

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
THIRD DIVISION**

**HANFORD PHILIPPINES, INC. and
VICTOR TE,**

Petitioners,

-versus-

**G.R. No. 158251
March 31, 2005**

**SHIRLEY JOSEPH,
*Respondent.***

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DECISION

SANDOVAL-GUTIERREZ, J.:

Before us is a Petition for Review on Certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision^[1] of the Court of Appeals dated January 23, 2003 and its Resolution dated April 29, 2003 in CA-G.R. SP No. 60701.

On July 17, 1978, petitioner Hanford Philippines, Inc. (Hanford) hired Shirley Joseph, herein respondent, as a sewer.

On August 10, 1998, respondent voluntarily tendered her resignation effective September 17, 1998,^[2] which petitioner accepted the following day.^[3]

Petitioner then paid respondent her last salary, 13th month pay and the cash conversion of her unused vacation and sick leave.

On November 19, 1998,^[4] respondent sent a letter to petitioner requesting payment of her separation pay pursuant to Section 1, Article IV of the Collective Bargaining Agreement (CBA) quoted as follows:

SECTION 1. Regular employees or workers separated by the COMPANY because of reduction of personnel and employees or workers who may be separated without cause, or those whose services are terminated or are separated from work due to suspension or cessation of operation shall be entitled to a termination pay in accordance with law. The COMPANY shall give termination pay to those who voluntarily resign due to the reasons heretofore stated subject to the following terms and conditions:

- a) 1 to 30 years of service shall be paid 20 days for every year of service;
- b) 16 to 20 years of service to the COMPANY shall be paid 15 days pay for every year of service;
- c) 11 to 15 years of service to the COMPANY shall be paid 10 days pay for every year of service; and
- d) 5 to 10 years of service to the COMPANY shall be paid 5 days pay for every year of service.”^[5]

Petitioner denied respondent’s request on the ground that under the Labor Code, voluntary resignation is not one of the grounds which justifies the grant of separation pay.^[6]

On December 17, 1998, respondent filed with the Office of the Labor Arbiter a complaint for the payment of her separation pay against petitioner Hanford and co-petitioner Victor Te, docketed as NLRC NCR CN. 00-12-10238-98.

On May 20, 1999, the Labor Arbiter rendered a Decision^[7] granting respondent's petition and ordering petitioners to pay her separation pay in the amount of P93,820.00 as authorized by Section 1, Article IV of the parties' CBA.

On appeal, the National Labor Relations Commission (NLRC) rendered its Resolution^[8] dated April 14, 2000 affirming the Labor Arbiter's Decision.

Forthwith, petitioners filed their motion for reconsideration but was denied by the NLRC in its Resolution^[9] dated July 24, 2000, prompting them to file with the Court of Appeals a petition for certiorari under Rule 65 of the 1997 Rules of Civil Procedure, as amended.

On January 23, 2003, the Appellate Court rendered its Decision^[10] dismissing the petition.

The Court of Appeals held that the parties' CBA clearly provides that petitioner Hanford shall give termination pay to those who voluntarily resigned due to the following reasons: reduction of personnel; employees or workers who may be separated without cause; and those whose services are terminated due to suspension or cessation of operation. Here, respondent voluntarily resigned. This separation from the service is one "without cause" as provided by the CBA. Hence, pursuant thereto, petitioner is entitled to a separation pay.

Petitioners filed a motion for reconsideration. However, it was denied by the Appellate Court in a Resolution dated April 29, 2003.^[11]

Hence, the present recourse. Petitioners contend that the Court of Appeals erred in ruling that a resigned employee is entitled to separation pay under Section 1, Article IV of the CBA.^[12]

Respondent counters that the Decision of the Court of Appeals should not be disturbed. She worked with petitioner company for twenty years but decided to resign believing that pursuant to the CBA, she is entitled to a separation pay. She also avers that several former employees of petitioner, namely: Astor Madamag, Danilo Suplito,

Domingo Bobis, Rosita Bobis, Evelyn Cunanan, Fe Viray, Doris Angeles and Dula Imperia, were granted separation pay pursuant to the CBA and petitioners' policy and practice.^[13]

It is well to note that there is no provision in the Labor Code which grants separation pay to employees who voluntarily resign. Under the Code, separation pay may be awarded only in cases when the termination of employment is due to: (a) installation of labor saving devices, (b) redundancy, (c) retrenchment, (d) closing or cessation of business operations, (e) disease of an employee and his continued employment is prejudicial to himself or his co-employees, or (f) when an employee is illegally dismissed but reinstatement is no longer feasible.

In *Hinatuan Mining Corporation and/or the Manager vs. NLRC and Margo Batister*, [G.R. No. 117394, February 21, 1997, 268 SCRA 622] citing *CJC Trading, Inc. vs. NLRC*, [G.R. No. 115884, July 20, 1995, 246 SCRA 724], it was held that while it is true that under the Labor Code, an employee who voluntarily resigns may not be granted separation pay, as in fact, the general rule is that an employee who voluntarily resigns is not entitled to separation pay, however, there is an exception, that is, when it is stipulated in the employment contract or CBA or such payment is authorized by the employer's practice or policy, as in this case. (*Travelaire Tours Corp. and/or Christine B. Ojeda vs. National Labor Relations Commission and Nenita I. Medelyn*, G. R. No. 131523, August 20, 1998).

As aptly held by the Labor Arbiter, the NLRC and the Court of Appeals, it is very clear from the CBA that when an employee or worker voluntarily resigns due to, among others, "separation from the company without cause," such as voluntary resignation, then he is entitled to a separation pay.

Moreover, records show that petitioners granted the employees mentioned earlier their separation pay upon their separation by reason of their retirement. Under the Labor Code, retirement is not also a ground for the grant of separation pay. If petitioners could be liberal to those employees who retired, there is no reason why they should not also extend such liberality to respondent considering that she served petitioner for twenty one years.

Our ruling in *Philippine National Construction vs. NLRC* finds application here, thus:

“In the interpretation of an employer’s program providing for separation benefits, all doubts should be construed in favor of labor. After all, workers are the intended beneficiaries of such program and our Constitution mandates a clear bias in favor of the working class.”

WHEREFORE, the petition is hereby **DENIED**. Costs against petitioners.

SO ORDERED.

PANGANIBAN, J., (Chairman), CORONA, CARPIO MORALES, and GARCIA, JJ., concur.

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- [1] Penned by Presiding Justice Cancio C. Garcia (now Associate Justice of this Court) and concurred in by Associate Justices Eloy R. Bello, Jr. and Sergio L. Pestaño, both retired.
- [2] Annex “C”, Rollo at 37.
- [3] Annex “D”, *id.* at 38.
- [4] Rollo at 76.
- [5] Annex “E”, *id.* at 39.
- [6] Rollo at 77-78.
- [7] *Id.* at 40-44.
- [8] *Id.* at 45-52.
- [9] *Id.* at 53-54.
- [10] *Id.* at 26-34.
- [11] *Id.* at 36.
- [12] *Id.* at 15.
- [13] *Id.* at 66.
- [14] [G.R. No. 117394, February 21, 1997, 268 SCRA 622] citing *CJC Trading, Inc. vs. National Labor Relations Commission*, G.R. No. 115884, July 20, 1995, 246 SCRA 724.
- [15] *Id.*; *Travelaire Tours Corp. and/or Christine B. Ojeda vs. National Labor Relations Commission and Nenita I. Medelyn*, G. R. No. 131523, August 20, 1998.