

VICENTE S. ALMARIO, PETITIONER, VS. PHILIPPINE AIRLINES, INC., RESPONDENT.

G.R. No. 170928. September 11, 2007

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

On October 21, 1988, petitioner, Vicente S. Almario (Almario), was hired by respondent, Philippine Airlines, Inc. (PAL), as a Boeing 747 Systems Engineer.

On April 28, 1995, Almario, then about 39 years of age^[1] and a Boeing 737 (B-737) First Officer at PAL, successfully bid for the higher position of Airbus 300 (A-300) First Officer.^[2] Since said higher position required additional training, he underwent, at PAL's expense, more than five months of training consisting of ground schooling in Manila and flight simulation in Melbourne, Australia.^[3]

After completing the training course, Almario served as A-300 First Officer of PAL, but after eight months of service as such or on September 16, 1996, he tendered his resignation, for "personal reasons," effective October 15, 1996.^[4]

On September 27, 1996, PAL's Vice President for Flight Operations sent Almario a letter, the pertinent portions of which read:

x x x x

2. Our records show that you have been trained by the Company as A300 First Officer starting on 04 September 1995 and have completed said training on 08 February 1996. As you are aware the Company invested heavily on your professional training in the estimated amount of PHP786,713.00 on the basis that you continue to serve the Company for a definite period of time which is approximately three (3) years or thirty-six (36) months.

3. In view of the foregoing, we urge you to reconsider your proposed resignation otherwise you will be required to reimburse the Company an amount equivalent to the cost of your professional training and the damaged [sic] caused to the Company.^[5] (Emphasis and underscoring supplied)

Despite receipt of the letter, Almario pushed through with his resignation.

By letter of October 9, 1996, Almario's counsel sought PAL's explanation behind its September 27, 1996 letter considering that Almario "did not sign anything regarding any reimbursement."^[6] PAL did not reply, prompting Almario's counsel to send two letters dated January 6, 1997 and February 10, 1997 following-up PAL's reply, as well as the release of Almario's clearances which he needed to avail of his benefits.^[7]

On February 11, 1997, PAL filed a Complaint^[8] against Almario before the Makati Regional Trial Court (RTC), for reimbursement of P851,107 worth of training costs, attorney's fees equivalent to 20% of the said amount, and costs of litigation. PAL invoked the existence of an innominate contract of *do ut facias* (I give that you may do) with Almario in that by spending for his training, he would render service to it until the costs of training were

recovered in at least three (3) years.[9] Almario having resigned before the 3-year period, PAL prayed that he should be ordered to reimburse the costs for his training.

In his Answer with Special and Affirmative Defenses and Compulsory Counterclaims,[10] Almario denied the existence of any agreement with PAL that he would have to render service to it for three years after his training failing which he would reimburse the training costs. He pointed out that the 1991-1994 Collective Bargaining Agreement (CBA) between PAL and the Airline Pilot's Association of the Philippines (ALPAP), of which he was a member,[11] carried no such agreement.

Almario thus prayed for the award of actual damages on account of PAL's withholding of the necessary clearances which he needed in order to obtain his lawful benefits, and moral and exemplary damages for malicious prosecution and unjust harassment.[12]

PAL, in its Reply to Defendant's Answer and Answer to Counterclaim,[13] argued as follows:

The right of PAL to be reimbursed for training expenses is based on Article XXIII, Section 1 of the 1991-1994 Collective Bargaining Agreement (CBA, for brevity) and which was taken from the decision of the Secretary of Labor.

[The Secretary of Labor] ruled that a pilot should remain in the position where he is upon reaching the age of fifty-seven (57), irrespective of whether or not he has previously qualified in the Company's turbo-jet operations. The rationale behind this is that a pilot who will be compulsorily retired at age sixty (60) should no longer be burdened with training for a new position.

Thus, Article XXIII, Section 1 of the CBA provide[s]:

"Pilots fifty-seven (57) years of age shall be frozen in their position. Pilots who are less than fifty-seven (57) years of age provided they have previously qualified in any company's turbo-jet aircraft shall be permitted to occupy any position in the company's turbo-jet fleet.

The reason why pilots who are 57 years of age are no longer qualified to bid for a higher position is because they have only three (3) years left before the mandatory retirement age [of 60] and to send them to training at that age, PAL would no longer be able to recover whatever training expenses it will have to incur.

Simply put, the foregoing provision clearly and unequivocally recognizes the prohibitive training cost principle such that it will take a period of at least three (3) years before PAL could recover from the training expenses it incurred.[14] (Emphasis and underscoring supplied)

By Decision[15] of October 25, 2000, Branch 147 of the Makati RTC, finding no provision in the CBA between PAL and ALPAP stipulating that a pilot who underwent a training course for the position of A-300 First Officer must serve PAL for at least three years failing which he should reimburse the training expenses, rendered judgment in favor of Almario.

The trial court denied Almario's claim for moral damages, however.[16] It denied too Almario's claim for the monetary equivalent of his family trip pass benefits (worth US\$49,824), it holding that the same had been forfeited as he did not avail of them within one year from the date of his separation.

Thus the trial court disposed:

WHEREFORE, in view of the foregoing, the Court hereby renders judgment in favor of defendant Vicente Almario and against the plaintiff:

1-Dismissing the plaintiff's complaint; 2-Ordering the plaintiff to pay the defendant:
a-the amount of P312,425.00 as actual damages with legal interest from the filing of the counterclaim;

- b-the amount of P500,000.00 as exemplary damages;
- c-the amount of P150,000.00 as attorney's fees;
- d-the costs of the suit.

SO ORDERED.[17]

On appeal by both parties,[18] the Court of Appeals, by Decision[19] dated March 31, 2005, reversed the trial court's decision. It found Almario liable under the CBA between PAL and ALPAP and, in any event, under Article 22 of the Civil Code. Thus it disposed:

WHEREFORE, the appealed Decision is REVERSED and SET ASIDE. In lieu thereof, a new judgment is hereby ENTERED, as follows: (a) Appellee Vicente Almario is hereby ordered to pay appellant Philippine Airlines, Inc. the sum of Five Hundred Fifty Nine Thousand, Seven Hundred [T]hirty Nine & 9/100 Pesos (P559, 739.90) with six percent (6%) interest as above- computed; and (b) the award of exemplary damages and attorney's fees in favor of appellee is hereby DELETED.[20] (Emphasis in the original; underscoring supplied)

His Motion for Reconsideration[21] having been denied,[22] Almario filed the instant Petition for Certiorari [sic] (Under Rule 45),[23] raising the following issues:

- Whether the Court of Appeals committed reversible error in interpreting the Collective Bargaining Agreement between Philippine Airlines, Inc. (PAL) and the Airline Pilots Association of the Philippines (ALPAP) as an ordinary civil law contract applying ordinary contract law principles which is contrary to the ruling of the Supreme Court in *Samahang Manggagawa sa Top Form Manufacturing- United Workers of the Philippines (SMTFM-UWP) v. NLRC* and, therefore, erroneously reading into the CBA a clause that was not agreed to during the negotiation and not expressly stated in the CBA;
- Whether the Court of Appeals committed reversible error in holding that Article 22 of the Civil Code can be applied to recover training costs which were never agreed to nor included as reimbursable expenses under the CBA;
- Whether the availing by petitioner of a required training is a legal ground justifying the entitlement to a benefit and therefore, negating claims of unjust enrichment;
- Whether the failure of private respondent to honor and provide the Family Trip Pass Benefit in the equivalent amount of US\$ 49,824.00 which petitioner and his family were not able to avail of within the one (1) year from date of separation due to the actions of PAL amounts to unjust enrichment;
- Whether or not respondent is liable for malicious prosecution[.][24] (Underscoring supplied)

Almario insists on the absence of any written contract or explicit provision in the CBA obliging him to reimburse the costs incurred by PAL for his training. And he argues:

[T]here can be no unjust enrichment because petitioner was entitled to the benefit of training when his bid was accepted, and x x x PAL did not suffer any injury because the failure to include a reimbursement provision in the CBA was freely entered into by the negotiating parties;

x x x x

It is not disputed that the petitioner merely entered a bid for a higher position, and that when he was accepted based on seniority and qualification, the position was awarded to him. It is also not disputed that petitioner [had] not asked, requested, or demanded for the training. It came when his bid was accepted by PAL;

Because the training was provided when the bid was accepted, the acceptance of the bid was the basis and legal

ground for the training;

Therefore, since there is a legal ground for the entitlement of the training, contrary to the ruling of the Court of Appeals, there can be no unjust enrichment;[25] (Underscoring supplied)

The petition fails.

As reflected in the above-enumerated issues raised by Almario, he cites the case of *Samahang Manggagawa sa Top Form Manufacturing-United Workers of the Philippines (SMTFM-UWP) v. NLRC*[26] (*Manggagawa*) in support of his claim that the appellate court erred in interpreting the CBA as an ordinary civil law contract and in reading into it "a clause that was not agreed to during the negotiation and not expressly stated in the CBA."

On the contrary, the ruling in *Manggagawa* supports PAL's position. Thus this Court held:

The CBA is the law between the contracting parties — the collective bargaining representative and the employer-company. Compliance with a CBA is mandated by the expressed policy to give protection to labor. In the same vein, CBA provisions should be "construed liberally rather than narrowly and technically, and the courts must place a practical and realistic construction upon it, giving due consideration to the context in which it is negotiated and purpose which it is intended to serve." This is founded on the dictum that a CBA is not an ordinary contract but one impressed with public interest. It goes without saying, however, that only provisions embodied in the CBA should be so interpreted and complied with. Where a proposal raised by a contracting party does not find print in the CBA, it is not a part thereof and the proponent has no claim whatsoever to its implementation.[27] (Emphasis and underscoring supplied)

In N.S. Case No. 11-506-87, "*In re Labor Dispute at the Philippine Airlines, Inc.*," the Secretary of the Department of Labor and Employment (DOLE), passing on the failure of PAL and ALPAP to agree on the terms and conditions for the renewal of their CBA which expired on December 31, 1987 and construing Section 1 of Article XXIII of the 1985-1987 CBA, held:

x x x x

Section 1, Article XXIII of the 1985-1987 CBA provides:

Pilots fifty-five (55) years of age or over who have not previously qualified in any Company turbo-jet aircraft shall not be permitted to bid into the Company's turbo-jet operations. Pilots fifty-five (55) years of age or over who have previously qualified in the company's turbo-jet operations may be by-passed at Company option, however, any such pilot shall be paid the by-pass pay effective upon the date a junior pilot starts to occupy the bidden position.

x x x PAL x x x proposed to amend the provision in this wise:

The compulsory retirement age for all pilots is sixty (60) years. Pilots who reach the age of fifty-five (55) years and over without having previously qualified in any Company turbo-jet aircraft shall not be permitted to occupy any position in the Company's turbo-jet fleet. Pilots fifty-four (54) years of age and over are ineligible for promotion to any position in Group I. Pilots reaching the age of fifty-five (55) shall be frozen in the position they currently occupy at that time and shall be ineligible for any further movement to any other positions.

PAL's contention is basically premised on prohibitive training costs. The return on this investment in the form of the pilot promoted is allegedly five (5) years. Considering the pilot's age, the chances of full recovery [are] asserted to be quite slim.

ALPAP opposed the proposal and argued that the training cost is offset by the pilot's maturity, expertise and experience.

By way of compromise, we rule that a pilot should remain in the position where he is upon reaching age fifty-seven (57), irrespective of whether or not he has previously qualified in the Company's turbo-jet operations. The rationale behind this is that a pilot who will be compulsorily retired at age sixty (60) should no longer be burdened with training for a new position. But if a pilot is only at age fifty-five (55), and promotional positions are available, he should still be considered and promoted if qualified, provided he has previously qualified in any company turbo-jet aircraft. In the latter case, the prohibitive training costs are more than offset by the maturity, expertise, and experience of the pilot.

Thus, the provision on age limit should now read:

Pilots fifty-seven (57) years of age shall be frozen in their positions. Pilots fifty-five (55) [sic] years of age provided they have previously qualified in any company turbo-jet aircraft shall be permitted to occupy any position in the company's turbo-jet fleet.[28] (Emphasis and underscoring supplied)

The above-quoted provision of Section 1 of Article XXIII of the 1985-1987 CBA, as construed by the DOLE Secretary, was substantially incorporated in the 1991-1994 CBA between PAL and ALPAP[29] as follows:

Pilots fifty-seven (57) years of age shall be frozen in their position. Pilots who are less than fifty-seven (57) years of age provided they have previously qualified in any company's turbo-jet aircraft shall be permitted to occupy any position in the company's turbo-jet fleet.[30]

The same section of Article XXIII of the 1991-1994 CBA was reproduced in the 1994-2000 CBA.[31]

Arturo Gabanton, PAL's Senior Vice President for Flight Operations, testifying on PAL's "policy or practice" on underwriting the training costs of its pilots at the time Almario was trained, with the "expectation" of benefiting therefrom "in order to recover the cost of training," explained:

Atty. Parinas:

Q: At the time the defendant was accepted for training as A300 First Officer, would you know what was the governing policy or practice of Philippine Airlines that was being employed regarding the training cost[s] for the pilots?

Witness:

A: The company has to spend for the training of the pilots and after that the company expecting that services will be rendered in order to recover the cost[s] of training.

Atty. Parinas:

Q: You stated that the pilot must serve the company after completing the training, for how long after completing the training?

Witness:

A: At least for three (3) years.

Atty. Parinas:

Q: What is your basis in saying that a pilot must serve the company after completing the training?

Witness:

A: That is embodied in the Collective Bargaining Agreement between Philippine Airlines and the Airline Pilot Association of the Philippines.[32]

x x x x

Atty. Parinas:

Q: Can you point to the provision in this agreement relating to the three (3) year period you stated a while ago?

NOTE: Witness going over the document shown to him by counsel.

Witness:

A: It is on page 99 of the Collective Bargaining Agreement, Article 23, Miscellaneous.

Atty. Parinas: I would like to manifest that this provision pointed out by the witness is already marked as Exhibit B-1 by the plaintiff.

x x x x

[Atty. Parinas]

Q: Mr. witness, Exhibit B-1 states in part that "Pilots, 57 years of age shall be frozen in their position. Pilots who are less than 57 years of age provided they have been previously qualified in any company's Turbo-Jet Aircraft shall be permitted to occupy any position in the company's Turbo-jet Fleet", why do you say this is the basis for the three (3) year period within which a pilot must render service to the company after completing the training?

[Witness]

A: The reason why 57 years old is placed here in the Collective Bargaining Agreement [is that] it is expected that you serve the position for three (3) years because the retirement age is at 60, therefore, if you are past 57 years old, it will fall short of the three (3) years recovery period for the company. So it was established that [anyone] past 57 years old will not be allowed to train for another position.[33] (Emphasis and underscoring supplied)

It bears noting that when Almario took the training course, he was about 39 years old, 21 years away from the retirement age of 60. Hence, with the maturity, expertise, and experience he gained from the training course, he

was expected to serve PAL for at least three years to offset "the prohibitive costs" thereof.

The pertinent provision of the CBA and its rationale aside, contrary to Almario's claim, Article 22 of the Civil Code which reads:

Art. 22. Every person who through an act of performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him,

applies.

This provision on unjust enrichment recognizes the principle that one may not enrich himself at the expense of another. An authority on Civil Law[34] writes on the subject, viz:

Enrichment of the defendant consists in every patrimonial, physical, or moral advantage, so long as it is appreciable in money. It may consist of some positive pecuniary value incorporated into the patrimony of the defendant, such as: (1) the enjoyment of a thing belonging to the plaintiff; (2) the benefits from service rendered by the plaintiff to the defendant; (3) the acquisition of a right, whether real or personal; (4) the increase of value of property of the defendant; (5) the improvement of a right of the defendant, such as the acquisition of a right of preference; (6) the recognition of the existence of a right in the defendant; and (7) the improvement of the conditions of life of the defendant.

x x x x

The enrichment of the defendant must have a correlative prejudice, disadvantage, or injury to the plaintiff. This prejudice may consist, not only of the loss of property or the deprivation of its enjoyment, but also of non-payment of compensation for a prestation or service rendered to the defendant without intent to donate on the part of the plaintiff, or the failure to acquire something which the latter would have obtained. The injury to the plaintiff, however, need not be the cause of the enrichment of the defendant. It is enough that there be some relation between them, that the enrichment of the defendant would not have been produced had it not been for the fact from which the injury to the plaintiff is derived. (Underscoring supplied)[35]

Admittedly, PAL invested for the training of Almario to enable him to acquire a higher level of skill, proficiency, or technical competence so that he could efficiently discharge the position of A-300 First Officer. Given that, PAL expected to recover the training costs by availing of Almario's services for at least three years. The expectation of PAL was not fully realized, however, due to Almario's resignation after only eight months of service following the completion of his training course. He cannot, therefore, refuse to reimburse the costs of training without violating the principle of unjust enrichment.

Following the computation by the appellate court which was arrived at by offsetting the respective claims of the parties, viz:

Training Cost

P851,107.00

Less: Appellee's corresponding 8 months

Service after training [P850,107.00

divided by 36 months (3 years)

= P23,640.86 x 8 months]

Equals

189,126.88
P661,980.12

Less: Accrued Benefits
Net Reimbursable Amount or Appellee's Outstanding Account
102,240.22

P559,739.90[36]

*****,

Almario must pay PAL the sum of P559,739.90, to bear the legal interest rate of 6% per annum from the filing of PAL's complaint on February 11, 1997 until the finality of this decision.

In light of the foregoing discussions on the main issue, the Court finds it unnecessary to dwell on the other issues raised by Almario. Suffice it to state that the appellate court's disposition thereof is, as its decision reflects, well-taken.

WHEREFORE, the petition is DENIED and the decision appealed from is AFFIRMED.

Costs against petitioner.

SO ORDERED.

Sandoval-Gutierrez[**], Carpio, (Acting Chairperson), Tinga, and Velasco, Jr., JJ., concur.
Quisumbing, (Chairperson), J., on leave.

[**] Designated member pursuant to Administrative Circular No. 75-2007.

[1] When he testified on July 16, 1998, he gave his age as 42 (TSN, July 16, 1998, p. 4).

[2] RTC records, Vol. I, p. 5.

[3] TSN, February 10, 2000, p. 13; RTC records, Vol. III, pp. 43E-45E.

[4] RTC records, Vol. I, p. 6.

[5] Id. at 7.

[6] Id. at 30.

[7] Id. at 32-33.

[8] Id. at 1-4.

[9] Id. at 2.

[10] Id. at 12-24.

[11] Id. at 14, 16.

[12] Id. at 20-23.

[13] Id. at 56-59.

[14] Id. at 57-58.

[15] RTC records, Vol. II, pp. 262-268. Penned by Judge Teofilo L. Guadiz, Jr.

[16] Id. at 267.

[17] Id. at 267-268.

[18] Id. at 269-273.

[19] Penned by Associate Justice Magdangal M. de Leon, with the concurrences of Associate Justices Salvador J. Valdez, Jr. and Mariano C. del Castillo; CA rollo, pp. 123-132.

[20] Id. at 132.

[21] Id. at 136-153.

[22] Id. at 192-193.

[23] Rollo, pp. 3-28.

[24] Id. at 5-6. Citation omitted.

[25] Id. at 19-20.

[26] 356 Phil. 480 (1998).

[27] Id. at 490-491.

[28] RTC records, Vol. III, pp. 29E-30E (Exhibit "G-1").

[29] Exhibits "B" (id. at 6-E), "B-1" (p. 99 of Exhibit "B").

[30] Exhibit "B-1," p. 99 of Exhibit "B."

[31] Exhibit "14" (RTC records, Vol. III, p. 52-E), p. 99.

[32] TSN, February 10, 2000, pp. 13-14.

[33] Id. at 16-18.

[34] Arturo Tolentino.

[35] Tolentino, Commentaries and Jurisprudence, Vol. I, pp. 80, 81, 83, 2nd ed.

[36] CA rollo, p. 131.

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