

**REPUBLIC PLANTERS BANK, PETITIONER, VS. THE FIRST DIVISION,
NATIONAL LABOR RELATIONS COMMISSION, (FORMER) HON.
LABOR ARBITER ERNILO PENALOSA, AND MACARIO DE GUZMAN,
RESPONDENTS.**

G.R. No. 79488. September 30, 1988

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

The question of whether or not a Collective Bargaining Agreement (CBA) that has expired can still be enforced by an employee who has resigned or who was separated from the service of his employer is presented in this petition to annul and set aside a decision dated July 31, 1987 rendered by public respondent, the First Division of the National Labor Relations Commission (NLRC), affirming the decision dated November 18, 1987 rendered by the public respondent labor arbiter.

Private respondent was an employee of petitioner since 1957. In 1971, petitioner entered into a collective bargaining agreement (CBA) with the Republic Planters Bank Supervisors Union, of which the private respondent is a member. Pertinent portions of the agreement relating to the supervisors retirement benefits read as follows:

"Section 14. The Bank agrees to grant to each regular supervisor employee upon his retirement, resignation or separation without cause after July 1, 1969 the following benefits:

a)

Gratuity pay equivalent to one (1) month salary plus the corresponding living allowance of the rank next higher than the rank of such supervisor at the time of his retirement, resignation or separation without cause, for every year of service in the Bank, provided that the said supervisor has at least five (5) years of continuous service with the Bank.

b)

The cash equivalent of the accumulated sick and vacation leaves since the time of his initial employment with the Bank."^[1]

Said agreement was renewed in 1973 for another three (3) years or until 1976.

Meanwhile, on May 1, 1974, Presidential Decree No. 442 (Labor Code of the Philippines) was issued explicitly rendering managerial employees ineligible to join, assist, or form any labor organization. Thus, no further CBA was entered into by petitioner and its managerial employees after the lapse of the said CBA. It appears, however, that even after its termination, petitioner continued applying the provisions thereof with respect to its retiring/resigning managerial employees.

On June 3, 1985, private respondent resigned from his employment as branch manager. He was then receiving a monthly salary of P3,640.00. He had 90.5 days of unused vacation leave and 336 days of sick leave credits. However, he was paid his gratuity pay and the cash value of only 180 days leave credit out of the 426.5 days he had at the rate of P3,865.00 a month. He received his gratuity pay in the amount of P140,501.00. The amount was based on the 1982-1985 CBA between petitioner and its rank and file employees.

On June 4, 1985, private respondent filed a complaint with the Department of Labor and Employment, docketed as NLRC NCR Case No. 6-1778-85, charging the petitioner with underpayment of gratuity pay, underpayment of 180 days unused leave and non-payment of 246.5 days accrued leave credits. The complaint is based on his claim that the computation of his gratuity pay and the cash value of his accumulated leave credits should have been based on the provisions of the old 1973 CBA, as was done in the past by petitioner for other managerial employees similarly situated, instead of the 1982-85 CBA entered into by petitioner and its rank-and-file employees.

In support of his contention, private respondent cites a decision of the NLRC dated March 21, 1980, Case No. RB-IV-33085-87 entitled "Miguel R. Calimbas vs. Republic Planters Bank." Private respondent maintains that the facts in the said case are similar to the one at bar, where the NLRC sustained the claim of Miguel Calimbas, a claim similar to that of the private respondent.

Petitioner contends that the extent of the benefits to which private respondent is legally entitled can no longer be governed by the 1973 CBA because it had long expired. Its position is that the existing 1982-85 CBA executed on December 8, 1982 between it and its rank-and-file employees, as well as its Board Resolution No. 76 issued in 1976, should now govern such computation. Petitioner argues that since private respondent has been given the entire amount of the benefits provided for in the 1982-85 CBA, no differential sum is due him and that, accordingly the complaint should be dismissed.

On November 18, 1985, the respondent labor arbiter rendered a decision sustaining the claim of private respondent in the amount of P123,900.00 representing his underpayment and the unpaid amount of money equivalent to 246.5 days unused leave credits. Petitioner appealed to the NLRC. On July 31, 1987, the NLRC promulgated its decision dismissing the appeal and affirming the decision of the labor arbiter.

Hence, the instant petition.

The sole issue in this petition is whether or not public respondent acted with grave abuse of discretion in holding that the benefits to which private respondent was entitled at the time of his resignation should be governed by the provisions of the old CBA executed in 1973. Prior to private respondent's resignation, there were other managerial employees who resigned and/or retired from petitioner's employ who received their corresponding gratuity benefits and the cash value of their accumulated leave credits pursuant to the provisions of the old CBA of 1971-73 despite its expiration in 1976. Among them were Simplicio Manalo and Miguel Calimbas who resigned on March 15, 1977 and July 15, 1978, respectively. With such a practice and policy, petitioner cannot refuse to pay private respondent his gratuity benefits under the old CBA.

Under Section 14(a), Rule 1 of the Rules and Regulations Implementing Book VI of the Labor Code, it is provided:

"Sec. 14. Retirement benefits. - (a) An employee who is retired pursuant to a bonafide 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 x x x." -- (Emphasis supplied)

The foregoing provision explicitly states that a company practice or policy is a labor standard in determining the

retirement benefits of its employees.

The petitioner's theory that the computation of the benefits of private respondent should be based on the 1982-85 CBA which was the one enforced at the time of his resignation is untenable. Said CBA was entered into by petitioner with its rank-and-file employees. Private respondent is a managerial employee who, by express provision of law, is excepted from the coverage of the aforesaid contract. Private respondent was not a party thereto and could not be bound thereby.

Since no new CBA had been entered into between the managerial employees and petitioner upon the expiration of the said 1971-73 CBA, private respondent has acquired a vested right to the said established policy of petitioner in applying the 1971-73 CBA to retiring or resigning executives or managerial employees. Such right cannot be curtailed or diminished.

Petitioner also claims that inasmuch as private respondent had availed of the benefits to which rank-and-file employees are entitled under the new CBA as mid-year and Christmas bonuses, he is estopped from claiming non-coverage under the said CBAs. The argument is without merit. As above stated, private respondent cannot be governed by the provisions of the said CBA between petitioner and the rank-and-file employees. The payment of mid-year and Christmas bonuses by petitioner to private respondent is only in keeping with standing company practice or policy and not because of any contractual obligation found in the new CBA.

Petitioner capitalizes on the fact that private respondent was not able to produce a copy of the 1971-73 CBA. The record shows petitioner admits the existence of the said CBA. By such admission, there was no need for private respondent to produce the document in question. Technicalities of law and procedure have no place in the administration of labor laws.[2]

WHEREFORE, the petition is DISMISSED for lack of merit and the temporary restraining order issued by this Court on November 4, 1987 is hereby lifted. The questioned decision of public respondent NLRC dated July 31, 1987 shall be immediately executory. Costs against the petitioner.

SO ORDERED.

Narvasa, Cruz, Griño-Aquino, and Medialdea, JJ., concur.

[1] Pages 147 and 148, Rollo.

[2] Article 221, Labor Code.

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