

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
THIRD DIVISION**

**DIVINA S. LOPEZ,**  
*Petitioner,*

*-versus-*

**G.R. No. 149674  
February 16, 2004**

**NATIONAL STEEL CORPORATION,**  
*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<sup>[1]</sup> dated April 30, 2001 and the Resolution<sup>[2]</sup> dated August 21, 2001 rendered by the Court of Appeals in CA-G.R. SP No. 61317, entitled “Divina S. Lopez vs. National Labor Relations Commission (Second Division), Labor Arbiter Jovencio Mayor and National Steel Corporation.”

The factual antecedents as found by the Court of Appeals are:

Sometime in 1980, National Steel Corporation, herein respondent, embarked on two (2) massive projects, the Five-

Year Expansion Program (Phase II-B) and the Integrated Steel Mill Project.

Consequently, respondent employed and trained several employees for the operation of the projects. One of them was Divina S. Lopez, herein petitioner. She was appointed researcher on September 15, 1982. Eventually, she was promoted as a senior researcher at respondent's Market Research Department, receiving a monthly base pay of P22,481.00.

In the early part of 1994, respondent suffered substantial financial losses. With this development, respondent adopted an organizational streamlining program. On June 30, 1994, respondent issued a memorandum announcing the retrenchment of several workers at its Iligan and Pasig Plants and Makati Head Office.

In a letter dated September 20, 1994, respondent terminated petitioner's services effective October 20, 1994, thus:

“We regret to inform you that you are among those affected by the organizational streamlining program (per Memo of June 30, 1994) and will, therefore, have to be separated effective October 20, 1994.

“You will receive a separation package in accordance with the program and existing policies, including benefits you may be entitled to, if any, under the Company's Retirement Plan.

X X X.”

Petitioner, having rendered twelve (12) years of service, was paid by respondent P543,379.26 representing her separation benefits at the rate of “two months basic salary per year of service.” Additionally, she received her leave credits, 13th month pay, and uniform and rice subsidy differential. And after having been paid her separation benefits, she executed and signed a Release and Quitclaim.

Barely three (3) years thereafter, petitioner filed with the Labor Arbiter a complaint for payment of retirement benefits against respondent, docketed as NLRC-NCR Case No. 00-10-07315-97. Subsequently, this case was consolidated with NLRC-NCR Case No. 00-08-05831-97, entitled “Benito Anievas et al. vs. National Steel Corporation.” The complainants here are also retrenched employees of respondent.

On April 8, 1998, the Labor Arbiter rendered a Decision dismissing the complaints.

On appeal, the National Labor Relations Commission (NLRC), in a Resolution dated October 21, 1999, affirmed the Labor Arbiter’s Decision.

On May 8, 2000, petitioner filed a motion for reconsideration but was denied. Hence, she filed with the Court of Appeals a petition for certiorari alleging that the NLRC committed grave abuse of discretion in declaring that she is not entitled to retirement benefits and in holding that she is precluded from claiming such benefits because of her quitclaim.

On April 30, 2001, the Court of Appeals promulgated its Decision affirming the assailed Resolutions of the NLRC. In denying petitioner’s claim for retirement benefits, the Appellate Court ruled:

“The silence of the CBA regarding the grant or denial of retirement benefits is effused by the NSC’s retirement plan, which provides:

‘E. Resignations and Terminations. – No retirement benefits are payable in instances of resignations or terminations for a cause; provided, however, that an employee who resigns voluntarily after he has qualified for optional early retirement under Art. IV, B 2, or 3 shall be deemed to have opted to avail of such early retirement and paid the applicable and corresponding retirement pay/benefit provided therein. All terminations other than for cause will be governed by the applicable provision of

the Labor Code of the Philippines. (Rollo, 47; Annex 'E', bold type given)

“Although the CBA is silent as regards the grant or denial of retirement benefits to retrenched employees, the retirement plan is succinct in denying such benefits. The provisions of the NSC’s retirement plan which petitioner admitted applies to her, ostensibly, does not give petitioner the right to her claimed benefits. With the inclusion of the provision abovementioned in the retirement plan, the NSC explicitly disallows payment of retirement benefits in case of retrenchment. There is, thus, no necessity of expressly providing that retirement pay and retrenchment pay are mutually exclusive. The retirement plan is a binding agreement, not being contrary to law, morals, good customs, public order or public policy and must, therefore, be upheld. While it is our duty to prevent the exploitation of employees, it also behooves us to protect the sanctity of contracts that do not contravene our laws (Asian Alcohol Corp. vs. National Labor Relations Commission, 305 SCRA 416 [1999]).

X X X

“For an employee to validly claim retirement benefits under Art. 287 of the Labor Code, petitioner must have complied with the requirements for eligibility under the statute for such retirement benefits (J.V. Angeles Construction Corporation vs. National Labor Relations Commission, 305 SCRA 734 [1999]).

“However, petitioner falls short in complying with the requirements of the law.

“**First.** Records show that petitioner has not yet reached the retirement age. The conditions of eligibility for retirement must be met at the time of retirement at which juncture the right to retirement benefits or pension, if the employee is eligible, vests in him (Brion vs. South

Philippines Union Mission of the Seventh Day Adventist Church, 307 SCRA 497 [1999]).

**“Second.** Entitlement to retirement benefits equivalent to what is provided under the third paragraph of the above cited provision is viable only in the absence of a retirement plan or agreement providing for retirement benefits of employees of the establishment. However, a retirement plan has been provided by the employer and it provides that no retirement benefits are payable in instances of resignations or termination for a cause. To reiterate, petitioner has been terminated through one of the authorized causes, thus:

‘ART. 283. Closure of establishment and reduction of personnel. – The employer may also terminate the employment of any employee due to retrenchment to prevent losses.’

“WHEREFORE, the petition is DENIED. The resolutions of the National Labor Relations Commission dated October 21, 1999 and July 20, 2000 are hereby AFFIRMED.

“SO ORDERED.”

On August 21, 2001, the Court of Appeals issued a Resolution denying the petitioner’s motion for reconsideration.

Petitioner, in the instant petition for review on certiorari, contends that the Court of Appeals erred in holding that (1) she is not entitled to retirement benefits because at the time of her retrenchment, she has not yet reached the mandatory retirement age; (2) the retirement plan expressly prohibits the payment of retirement benefits to employees terminated for cause; and (3) she executed a valid quitclaim.

While it is axiomatic that retirement laws are liberally construed in favor of the persons intended to be benefited, however, such interpretation cannot be made in this case in light of the clear lack of

consensual and statutory basis of the grant of retirement benefits to petitioner. (Philippine Scout Veterans Security & Investigation Agency, Inc. vs. NLRC, G.R. No. 99859, September 20, 1996, 262 SCRA 112, 121-122).<sup>[3]</sup>

It bears stressing that as held by the Labor Arbiter, the NLRC and the Court of Appeals, there is no provision in the parties' CBA authorizing the payment to petitioner retirement benefits in addition to her retrenchment pay; and that there is no indication that she was forced or "duped" by respondent to sign the Release and Quitclaim. The Court of Appeals also ruled that petitioner, not having reached the retirement age, is not entitled to retirement benefits under Article 287 of the Labor Code.

This Court has always accorded respect and finality to the findings of fact of the Court of Appeals, particularly if they coincide with those of the Labor Arbiter and the NLRC when supported by substantial evidence, as in this case. The reason for this is that quasi-judicial agencies, like the Arbitration Board and the NLRC, have acquired a unique expertise because their jurisdictions are confined to specific matters.<sup>[4]</sup>

In justifying her claim for retirement benefits, petitioner contends that respondent's September 20, 1994 termination letter declares in unequivocal terms that "You will receive a separation package in accordance with the program and existing policies, including benefits you may be entitled to, if any, under the Company's Retirement Plan." According to her, the quoted statement expressly guarantees the grant of retirement benefits.

Suffice it to reiterate that the respondent's retirement plan, quoted earlier, precludes employees, whose services were terminated for cause, from availing retirement benefits.

**WHEREFORE**, the petition is **DENIED**. The assailed Decision dated April 30, 2001 and the Resolution dated August 21, 2001 of the Court of Appeals in CA-G.R. SP No. 61317 are hereby **AFFIRMED**.

**SO ORDERED.**

**Vitug, J., (Chairman), Corona, and Carpio-Morales, JJ.,  
concur.**

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[1] Annex "A", Petition for Review, Rollo at 29-39.

[2] Annex "B", id. at 41.

[3] Philippine Scout Veterans Security & Investigation Agency, Inc. vs. NLRC, G.R. No. 99859, September 20, 1996, 262 SCRA 112, 121-122.

[4] Cosmos Bottling Corporation vs. NLRC, G.R. No. 146397, July 1, 2003 at 7, citing German Marine Agencies, Inc. vs. NLRC, 350 SCRA 629 (2001).

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