

CEBU PORTLAND CEMENT COMPANY, PLAINTIFF AND APPELLANT, VS. MAMERTO DE JESUS, DEFENDANT AND APPELLEE.

G.R. No. 18146. March 30, 1963

Ponente: LABRADOR, J.

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LABRADOR, J.:

This is an action instituted by the Cebu Portland Cement Company to recover from defendant Mamerto de Jesus the amount of P21,600 alleged to have been erroneously paid to the defendant. From the judgment of the Court of First Instance of Manila, Honorable Arsenio Solidum, presiding, dismissing the action, the plaintiff has prosecuted this appeal. In the court below, the parties submitted a stipulation of facts, the most important of which are as follows:

"2. That on December 12, 1957, the Board of Directors of plaintiff's company passed Resolution No. 143-57, granting 'benefits to employees of Cebu Portland Cement Company who may wish to voluntarily separate from the service'. * * *

"3. That defendant was one of plaintiff's employee who elected to 'voluntarily separate from the service' pursuant to the aforesaid resolution of plaintiff's Board of Directors, although at the time the said resolution was adopted, defendant was not yet subject to automatic and compulsory retirement under Commonwealth Act 680 and subsequent amendments, which retirement-law is applicable to employees in government-owned corporations.

"4. That defendant filed his application for voluntary separation from the service, pursuant to the aforesaid Resolution No. 143-57, with plaintiff's Board of Directors, through its General Manager, on December 19, 1957, to be effective February 3, 1958. * * *

"5. That on the same date, plaintiff's Board of Directors, acting on defendant's aforesaid application in compliance with one of the conditions in the aforesaid Resolution No. 143-57, approved, and accepted, by way of Resolution No. 147-57 adopted at its meeting, defendant's aforesaid application. * * *

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"8. That the conditions provided for in the aforesaid Resolution having been complied with plaintiff paid the defendant, sometime February 24, 1958, a separation bonus in the sum of P21,600.00. in addition to defendant's retirement benefit under Commonwealth Act 186, as amended, which was paid to him by the Government Service Insurance System, upon which payments defendant was voluntarily retired from the service after more than thirty-six years 'if continuous and loyal service to- plaintiff company.

"9. * * * The Auditor General, through the Chief, Counsel and Administrative Officer, ruled, that the separation bonus authorized under Section 1 of the aforesaid Board Resolution No. 1-13-57 was illegal and was paid in addition to the retirement benefits under Commonwealth Act No. 186 as amended. * * *

"10. That the aforesaid ruling of the Auditor General was confirmed on August 27, 1958 by the President of the Philippines, Acting through Hon. Juan C. Pajo, the Executive Secretary to the President. * * *

On June 8, 1959 plaintiff demanded from the defendant the refund of the sum of P21,600, which the latter received as "separation bonus." Defendant, refused to make the refund so the present action was brought.

The resolution of the board, of directors of the plaintiff corporation reads as follows:

RESOLUTION NO. 143-57

"Whereas, in view of the reduction of the selling price of APO cement occasioned by the reduced selling- price of other locally manufactured cement, it becomes necessary for the best interest of the CBPOC to effect reduction of personnel to offset the reduced income of the Company;

"Whereas, , the said reduction of personnel should be effected by voluntary application; and

"Whereas, it is deemed advisable to adopt a measure which would induce personnel to voluntarily separate from the service of the Company;

NOW, THEREFORE, RESOLVED, as it is hereby resolved to extend the following benefits to. employees of the Cebu Portland Cement Company who may wish to voluntarily separate from the service;

"i. To those employees who are entitled to benefits under C. A. No. 186, as amended by R. A.. Nos. 660 and 1616 . . . separation bonus of one (1) month salary for every year of service in the Government not exceeding twelve (12) months salary,: Provided that in case an employee has rendered at least thirty (30) years of service in the Cebu Portland Cement Company, he shall be' entitled to separation bonus of one (1) month salary, for every year of service not exceeding twenty-four (24) months salary."

The court below ruled that as the plaintiff offered the defendant the bonus while the latter Was not yet retireable, it should not be permitted to recover what it has voluntarily : given in accordance with the provision of, Art. 1423 of the New Civil Code. , '

The Auditor General and the Office of the President have rendered similar opinions on the validity of the payment of-the so-called retirement bonus granted to defendant Mamerto de Jesus, both offices'are agreed that the grant of the separation bonus as above described violates Section. 28(b) of Commonwealth Act No. 186, as amended, which provides, in part as follows: "No gratuity or benefit shall be paid by an employer to an employee entitled to the retirement benefit of this Act."

Defendant-appellee Mamerto de Jesus received the retirement gratuity allowed to him under Commonwealth Act No. 186 as an employee of the Cebu, Portland Cement Company, so the "separation bonus" was in addition to his gratuity pay. The resolution under which he was paid the amount of 1*21,600 grants him what is known as a "separation bonus." As explained in the resolution, under the authority of which De Jesus obtained the additional separation bonus of P21,600, the separation bonus was . established in order to induce personnel to voluntarily sever their connection with the company, and the reason why it was desired that personnel be induced to voluntarily separate from the company was the "reduced income of the company." The amount of P21,600 granted to De Jesus was not, therefore, a real separation bonus;'as it purports to be, for the reason that "bonus" is. something given in order to reward employees for their loyalty and industry contributing to-the success of the business of the company and making possible the realization of profits. Thus in the case of Philippine Education Company vs. Court of Industrial Relations, 92 Phil., 381, December 24, 1952, this .Court said: ,;

"* * * a bonus is an amount granted and paid to an employee for his industry and loyalty which contributed to the success of the employer's business and, made possible the-realization of profits."

The resolution granting the so-called separation bonus expressly states that the "separation bonus" was offered as an inducement for personnel to retire from the company because of reduced income. That the so-called separation

bonus was not given to reward loyalty and efficiency resulting, in increase in income and profits, is also evident from the last part of the resolution to the effect that positions vacated by separation under the law shall not be again filled, but that if filling is necessary, the filling shall be made from personnel already within the employ of the company.

The principle upon which the court below dismissed the action, which principle is contained in Article 1432 of the New Civil Code, would be applicable were it not for the fact that an express provision of the law prohibits the granting of one gratuity to a retiring employee. The grant of the so-called "separation bonus" was made by the officials of the Cebu Portland Cement Company, evidently unaware of the import of the term "bonus". The error notwithstanding, the law must be enforced even if it prejudiced the defendant-appellee under the principle that mistakes of public officials cannot prejudice the State to the extent of violating an express provision and policy of the law.'

Furthermore, Article 1306 of the Civil Code expressly provides that while the contracting parties may establish such conditions and terms as they may deem convenient, in doing so they cannot make the provisions or conditions of the contract contrary to law, morals, good customs, "public order, or public policy. As stated above, Commonwealth Act No. 186, as amended, prohibits the grant of gratuity or benefit to an employee who has already received the retirement benefits granted under the law. The policy of the law is to grant only one, gratuity or retirement benefit. The resolution under which defendant-appellee obtained the separation bonus would grant a second gratuity or benefit and is contrary both to the law as well as to the policy of the state as expressed therein. It cannot, therefore, be enforced.

Wherefore, the judgment appealed from is hereby set aside and one entered ordering the defendant-appellee to pay to the plaintiff-appellant the amount of P21,600 illegally received under the guise of a "separation bonus." Without costs.

Bengzon, C. J., Padilla, Bautista Angelo, Concepcion, Reyes, J. B. L., Barrera, Paredes, Dizon, Regala, and Makalintal, JJ., concur.

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