Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

BIBIANO C. ELEGIR,
Petitioner,

-versus-

PHILIPPINE AIRLINES, INC.,
Respondent.

G.R. No. 181995

Present:

CARPIO, *J.*,
Chairperson,
BRION,
PEREZ,
SERENO, and
REYES, *JJ.*

Promulgated:

JUL 16 2012

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DECISION

REYES, *J.*:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to annul and set aside the Decision[1] dated August 6, 2007 of the Court of Appeals (CA) in CA-G.R. SP No. 79111, which reversed and set aside the Decision[2] dated March 18, 2002 and Order[3] dated June 30, 2003 of the National Labor Relations Commission (NLRC) in NLRC NCR Case No. 00-08-06135-97 and NLRC NCR CA No. 015030-98.

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1 Penned by Associate Justice Arcangelita M. Romilla-Lontok, with Associate Justices Mariano C. del Castillo (now a member of this Court) and Romeo F. Barza, concurring; *rollo*, pp. 29-37.

2 Penned by Presiding Commissioner Roy V. Señeres, with Commissioners Vicente S.E. Veloso (inhibited) and Alberto R. Quimpo, concurring; id. at 111-125.

3 Penned by Presiding Commissioner Roy V. Señeres, with Commissioners Romeo L. Go and Vicente S.E. Veloso (inhibited), concurring; id. at 137.

Factual Antecedents

As culled from the records, the instant case stemmed from the following factual antecedents:

Petitioner Bibiano C. Elegir (petitioner) was hired by Philippine Airlines, Inc. (PAL) as a commercial pilot, specifically designated as HS748 Limited First Officer, on March 16, 1971.[4]

In 1995, PAL embarked on a refleeting program and acquired new and highly sophisticated aircrafts. Subsequently, it sent an invitation to bid to all its flight deck crew, announcing the opening of eight (8) B747-400 Captain positions that were created by the refleeting program. The petitioner, who was then holding the position of A-300 Captain, submitted his bid and was fortunately awarded the same.[5] The petitioner, together with seven (7) other pilots, was sent for training at Boeing in Seattle, Washington, United States of America on May 8, 1995, to acquire the necessary skills and knowledge in handling the new aircraft. He completed his training on September 19, 1995.[6]

On November 5, 1996, after rendering twenty-five (25) years, eight (8) months and twenty (20) days of continuous service, the petitioner applied for optional retirement authorized under the Collective Bargaining Agreement (CBA) between PAL and the Airline Pilots Association of the Philippines (ALPAP), in which he was a member of good standing. In response, PAL asked him to reconsider his decision, asseverating that the company has yet to recover the full value of the costs of his training. It warned him that if he leaves PAL before he has rendered service for at least

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4 Id. at 70.
5 Id. at 50-51.
6 Id.

three (3) years, it shall be constrained to deduct the costs of his training from his retirement pay.[7]

On November 6, 1996, the petitioner went on terminal leave for thirty (30) days and thereafter made effective his retirement from service. Upon securing his clearance, however, he was informed that the costs of his training will be deducted from his retirement pay, which will be computed at the rate of ₱5,000.00 per year of service. The petitioner, through his counsel, sent PAL a correspondence, asserting that his retirement benefits should be based on the computation stated in Article 287 of the Labor Code, as amended by Republic Act (R.A.) No. 7641, and that the costs of his training should not be deducted therefrom. In its Reply dated August 4, 1997, PAL refused to yield to the petitioner's demand and maintained that his retirement pay should be based on PAL-ALPAP Retirement Plan of 1967 (PAL-ALPAP Retirement Plan) and that he should reimburse the company with the proportionate costs of his training. Thus, on August 27, 1997, the petitioner filed a complaint for non-payment of retirement pay, moral damages, exemplary damages and attorney's fees against PAL.[8]

On February 6, 1998, the Labor Arbiter (LA) rendered a Decision,[9] the pertinent portions of which read:

> From the foregoing, it is manifestly clear that an employee's retirement benefits under any collective bargaining agreement shall not be less than those provided under the New Retirement Pay Law and if such benefits are less, the employee shall pay the difference between the amount due the employee and that provided under the CBA or individual agreement or retirement plan (Par. 3.2, Sec. 3, rules Implementing the New Retirement Pay Law).
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> Thus, applying the pertinent CBA provision in correlation with the New Retirement Pay Law, complainant should receive the following amount, to wit:
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> 22.5 x 26 yrs. x [₱]138,447.00= [₱]2,700,301.50

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7 Id. at 71.
8 Id. at 41-42.
9 Id. at 70-77.

> If we were to follow the [PAL's] computation of [petitioner's] retirement pay, the latter's retirement benefits in the amount of [₱]125,000.00 based on Section 2, Article VII of the Retirement Plan of the CBA at [₱]5,000.00 per every year of service would be much less than his monthly salary of [₱]138,477.00 at the time of his retirement. This was never envisioned by the law. Instead, it is the clear intention of our law makers to provide a bigger and better retirement pay or benefits under existing laws and/or existing CBA or other agreements.
>
> x x x x
>
> WHEREFORE, in view of the foregoing, we find [PAL] liable to the [petitioner] for the payment of his retirement benefits as follows:
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> | | |
> |---|---|
> | Retirement Benefits (22.5 x 26 years x [₱]138,477.00) | [₱]2,700,301.50 |
> | Accrued Trip Leave | 760,299.37 |
> | Accrued Vacation Leave | 386,546.44 |
> | 1996 Unutilized days off | 105,089.46 |
> | Nov. '96 Prod. Allow. (net) | 1,726.92 |
> | Unpaid Salary 12/1/-5/96 | 22,416.65 |
> | 1996 w/tax refund | 2,464.42 |
> | 13th month backpay for the year 1988-1991 | 171,262.50 |
> | TOTAL | [₱]4,150,106.20 |
>
> plus legal interest of 12% per annum from November 06, 1996.
>
> Finally, ten percent (10%) of all sums owing to [petitioner] is hereby adjudged as attorney's fees.
>
> SO ORDERED.[10]

The LA ratiocinated that PAL had no right to withhold the payment of the petitioner's retirement benefits simply because he retired from service before the lapse of three (3) years. To begin with, there was no document evidencing the fact that the petitioner was required to stay with PAL for three (3) years from the completion of his training or that he was bound to reimburse the company of the costs of his training should he retire from service before the completion of the period. The LA likewise dismissed the theory espoused by PAL that the petitioner's submission of his bid for the new position which necessarily requires training created an innominate contract of *du ut facias* between him and the company since their

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[10] Id. at 74-77.

relationship is governed by the CBA between the management and the ALPAP.[11]

On appeal, the NLRC took a different stance and modified the decision of the LA in its Decision dated March 18, 2002, which pertinently states:

> Considering that [petitioner] was only fifty-two (52) years when he opted to retire on November 6, 1996, he was, strictly, not yet qualified to receive the benefits provided under said Article 287 of the Labor Code, as amended by R.A. 7641. However, [petitioner] is eligible for retirement under the CBA between respondent PAL and ALPAP, as he had already served for more than 25 years with said respondent. This is covered by the provision in the first paragraph of Article 287 of the Labor Code which states that an employee may be retired upon reaching the retirement age established in the collective bargaining agreement or other applicable employment contract, inasmuch as the CBA in question does not provide for any retirement age, but limited itself to the number of years of service or flying hours of the employee concerned. Consequently, anytime that an employee of respondent PAL reaches twenty (20) years of service or 20,000 (flying) hours as a pilot of PAL, then his age at that precise time would be considered as the retirement age, as far as he is concerned.
>
> The retirement benefits of [petitioner] should, therefore, be computed in accordance with both Article 287 of the Labor Code and the Retirement Plan in the CBA of PAL and ALPAP.
>
> On the second issue, we rule that [petitioner] is under obligation to reimburse a portion of the expenses incurred for his training as B747-400 Captain.
>
> It would be grossly unfair and unjust to [PAL] if the [petitioner] would be allowed to reap the fruits of this training, which upgraded his knowledge and skills that would enable him to demand higher pay, if he would not be made to return said benefits in the form of service for a reasonable period of time, say three (3) years as [PAL's] company policy demands. x x x
>
> x x x x
>
> Thus, with the adjudged reimbursement for training expenses of [₱]921,281.71 (sic), the awards due to [petitioner] shall be, as follows:
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> | | | |
> |---|---|---|
> | Retirement Pay ([₱]138,477.00 divided by 2 times 26) | - | [₱]1,800,201.00 |
> | Service Incentive Leave ([₱]138,477.00 divided by 30 x 5) | - | 23,074.50 |
> | Accrued Trip Leave | - | 386,546.44 |
> | 13th Month Pay | - | 138,477.00 |
> | 1996 Unutilized days off | - | 105,089.48 |
> | Nov. 1996 Productive Allowance (net) | - | 1,726.92 |

[11] Id. at 75-76.

Unpaid salary 12/1-5/96	-	22,416.63
1996 w/ tax refund	-	2,464.42
TOTAL	- [₱]2,479.996.39	

LESS:

Reimbursement of training expenses	981,281.71
1996 13th month pay overpayment	19,837.16
1996 Christmas bonus overpayment	11,539.75
PESALA	567.93
TOTAL	1,013,226.55
RETIREMENT PAY STILL PAYABLE	[₱]1,466,769.81

IN VIEW OF THE FOREGOING, the decision of the Labor Arbiter should be MODIFIED by increasing the awards to the [petitioner] to ONE MILLION FOUR HUNDRED SIXTY SIX THOUSAND SEVEN HUNDRED SIXTY-NINE and 84/100 ([₱]1,466,769.84) PESOS as computed above.

SO ORDERED.[12]

Both PAL and petitioner filed their respective motions for partial reconsideration from the decision of the NLRC. In its Motion for Partial Reconsideration,[13] PAL asseverated that the decision of the NLRC, directing the computation of the petitioner's retirement benefits based on Article 287 of the Labor Code, instead of the CBA, was inconsistent with the disposition of this Court in *Philippine Airlines, Inc. v. Airline Pilots Association of the Philippines*.[14] It emphasized that in said case, this Court sustained PAL's position and directed the payment of retirement benefits of the complainant pilot in accordance with the PAL-ALPAP Retirement Plan. However, in an Order[15] dated June 30, 2003, the NLRC denied PAL's motion for reconsideration.

Unyielding, PAL filed a petition for *certiorari* with the CA. In said petition, PAL emphasized that the petitioner's case should be decided in light of the ruling in *Philippine Airlines, Inc.*, where this Court held that the computation of the retirement pay of a PAL pilot who retired before

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12 Id. at 121-124.
13 Id. at 126-131.
14 424 Phil. 356 (2002).
15 *Rollo*, pp. 137-138.

reaching the retirement age of sixty (60) should be based on the PAL-ALPAP Retirement Plan or at the rate of ₱5,000.00 for every year of service.[16]

In its Decision dated August 6, 2007, the CA ruled that the petitioner's retirement pay should be computed in accordance with PAL-ALPAP Retirement Plan and the PAL Pilots' Retirement Benefit Plan as was held in *Philippine Airlines, Inc*. It held, thus:

> The present case squarely falls within the state of facts upon which the ruling in Philippine Airlines, Inc., vs[.] Airline Pilots Association of the Philippines was enunciated. [Petitioner] herein applies for retirement at an age below 60. A distinction was made between a pilot who retires at the age of sixty and another who retires earlier. The Supreme Court was explicit when it declared:
>
> > "A pilot who retires after twenty years of service or after flying 20,000 hours would still be in the prime of his life and at the peak of his career, compared to one who retires at the age of 60 years old."
>
> Furthermore, [petitioner] would not be getting less if his retirement pay is computed on the PAL-ALPAP retirement plan rather than the formula provided by the Labor Code. [Petitioner] did not refute that he already got retirement benefits from another retirement plan – the PAL Pilots Retirement Plan. It appearing that the retirement benefits amounting to [₱]1,800,201.00 being the main bone of contention herein, this Court proceeds to compute the balance of Capt. Elegir's retirement benefits as follows:
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> | | | |
> |---|---|---|
> | Retirement Pay (₱5,000 x 25 years) | | ₱125,000.00 |
> | Trip Leave Pay | | 757,564.04 |
> | Vacation Leave Pay | | 385,155.76 |
> | 1996 Unutilized Day-Off | | 104,711.38 |
> | Productivity Allowance for 1996 | | 1,726.92 |
> | Unpaid Salary for December 1-5, 1996 | | 22,335.00 |
> | 1996 Withholding Tax Refund | | 2,464.42 |
> | | | ₱1,398,957.52 |
> | Less Accountabilities: | | |
> | Training Cost | ₱981,281.71 | |
> | 1996 13th Month Pay Overpayment | 19,837.16 | |
> | 1996 Christmas Bonus | 11,539.75 | |
> | PESALA | 567.93 | 1,013,226.55 |
> | BALANCE | | ₱ 385,730.97 |
>
> pursuant to the ruling in G.R. No. 143686.

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16 Id. at 149.

x x x x

> **WHEREFORE**, the petition is **GRANTED**. The Decision of public respondent dated March 18, 2002 and its Order of June 30, 2003 are REVERSED and SET ASIDE. **The retirement benefits of [petitioner] Capt. Bibiano Elegir shall be based on the 1967 PAL-ALPAP Retirement Plan and the PAL Pilots Retirement Benefit Plan** and the balance still due him, pegged at ₱385,730.97.
>
> **SO ORDERED**.[17] (Citation omitted and emphasis supplied)

The petitioner filed a motion for reconsideration but the same was denied in a Resolution[18] dated February 21, 2008. Aggrieved, the petitioner appealed to this Court.

Essentially, we are called upon to rule on the following issues:

1. Whether the petitioner's retirement benefits should be computed based on Article 287 of the Labor Code or on PAL's retirement plans;
2. Whether the petitioner should reimburse PAL with the proportionate costs of his training; and
3. Whether interest should be imposed on the monetary award in favor of the petitioner.

The Ruling of this Court

The petitioner's retirement pay should be computed based on PAL's retirement plans.

The petitioner maintains that it is Article 287 of the Labor Code which should be applied in the computation of his retirement pay since the same provides for higher benefits. He contends that the CA erroneously resorted to the ruling in *Philippine Airlines, Inc.* since the circumstances in the said

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17 Id. at 35-37.

18 Penned by Associate Justice Arcangelita M. Romilla-Lontok, with Associate Justices Mariano C. del Castillo (now a member of this Court) and Romeo F. Barza, concurring; id. at 39.

case, which led this Court to rule in favor of the applicability of PAL's retirement plans in computing retirement benefits, are unavailing in the present case. Specifically, he pointed out that the pilot in *Philippine Airlines, Inc.* retired at the age of forty-five (45), while he opted to retire at fifty-two (52). He further emphasized that the ruling was anchored on a finding that the retirement benefits that the pilot would get under Article 287 of the Labor Code are less than those he would get under PAL's retirement plans.[19]

Apparently, the petitioner failed to appreciate the heart behind the ruling in *Philippine Airlines, Inc.* To recapitulate, the case stemmed from PAL's unilateral act of retiring airline pilot Captain Albino Collantes (Collantes) under the authority of Section 2, Article VII of the PAL-ALPAP Retirement Plan. Thereafter, ALPAP filed a Notice of Strike with the Department of Labor and Employment (DOLE), asseverating that the retirement of Collantes constituted illegal dismissal and union busting. The Secretary of Labor assumed jurisdiction and eventually upheld PAL's action of retiring Collantes as a valid exercise of its option under Section 2, Article VII of the PAL-ALPAP Retirement Plan. It further directed for the computation of Collantes' retirement benefits on the basis of Article 287 of the Labor Code.[20] Acting on Collantes' petition for *certiorari*, the CA held that the pilot's retirement benefits should be based on Article 287 of the Labor Code and not on the PAL-ALPAP Retirement Plan. On appeal to this Court, we reversed the CA and ruled that Collantes' retirement benefits should be computed based on the PAL-ALPAP Retirement Plan and the PAL Pilots' Retirement Benefit Plan and not on Article 287 of the Labor Code since the benefits under the two (2) plans are substantially higher than the latter. The dispositive portion of the decision reads:

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19 Id. at 16-17.

20 Supra note 14, at 359.

> **WHEREFORE**, in view of all the foregoing, the petition is *GRANTED*. The March 2, 2000 Decision and the June 19, 2000 Resolution of the Court of Appeals in CA-G.R. SP No. 54403 are *REVERSED* and *SET ASIDE*. The Order of the Secretary of Labor in NCMB-NCR-N.S. 12-514-97 dated June 13, 1998, is *MODIFIED* as follows: **The retirement benefits to be awarded to Captain Albino Collantes shall be based on the 1967 PAL-ALPAP Retirement Plan and the PAL Pilots' Retirement Benefit Plan.** The directive contained in subparagraph (2) of the dispositive portion thereof, which required petitioner to consult the pilot involved before exercising its option to retire him, is *DELETED*. The said Order is *AFFIRMED* in all other respects.
>
> **SO ORDERED**.[21] (Emphasis supplied)

It bears reiterating that there are only two retirement schemes at point in this case: (1) Article 287 of the Labor Code, *and;* (2) the PAL-ALPAP Retirement Plan and the PAL Pilots' Retirement Benefit Plan. The two retirement schemes are alternative in nature such that the retired pilot can only be entitled to that which provides for superior benefits.

Article 287 of the Labor Code states:

> **Art. 287. Retirement. - Any employee may be retired upon reaching the retirement age established in the collective bargaining agreement or other applicable employment contract**.
>
> In case of retirement, the employee shall be entitled to receive such retirement benefits as he may have earned under existing laws and any collective bargaining agreement and other agreements: provided, however, that an employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided herein.
>
> In the absence of a retirement plan or agreement plan providing for retirement benefits of employees in the establishment, an employee upon reaching the age of sixty (60) years or more, but not beyond sixty-five (65) years which is hereby declared as the compulsory retirement age, who has served at least five (5) years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.
>
> Unless the parties provide for broader inclusions, the term 'one-half (1/2) month salary' shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of not more than five (5) days of service incentive leaves. x x x (Emphasis supplied)

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[21] Id. at 365.

It can be clearly inferred from the language of the foregoing provision that it is applicable only to a situation where (1) there is no CBA or other applicable employment contract providing for retirement benefits for an employee, or (2) there is a CBA or other applicable employment contract providing for retirement benefits for an employee, but it is below the requirement set by law. The rationale for the first situation is to prevent the absurd situation where an employee, deserving to receive retirement benefits, is denied them through the nefarious scheme of employers to deprive employees of the benefits due them under existing labor laws. On the other hand, the second situation aims to prevent private contracts from derogating from the public law.[22]

The primary application of existing CBA in computing retirement benefits is implied in the title of R.A. No. 7641 which amended Article 287 of the Labor Code. The complete title of R.A. No. 7641 reads: "An Act Amending Article 287 of Presidential Decree No. 442, As Amended, otherwise known as the Labor Code of the Philippines, By Providing for Retirement Pay to Qualified Private Sector in the Absence of Any Retirement Plan in the Establishment."[23]

Emphasis must be placed on the fact that the purpose of the amendment is not merely to establish precedence in application or accord blanket priority to existing CBAs in computing retirement benefits. The determining factor in choosing which retirement scheme to apply is still *superiority* in terms of benefits provided. Thus, even if there is an existing CBA but the same does not provide for retirement benefits *equal or superior* to that which is provided under Article 287 of the Labor Code, the latter will apply. In this manner, the employee can be assured of a reasonable amount of retirement pay for his sustenance.

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22 *Obusan v. Philippine National Bank*, G.R. No. 181178, July 26, 2010, 625 SCRA 542, citing *Oxales v. United Laboratories, Inc.*, G.R. No. 152991, July 21, 2008, 559 SCRA 26, 42.

23 *Oxales v. United Laboratories, Inc.*, G.R. No. 152991, July 21, 2008, 559 SCRA 26, 45.

Consistent with the purpose of the law, the CA correctly ruled for the computation of the petitioner's retirement benefits based on the two (2) PAL retirement plans because it is under the same that he will reap the most benefits. Under the PAL-ALPAP Retirement Plan, the petitioner, who qualified for late retirement after rendering more than twenty (20) years of service as a pilot, is entitled to a lump sum payment of ₱125,000.00 for his twenty-five (25) years of service to PAL. Section 2, Article VII of the PAL-ALPAP Retirement Plan provides:

> *Section 2. Late Retirement*. Any member who remains in the service of the company after his normal retirement date may retire either at his option [or] at the option of the Company, and when so retired he shall be entitled either[:] (a) to a lump sum payment of [₱]5,000.00 for each completed year of service rendered as a pilot, or (b) to such termination pay benefits to which [he] may be entitled under existing laws, whichever is the greater amount.[24]

Apart from the abovementioned benefit, the petitioner is also entitled to the equity of the retirement fund under PAL Pilots' Retirement Benefit Plan, which pertains to the retirement fund raised from contributions exclusively from PAL of amounts equivalent to 20% of each pilot's gross monthly pay. Each pilot stands to receive the full amount of the contribution upon his retirement which is equivalent to 240% of his gross monthly income for every year of service he rendered to PAL. This is in addition to the amount of not less than ₱100,000.00 that he shall receive under the PAL-ALPAP Retirement Plan.[25]

In sum, therefore, the petitioner will receive the following retirement benefits:

(1) *₱125,000.00 (25 years x ₱5,000.00)* for his 25 years of service to PAL under the PAL-ALPAP Retirement Plan, and;

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24 *Rollo*, p. 119.

25 Supra note 14, at 363.

(2) *240% of his gross monthly salary* for every year of his employment or, more specifically, the *summation of PAL's monthly contribution of an amount equivalent to 20% of his actual monthly salary*, under the PAL Pilots' Retirement Benefit Plan.

As stated in the records, the petitioner already received the amount due to him under the PAL Pilots' Retirement Benefit Plan.[26] As much as we would like to demonstrate with specificity the amount of the petitioner's entitlement under said plan, we are precluded from doing so because there is no record of the petitioner's salary, including increments thereto, attached to the records of this case. To reiterate, the benefit under the PAL Pilots' Retirement Benefit Plan pertains to the totality of PAL's monthly contribution for every pilot, which amounts to 20% of the actual monthly salary. Necessarily, the computation of this benefit requires a record of the petitioner's salary, which was unfortunately not submitted by either of the parties. At any rate, the petitioner did not dispute the fact that he already received his entitlement under the PAL Pilots' Retirement Benefit Plan nor did he question the propriety of the amount tendered. Thus, we can reasonably assume that he received the rightful amount of his entitlement under the plan.

On the other hand, under Article 287 of the Labor Code, the petitioner would only be receiving a retirement pay equivalent to at least one-half (1/2) of his monthly salary for every year of service, a fraction of at least six (6) months being considered as one whole year. To stress, *one-half (1/2) month salary* means 22.5 days: 15 days plus 2.5 days representing one-twelfth (1/12) of the 13th month pay and the remaining 5 days for service incentive leave.[27]

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26 *Rollo*, p. 36.

27 *Capitol Wireless, Inc. v. Confesor*, 332 Phil. 78, 89 (1996).

Comparing the benefits under the two (2) retirement schemes, it can readily be perceived that the 22.5 days worth of salary for every year of service provided under Article 287 of the Labor Code cannot match the 240% of salary or almost two and a half worth of monthly salary per year of service provided under the PAL Pilots' Retirement Benefit Plan, which will be further added to the ₱125,000.00 to which the petitioner is entitled under the PAL-ALPAP Retirement Plan. Clearly then, it is to the petitioner's advantage that PAL's retirement plans were applied in the computation of his retirement benefits.

The petitioner should reimburse PAL with the costs of his training.

As regards the issue of whether the petitioner should be obliged to reimburse PAL with the costs of his training, the ruling in *Almario v. Philippine Airlines, Inc.*[28] is controlling. Essentially, in the mentioned case, this Court recognized the right of PAL to recoup the costs of a pilot's training in the form of service for a period of at least three (3) years. This right emanated from the CBA between PAL and ALPAP, which must be complied with good faith by the parties. Thus:

> "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."

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[28] G.R. No. 170928, September 11, 2007, 532 SCRA 614.

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 bidded 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.[29] (Citations omitted and emphasis supplied)

Further, we considered PAL's act of sending its crew for training as an investment which expects an equitable return in the form of service within a reasonable period of time such that a pilot who decides to leave the company before it is able to regain the full value of the investment must proportionately reimburse the latter for the costs of his training. We ratiocinated:

> 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 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

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[29] Id. at 623-625, citing *Samahang Manggagawa sa Top Form Mfg. v. NLRC*, 356 Phil. 480, 490-491 (1998).

> the defendant; and (7) the improvement of the conditions of life of the defendant.
>
> x x x x"
>
> ***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***.[30] (Citation omitted and emphasis supplied)

After perusing the records of this case, we fail to find any significant fact or circumstance that could warrant a departure from the established jurisprudence. The petitioner admitted that as in *Almario*, the prevailing CBA between PAL and ALPAP at the time of his retirement incorporated the same stipulation in Section 1, Article XXIII of the 1985-1987 CBA[31] which provides:

> 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.[32]

As discussed in *Almario*, the above provision initially set the age of fifty-five (55) years as the reckoning point when a pilot becomes disqualified to bid for a higher position. The age of disqualification was set at 55 years old to enable PAL to fully recover the costs of the pilot's training within a period of five (5) years before the pilot reaches the compulsory retirement age of sixty (60). The DOLE Secretary however lowered the age to fifty-seven (57), thereby cutting the supposed period of recovery of investment to three (3) years. The DOLE Secretary justified the amendment

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30 Id. at 627-628, citing Tolentino, COMMENTARIES AND JURISPRUDENCE, Vol. I, pp. 80-81, 83, 2nd Ed.

31 Id. at 625.

32 Id. at 624.

in that the "prohibitive training costs are more than offset by the maturity, expertise and the experience of the pilot."[33]

By carrying over the same stipulation in the present CBA, both PAL and ALPAP recognized that the company's effort in sending pilots for training abroad is an investment which necessarily expects a reasonable return in the form of service for a period of at least three (3) years. This stipulation had been repeatedly adopted by the parties in the succeeding renewals of their CBA, thus validating the impression that it is a reasonable and acceptable term to both PAL and ALPAP. Consequently, the petitioner cannot conveniently disregard this stipulation by simply raising the absence of a contract expressly requiring the pilot to remain within PAL's employ within a period of 3 years after he has been sent on training. The supposed absence of contract being raised by the petitioner cannot stand as the CBA clearly covered the petitioner's obligation to render service to PAL within 3 years to enable it to recoup the costs of its investment.

Further, to allow the petitioner to leave the company before it has fulfilled the reasonable expectation of service on his part will amount to unjust enrichment. Pertinently, Article 22 of the New Civil Code states:

> 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.

There is unjust enrichment when a person unjustly retains a benefit at the loss of another, or when a person retains the money or property of another against the fundamental principles of justice, equity and good conscience. Two conditions must concur: (1) a person is unjustly benefited; and (2) such benefit is derived at the expense of or with damages to another. The main objective of the principle of unjust enrichment is to prevent one from enriching oneself at the expense of another. It is commonly accepted

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[33] Id.

that this doctrine simply means that a person shall not be allowed to profit or enrich himself inequitably at another's expense.[34] The enrichment may consist of a patrimonial, physical, or moral advantage, so long as it is appreciable in money.[35] It must have a correlative prejudice, disadvantage or injury to the plaintiff which may consist, not only of the loss of the property or the deprivation of its enjoyment, but also of the 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 what the latter would have obtained.[36]

As can be gathered from the facts, PAL invested a considerable amount of money in sending the petitioner abroad to undergo training to prepare him for his new appointment as B747-400 Captain. In the process, the petitioner acquired new knowledge and skills which effectively enriched his technical know-how. As all other investors, PAL expects a return on investment in the form of service by the petitioner for a period of 3 years, which is the estimated length of time within which the costs of the latter's training can be fully recovered. The petitioner is, thus, expected to work for PAL and utilize whatever knowledge he had learned from the training for the benefit of the company. However, after only one (1) year of service, the petitioner opted to retire from service, leaving PAL stripped of a necessary manpower.

Undeniably, the petitioner was enriched at the expense of PAL. After undergoing the training fully shouldered by PAL, he acquired a higher level of technical competence which, in the professional realm, translates to a higher compensation. To prove this point, his monthly salary of ₱125,692.00 was increased to ₱131,703.00 while he was still undergoing training. After his training, his salary was further increased to

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34 *Grandteq Industrial Steel Products, Inc. v. Margallo*, G.R. No. 181393, July 28, 2009, 594 SCRA 223, 238, citing *Hulst v. PR Builders, Inc.*, G.R. No. 156364, September 3, 2007, 532 SCRA 74, 96.

35 Tolentino, CIVIL CODE OF THE PHILIPPINES, COMMENTARIES AND JURISPRUDENCE, Vol. I, p. 78.

36 Id. at 80.

₱137,977.00.[37] Further, his training broadened his opportunities for a better employment as in fact he was able to transfer to another airline company immediately after he left PAL.[38] To allow the petitioner to simply leave the company without reimbursing it for the proportionate amount of the expenses it incurred for his training will only magnify the financial disadvantage sustained by PAL. Reason and fairness dictate that he must return to the company a proportionate amount of the costs of his training.

Award of interest not warranted under the circumstances.

The petitioner claims that the CA should have imposed interest on the monetary award in his favor. To support his claim, he cited the case of *Eastern Shipping Lines, Inc. v. Court of Appeals*,[39] where this Court summarized the rules in the imposition of the proper interest rates:

> I. When an obligation, regardless of its source, i.e., law, contracts, quasi-contracts, delicts or quasi-delicts is breached, the contravenor can be held liable for damages. The provisions under Title XVIII on "Damages" of the Civil Code govern in determining the measure of recoverable damages.
>
> II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:
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> > 1. When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.
> >
> > 2. When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the *discretion of the court* at the rate of 6% *per annum*. No interest, however, shall be adjudged on unliquidated claims or damages except when or until the demand

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37 *Rollo*, p. 91.
38 Id. at 93.
39 G.R. No. 97412, July 12, 1994, 234 SCRA 78.

> can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code) but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.
>
> 3. **When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit**.[40] (Citations omitted and emphasis supplied)

The petitioner, however, took the foregoing guidelines out of context and entertained a misplaced supposition that all judgments which include a monetary award must be imposed with interest. The jurisprudential guideline clearly referred to breach of an obligation consisting of a *forbearance of money, goods or credit* before the imposition of a legal interest of 12% can be warranted. Such essential element is nowhere to be found in the facts of this case. Even granting that an interest of 6% may be imposed in cases of breached obligations *not* constituting loan or forbearance of money, loan or credit, such depends upon the discretion of the court. If at all, the monetary award in favor of the petitioner will earn legal interest from the time the judgment becomes final and executory until the same is fully satisfied, regardless of the nature of the breached obligation. The imposition is justified considering that the interim period from the finality of judgment, awarding a monetary claim and until payment thereof, is deemed to be equivalent to a forbearance of credit.[41]

WHEREFORE, in view of the foregoing disquisitions, the petition is **DENIED**. The Decision dated August 6, 2007 of the Court of Appeals in CA-G.R. SP No. 79111 is **AFFIRMED**. The Labor Arbiter is hereby

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40 Id. at 95-97.

41 *Suatengco v. Reyes*, G.R. No. 162729, December 17, 2008, 574 SCRA 187.

DIRECTED to compute Bibiano C. Elegir's retirement pay based on the 1967 PAL-ALPAP Retirement Plan and the PAL Pilots' Retirement Benefit Plan, crediting Philippine Airlines, Inc. for the amount it had already paid the petitioner under the mentioned plans.

SO ORDERED.

BIENVENIDO L. REYES
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Senior Associate Justice
Chairperson, Second Division

ARTURO D. BRION
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

MARIA LOURDES P. A. SERENO
Associate Justice

CERTIFICATION

I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Senior Associate Justice
(Per Section 12, R.A. 296,
The Judiciary Act of 1948, as Amended)