. We note that these medical benefits are merely unilaterally given by UNILAB to its retired employees.

We are not unaware of this Court's pronouncement in *Brion v. South Philippine Union Mission of the Seventh Day Adventist Church*. [60] However, Oxales' plight differs from *Brion* because the URP does not expressly cover medical benefits to retirees. In contrast, the retired employee in *Brion* had acquired a vested right to the withheld benefits.

The claim of Oxales to moral damages, exemplary damages, and attorney's fees must also be denied for want of basis in law or jurisprudence. On this score, We echo the pronouncement of the Court in *Audion v. Electric Co., Inc. v. National Labor Relations Commission*, [61] to wit:

Moral and exemplary damages are recoverable only where the dismissal of an employee was attended by bad faith or fraud, or constituted an act oppressive to labor, or was done in a manner contrary to morals, good customs or public policy. The person claiming moral damages must prove the existence of bad faith by clear and convincing evidence for the law always presumes good faith. It is not enough that one merely suffered sleepless nights, mental anguish, serious anxiety as the result of the actuations of the other party. Invariably, such action must be shown to have been willfully done in bad faith or with ill motive, and bad faith or ill motive under the law cannot be presumed but must be established with clear and convincing evidence. Private respondent predicated his claim for such damages on his own allegations of sleepless nights and mental anguish, without establishing bad faith, fraud or ill motive as legal basis therefor.

Private respondent not being entitled to award of moral damages, an award of exemplary damages is likewise baseless. Where the award of moral and exemplary damages is eliminated, so must the award for attorney's fees be deleted. Private respondent has not shown that he is entitled thereto pursuant to Art. 2208 of the Civil Code. [62] (Citations omitted)

Here, there was no dismissal, as Oxales was retired by UNILAB by virtue of the URP. He was also paid his complete retirement benefits.

Epilogue

It is not disputed that Oxales has worked tirelessly for UNILAB. For one thing, he has spent a considerable amount of years with the company. For another, he has contributed much to its growth and expansion. However, even as We empathize with him in his time of great need, it behooves Us to interpret the law according to what it mandates.

We reiterate the time-honored principle that the law, in protecting the rights of the laborer, authorizes neither oppression nor self-destruction of the employer. While the Constitution is committed to the policy of social justice and the protection of the working class, management also has its own rights, which are entitled to respect and enforcement in the interest of fair play. Out of its concern for those with less privilege in life, this Court has inclined more often than not toward the employee and upheld his cause with his conflicts with the employer. Such

favorable treatment, however, has not blinded the Court to rule that justice is in every case for the deserving. Justice should be dispensed in the light of the established facts and applicable law and doctrine.[63]

WHEREFORE, the appealed Decision is AFFIRMED. No costs.

SO ORDERED.

Ynares-Santiago, Quisumbing, Austria-Martinez, and Azcuna, JJ., concur.

* Vice Associate Justice Minita V. Chico-Nazario. Justice Nazario is on official leave per Special Order No. 508 dated June 25, 2008.

** Designated as additional member vice Associate Justice Antonio Eduardo B. Nachura per raffle dated June 25, 2008. Justice Nachura participated as Solicitor General in the present case.

[1] Rollo, pp. 122-128; Annex "A." CA-G.R. SP No. 55528. Penned by Associate Justice Juan Q. Enriquez, Jr., with Associate Justices Delilah Vidallon-Magtolis and Eliezer R. De Los Santos, concurring.

[2] Id. at 170-182; Annex "O." NLRC-CA 016627-98. Penned by Commissioner Alberto R. Quimpo, with Commissioners Rogelio I. Rayala and Vicente S.E. Veloso, concurring.

[3] Id. at 163-169; Annex "N." NLRC-NCR Case No. 00-08-06073-97. Penned by Labor Arbiter Romulus S. Protasio.

[4] Annex "C."

[5] United Retirement Plan, Art. V, Sec. 1(a).

[6] Annex "L."

[7] Annex "L-1."

[8] Rollo, p. 169.

[9] Id. at 168.

[10] Id. at 168-169.

[11] Id. at 169.

[12] Id. at 181.

[13] Id. at 179-180.

[14] Id. at 178-179.

[15] Id. at 126.

[16] Id. at 127.

[17] Id. at 126-127.

[18] Id. at 11-120.

[19] Id. at 438-568.

[20] Id. at 456-458.

[21] *Brion v. South Philippine Union Mission of the Seventh Day Adventist Church*, G.R. No. 135136, May 19, 1999, 307 SCRA 497, 504.

[22] See Civil Code, Art. 1306.

[23] 165 US 578, 591.

[24] 246 US 357, 373, 374.

[25] 236 US 1, 10, 14.

[26] 208 US 161.

[27] 198 US 45, 49.

[28] 208 US 412, 421.

[29] See Civil Code, Art. 1159; *Pichel v. Alonzo*, G.R. No. L-36902, January 30, 1982, 111 SCRA 341; *De Cortes v. Venturanza*, G.R. No. L-26058, October 28, 1977, 79 SCRA 709; *Villonco Realty Company v. Bormaheco, Inc.*, G.R. No. L-26872, July 25, 1975, 65 SCRA 352; *Government v. Vaca*, 64 Phil. 6 (1937); *Government v. Lim*, 61 Phil. 737 (1935); *Government v. Conde*, 61 Phil. 714 (1935); *Hanlon v. Haussermann*, 41 Phil. 276 (1920); *Ollendorff v. Abrahamson*, 38 Phil. 585 (1918); *Compañia de Tabacos v. Obed*, 13 Phil. 391 (1909); *De la Rama v. Inventor*, 12 Phil. 44 (1908); *Alcantara v. Alinea*, 8 Phil. 111 (1907); *Borromeo v. Franco*, 5 Phil. 49 (1905); *Salonga v. Concepcion*, 3 Phil. 563 (1904); *Co-Tiangco v. To-Jamco*, 3 Phil. 210 (1908).

[30] *Id.*, Art. 1306.

[31] Rollo, p. 131; *United Retirement Plan*, Art. II, Sec. 1(j). (Emphasis supplied.)

[32] *Id.* at 179.

[33] Civil Code, Art. 1370. See also Rules of Court, Rule 130, Secs. 10-19 on Interpretation of Documents.

[34] *Chinchilla v. Rafel*, 39 Phil. 888 (1919); *Escario v. Regis*, 31 Phil. 618 (1915); *De Lizardi v. Yaptico*, 30 Phil. 211 (1915); *Nolan v. Majinay*, 12 Phil. 559 (1909); *Nolan v. Majinay*, 12 Phil. 140 (1908); *Palacios v. Municipality of Cavite*, 12 Phil. 140 (1908); *Azarraga v. Rodriguez*, 9 Phil. 637 (1908); *Alburo v. Villanueva*, 7 Phil. 277 (1907).

[35] 17A Am. Jur. 2d § 337, citing *Binghamton Bridge*, 70 US 51, 18 L. Ed. 137; *South Hampton Co. v. Stinnes Corp.*, (CA5 Tex) 733 F. 2d 1108, 38 UCCRS 1137; *Murray v. Kaiser Aluminum Chemical Corp.*, (SD W Va) 591 F. Supp. 1550, *aff'd without op.* (CA4 W Va) 767 F. 2d 912; *Schulist v. Blue Cross of Iowa*, (ND Ill) 553 F. Supp. 248, 4 EBC 1193, *aff'd* (CA7 Ill) 717 F. 2d 1127, 4 EBC 2237; *P S Business, Inc. v. South Cent. Bell Tel. Co.*, (Ala) 466 So. 2d 928; *Estate of Wamack*, (2nd Dist) 137 Cal. App. 2d 112, 289 P. 2d 871; *BMW of North America, Inc. v. Krathen*, (Fla App D4) 471 So. 2d 585, 10 FLW 1452, *review den* (Fla) 484 So. 2d 7, *later proceeding* (Fla App D4) 510 So. 2d 366, 12 FLW 1857; *Petroziello v. United States Leasing Corp.*, EOS Leasing Div., 176 Ga. App. 858, 338 SE 2d 63; *Hanagami v. China Airlines, Ltd.*, 67 Hawaii 357, 688 P. 2d 1139; *P. A. Bergner Co. v. Lloyds Jewelers, Inc.*, 112 Ill. 2d 196, 97 Ill. Dec. 415, 492 NE 2d 1288; *Jenkins v. King*, 224 Ind. 164, 65 NE 2d 121, 163 ALR 397; *Scott v. Anderson Newspapers, Inc.*, (Ind App) 477 NE 2d 553; *Allen v. Highway Equipment Co.*, (Iowa) 239 NW 2d 135; *General Motors Acceptance Corp. v. Daniels*, 303 Md. 254, 492 A. 2d 1306; *Craig v. Bossenbery*, 134 Mich. App. 543, 351 NW 2d 596; *Kuhlman v. Educational Publishers*,

245 Minn. 171, 71 NW 2d 889; State by Crow Wing Environment Protection Asso. v. Breezy Point, (Minn App) 363 NW 2d 778, later app (Minn App) 394 NW 2d 592; Adams v. Kerr, (Mo App) 655 SW 2d 49; T.V. Transmission, Inc. v. Lincoln, 220 Neb. 887, 374 NW 2d 49; Parks v. Venters Oil Co., 255 NC 498, 121 SE 2d 850; Re Robinson's Will, 101 Vt. 464, 144 A. 457, 75 ALR 59; Ross v. Harding, 64 Wash. 2d 231, 391 P. 2d 526; Cotiga Dev. Co. v. United Fuel Gas Co., 147 W. Va. 484, 128 SE 2d 626, 17 OGR 583.

[36] Id., citing Gulf Cities Gas Corp. v. Tangelo Park Service Co., (Fla App D4) 253 So. 2d 744; Sears, Roebuck Co. v. Poling, 248 Iowa 582, 81 NW 2d 462; Gans v. Aetna Life Ins. Co., 214 NY 326, 108 NE 443; General American Indem. Co. v. Pepper, 161 Tex. 263, 339 SW 2d 660; Griffin v. Fairmont Coal Co., 59 W. Va. 480, 53 SE 24.

[37] Id., citing Massey-Ferguson v. Bent Equipment Co., (CA5 Fla) 283 F. 2d 12, 3 FR Serv. 2d 135; Atlas Sewing Center, Inc. v. Belk's Dept. Store, Inc., (Fla App D2) 162 So. 2d 274; Coopersmith v. Isherwood, 219 Md. 455, 150 A. 2d 243; Shapleigh Hardware Co. v. Spiro, 141 Miss. 38, 106 So. 209, 44 ALR 393, later app 153 Miss. 81, 118 So. 429, motion overr 153 Miss. 195, 119 So. 206; Wood v. Security Mut. Life Ins. Co., 112 Neb. 66, 198 NW 537, 34 ALR 712; Republic Nat. Life Ins. Co. v. Spillars, (Tex) 368 SW 2d 92, 5 ALR 3d 957.

[38] CJC Trading, Inc. v. National Labor Relations Commission, G.R. No. 115884, July 20, 1995, 246 SCRA 724; Oro Enterprises v. National Labor Relations Commission, G.R. No. 110861, November 14, 1994, 238 SCRA 105.

[39] G.R. No. 82895, November 7, 1989, 179 SCRA 175.

[40] Article 287. Retirement. - Any employee may be retired upon reaching the age established in the Collective Bargaining Agreement or other applicable employment contract.

In case of retirement, the employee shall be entitled to receive such retirement benefits as he may have earned under existing laws and any collective bargaining or other agreement.

[41] Section 13. Retirement. - In the absence of any collective bargaining agreement or other applicable agreement concerning terms and conditions of employment which provides for retirement at an older age, an employee may be retired upon reaching the age of sixty (60) years.

Section 14. Retirement Benefits. - (a) An employee who is retired pursuant to a bona-fide retirement plan or in accordance with the applicable individual or collective agreement or established employer policy shall be entitled to all the retirement benefits provided therein or to termination pay equivalent at least to one-half month salary for every year of service, whichever is higher, a fraction of at least six (6) months being considered as one whole year.

(b) Where both the employer and the employee contribute to the retirement plan, agreement or policy, the employer's total contribution thereto shall not be less than the total termination pay to which the employee would have been entitled had there been no retirement fund. In case the employer's contribution is less than the termination pay the employee is entitled to receive, the employer shall pay the deficiency upon the retirement of the employee.

(c) This Section shall apply where the employee retires at the age of sixty (60) years or older. (Rules to Implement the Labor Code, Book VI, Rule I, Sec. 14.)

[42] Llorca Motors, Inc. v. Drilon, supra note 39, at 181-187.

[43] G.R. No. 110861, November 14, 1994, 238 SCRA 105.

[44] Oro Enterprises, Inc. v. National Labor Relations Commission, id. at 112.

[45] G.R. No. 95940, July 24, 1996, 259 SCRA 161.

[46] Pantranco North Express, Inc. v. National Labor Relations Commission, id. at 173.

[47] Id.

[48] G.R. No. 135136, May 19, 1999, 307 SCRA 497.

[49] Brion v. South Philippine Union Mission of the Seventh Day Adventist Church, id. at 504.

[50] G.R. No. 90664, February 7, 1991, 193 SCRA 686.

[51] Villena v. National Labor Relations Commission, id. at 693.

[52] G.R. Nos. 78524 78739, January 20, 1989, 169 SCRA 328.

[53] Planters Products, Inc. v. National Labor Relations Commission, id. at 339.

[54] G.R. No. 141673, October 17, 2001, 367 SCRA 488.

[55] Manuel L. Quezon University v. National Labor Relations Commission, id. at 494.

[56] G.R. Nos. 50999-51000, March 23, 1990, 183 SCRA 610.

[57] Article XIV. Retirement Gratuity.

Section 1(a). Any employee, who is separated from employment, due to old age, sickness, death or permanent lay-off not due to the fault of said employee shall receive from the company a retirement gratuity in an amount equivalent to one (1) month's salary per year of service. One month of salary shall be deemed equivalent to the salary at date of retirement; years of service shall be deemed equivalent to total service credits, a fraction of at least six months being considered as one year, including probationary employment. (Songco v. National Labor Relations Commission, id. at 613, citing rollo, p. 71.)

[58] Rollo, p. 180.

[59] Id. at 432.

[60] Supra note 48.

[61] G.R. No. 106648, June 17, 1999, 308 SCRA 340.

[62] Audion v. Electric Co., Inc. v. National Labor Relations Commission, id. at 355.

[63] Revidad v. National Labor Relations Commission, G.R. No. 111105, June 27, 1995, 245 SCRA 356, 372-373, citing Mercury Drug Corporation v. National Labor Relations Commission, G.R. No. 75662, September 15, 1989, 177 SCRA 580.

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