Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

ZUELLIG PHARMA CORPORATION, *Petitioner,*	**G.R. No. 173587**
- versus -	
ALICE M. SIBAL, **MA. TERESA J. BARISO,** **PRESCILLANO L. GONZALES,** **LAURA B. BERNARDO,** **MAMERTA R. ZITA,** **JOSEPHINE JUDY C. GARCIA,** **MA. ASUNCION B. HERCE,** **EDITHA D. CARPITANOS,** **MA. LUZ B. BUENO,** **DANTE C. VERASTIGUE,**[**] **AGNES R. ALCOBER,** **ARWIN Y. CRUZ,** **ADONIS F. OCAMPO,** **SOPHIA P. ANGELES,** **JOEL B. BUSTAMANTE,** **EDITHA B. COLE,** **LUDIVINA C. PACIA,** **ROSELLE M. DIZON,** **RODOLFO A. ABCEDE,** **WILFREDO RICAFRENTE,** **RODOLFO R. ROBERTO,** **ROSALIE R. LUNAR,** **BENJAMIN R. CALAYCAY,** **GUILLERO YAP CADORNA,** **THROVADORE TOBOSO,** **CAROLINA S. UY,** **MARIA LORETTO M. REGIS,** **ALMAR C. CALUAG,**[**] **VILMA R. SAPIWOSO,**	Present: CARPIO, *Chairperson,* DEL CASTILLO, PEREZ, MENDOZA,[*] *and* PERLAS-BERNABE, *JJ.*

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[*] Per Special Order No. 1484 dated July 9, 2013.

[**] Also referred to as Dante C. Verastique in some parts of the records.

[**] Also referred to as Alma C. Caluag in some parts of the records.

ANATALIA L. CALPITO,
FELIPE S. CALINAWAN,
VIVIELIZA DELMAR MANULAT,
MA. LIZA L. RAFINAN,[**]
AMMIE V. GATILAO,
ALEX B. SADAYA and
REGINO EDDIE PANGA,
Respondents.

Promulgated:
JUL 15 2013

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DECISION

DEL CASTILLO, *J.*:

This Petition for Review on *Certiorari*[1] assails the December 4, 2003 Decision[2] of the Court of Appeals (CA) in CA-G.R. SP No. 50448 which nullified the January 21, 1998 Decision[3] of the National Labor Relations Commission (NLRC) in NLRC NCR CA NO. 011914-96. The NLRC affirmed the August 6, 1996 Decision[4] of the Labor Arbiter which, in turn, denied respondents' claim for retirement gratuity and monetary equivalent of their unused sick leave on top of the redundancy pay they already received.

Also assailed in this Petition is the CA's July 13, 2006 Resolution[5] denying petitioner's motion to reconsider aforesaid CA Decision.

Factual Antecedents

Petitioner Zuellig Pharma Corporation (Zuellig) is a domestic corporation engaged in the manufacture and distribution of pharmaceutical products. It also distributes pharmaceutical products manufactured by other companies like Syntex Pharmaceuticals (Syntex). Respondents (36 in all), on the other hand, were the employees of Zuellig at its Syntex Division.

In 1995, Roche Philippines, Inc. (Roche) purchased Syntex and took over from Zuellig the distribution of Syntex products. Consequently, Zuellig closed its Syntex Division and terminated the services of respondents due to redundancy. They were properly notified of their termination[6] and were paid their respective

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** Also referred to as Ma. Liza L. Raffinan in some parts of the records.

1 *Rollo*, pp. 3-26.

2 CA *rollo*, pp. 147-160; penned by Associate Justice Roberto A. Barrios and concurred in by Associate Justices Juan Q. Enriquez, Jr. and Arsenio J. Magpale.

3 Records, pp. 333-343; penned by Commissioner Vicente S. E. Veloso and concurred in by Commissioner Alberto R. Quimpo.

4 Id. at 234-242; penned by Labor Arbiter Eduardo J. Carpio.

5 CA *rollo*, pp. 245-248; penned by Associate Justice Roberto A. Barrios and concurred in by Associate Justices Godardo A. Jacinto and Juan Q. Enriquez, Jr.

6 For a sample copy of the notice, see letter dated September 8, 1994, records, p. 104.

separation pay in accordance with Section 3(b), Article XIV of the March 21, 1995 Collective Bargaining Agreement (CBA)[7] for which, respondents individually signed Release and Quitclaim[8] in full settlement of all claims arising from their employment with Zuellig.

Proceedings before the Labor Arbiter and the NLRC

Controversy arose when respondents filed before the Arbitration Branch of the NLRC separate Complaints[9] (which were later consolidated) for payment of retirement gratuity and monetary equivalent of their unused sick leave on top of the separation pay already given them. Respondents claimed that they are still entitled to retirement benefits and that their receipt of separation pay and execution of Release and Quitclaim do not preclude pursuing such claim.

On August 6, 1996, Labor Arbiter Eduardo J. Carpio (Labor Arbiter Carpio) rendered a Decision denying respondents' claims. He opined that only employees whose separation from employment was brought about by sickness, death, compulsory or optional retirement, or resignation are entitled to gratuity pay. However, employees whose separation from employment was by reason of redundancy are not entitled to the monetary equivalent of their unused sick leave if cessation from employment was caused by redundancy.

Upon respondents' appeal, the NLRC rendered a Decision dated January 21, 1998 affirming the Decision of the Labor Arbiter.

Proceedings before the Court of Appeals

Twice rebuffed but still undeterred, the respondents filed a Petition for *Certiorari*[10] with the CA.

In a Decision dated December 4, 2003, the CA granted respondents' Petition and nullified the Decisions of both the Labor Arbiter and the NLRC. Relying on the case of *Aquino v. National Labor Relations Commission*,[11] the CA ruled that since there is nothing in the CBA which expressly prohibits the grant of both benefits, those who received separation pay are, therefore, still entitled to retirement gratuity. The CA also took note of Section 5, Article V of Zuellig's January 1, 1968 Retirement Gratuity Plan,[12] which provides that an employee who may be separated from the service for any cause not attributable to his or her own fault or misconduct shall be entitled to full retirement benefits. Since the cause of

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7 Id. at 106-123.
8 Id. at 148-182.
9 Id. at 2-24; 39-47; 52-59.
10 CA *rollo*, pp. 3-25.
11 G.R. No. 87653, February 11, 1992, 206 SCRA 118.
12 Records, pp. 183-191.

respondents' separation from work was redundancy, the CA ordered Zuellig to pay respondents retirement gratuity and the monetary equivalent of their unused sick leave on top of the redundancy pay previously granted to them. The dispositive portion of the CA Decision reads:

> WHEREFORE, the petition is GIVEN DUE COURSE and GRANTED, and the assailed Decision of the Labor Arbiter dated August 6, 1996 and the affirming Decision of the NLRC dated January 21, 1998 are SET ASIDE and VACATED. In its stead, judgment is rendered ORDERING respondent Zuellig Pharma Corporation to pay the retirement gratuity and unused sick leave pay prayed for, and to this end the respondent NLRC is directed to compute and specify the respective amounts due them.
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> SO ORDERED.[13]

Grounds

Zuellig moved for a reconsideration,[14] but to no avail.[15] Hence, this Petition anchored on the following grounds:

> I
> THE COURT OF APPEALS COMMITTED GRAVE ERROR WHEN IT HELD THAT [UNDER THE TERMS AND CONDITIONS OF] THE CBA AND THE RETIREMENT AND GRATUITY PLAN X X X RESPONDENTS [COULD] AVAIL OF BOTH REDUNDANCY PAY AND RETIREMENT BENEFITS.
>
> II
> THE COURT OF APPEALS COMMITTED GRAVE ERROR IN FINDING THAT RESPONDENTS ARE ENTITLED TO THE MONETARY EQUIVALENT OF UNUSED SICK LEAVE.
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> III
> THE COURT OF APPEALS COMMITTED GRAVE ERROR IN FAILING TO HOLD THAT QUITCLAIMS BAR RESPONDENTS FROM CLAIMING FROM PETITIONER ANY MORE THAN THEY HAVE LAWFULLY RECEIVED.[16]

The Parties' Arguments

Zuellig concedes that, in the absence of contractual prohibition, payment of both separation pay and retirement pay may be allowed as ruled by this Court in *Aquino*. Nonetheless, it asserts that *Aquino* is not applicable in this case. It

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13 CA *rollo*, p. 159.
14 See Motion for Reconsideration dated December 22, 2003, id. at 168-190.
15 See Resolution promulgated on July 13, 2006, id. at 245-248.
16 *Rollo*, p. 10.

explains that in *Aquino,* the parties' CBA incorporates by reference a retirement plan agreed upon by the parties prior to the execution of the CBA. On the other hand, Zuellig insists that in this case, Section 2, Article XIV of the parties' CBA prohibits the recovery of both retirement gratuity and severance pay. In addition, Section 2, Article VII of the Retirement and Gratuity Plan likewise expressly limits the benefits the employees may receive to their choice between (i) the benefits enumerated therein and (ii) separation pay or other benefits that Zuellig may be required by law or competent authority to pay them. In any event, Zuellig further argues that respondents are not qualified to receive early retirement benefits as none of them resigned from the service, have reached the retirement age of 60 or have been in the employ of Zuellig for at least 25 years as required by Section 1(b), Article XIV of the CBA.

Zuellig furthermore contends that the CA's award of monetary equivalent of respondents' unused sick leave lacks basis. It asserts that under Section 2(c) and (d), Article VIII of the CBA, only employees who are due for compulsory retirement and those availing of early retirement are entitled to the cash equivalent of their unused sick leave. Those separated from employment by reason of redundancy like the respondents are not.

Finally, Zuellig insists that the CA committed grave error in invalidating the Release and Quitclaim voluntarily executed by the respondents. Said quitclaims represent a fair reasonable settlement of all the claims respondents had against Zuellig. In fact, the amount of redundancy pay given to respondents is substantially higher than the retirement package received by those who resigned.

Respondents counter that there is nothing in the CBA which categorically prohibits the recovery of retirement benefits in addition to separation pay. They assert that Section 2, Article XIV of the CBA alluded to by Zuellig does not constitute as an express prohibition that would foreclose recovery of retirement gratuity after the employees had received redundancy pay. Hence, following the ruling of this Court in *Aquino,* they are entitled to said retirement gratuity.

With regard to Zuellig's contention that retirement benefits can be extended only to those who resigned, respondents echo the observation of the CA that since their separation from employment was due to a cause beyond their control, they cannot be considered to have exclusively chosen separation pay and abandoned their right to retirement gratuity. To bolster their point, respondents cite Section 5, Article V of the Retirement Gratuity Plan, which reads:

> An employee, executive or supervisory personnel, who may be separated from the service of the Company for any cause not attributable to his own fault or misconduct shall be entitled to full benefits as provided for under Article V,

> Sections 1 and 2 above, provided, however, that any employee, executive or supervisory personnel separated for cause shall not be entitled to any benefit as provided for under said Article V, Sections 1, 2 and 3.[17]

Respondents likewise insist that since there is no specific provision in the CBA prohibiting them from claiming the monetary value of their unused sick leave, the same should be given to them.

Zuellig ripostes that nothing prevented respondents from resigning to make them eligible to receive retirement gratuity. They had ample time to decide whether to resign or to accept redundancy pay. But they chose redundancy pay over early retirement benefits because they knew they would be getting more. As to respondents' reliance on Section 5, Article V, in relation to Sections 1 and 2, of the Retirement Gratuity Plan, Zuellig posits that the same cannot prevail over Section 2, Article XIV of the CBA.

On August 23, 2006, this Court issued a Temporary Restraining Order enjoining the CA from implementing its now assailed Decision until further orders from this Court.[18]

Our Ruling

The Petition is impressed with merit.

The CBA does not allow recovery of both separation pay and retirement gratuity.

In *Aquino*,[19] the petitioner employees were retrenched after their employer Otis Elevator Company (Otis) adopted cost-cutting measures and streamlined its operations. They were thus given separation pay double the amount required by the Labor Code. Subsequently, however, the employees filed a claim for retirement benefits, alleging entitlement thereto by virtue of the Retirement Plan. Otis denied the claim by asserting that separation pay and retirement benefits are mutually exclusive of each other; hence, acceptance of one bars recovery of the other. When the case reached its final review, this Court held that in the absence of specific prohibition in the retirement plan or the CBA, retirement benefits and separation pay are not mutually exclusive of each other and the employees whose services were terminated without cause are entitled to both separation pay and retirement gratuity.

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17 Records, pp. 187-188.
18 *Rollo*, pp. 185-186.
19 Supra note 11.

In the present case, the CBA contains specific provisions which effectively bar the availment of retirement benefits once the employees have chosen separation pay or *vice versa*. The provisions of the CBA on Retirement Gratuity read:

ARTICLE XIV
RETIREMENT GRATUITY

Section 1[a] – Any employee who is separated from employment due to sickness or death shall receive from the COMPANY a retirement gratuity in an amount equivalent to one [1] month's basic salary per year of service. For the purpose of this agreement, years of service shall be deemed equivalent to the total service credits [in] the COMPANY; a fraction of at least six [6] months shall be considered as one [1] year, including probationary employment; basic salary is understood to mean the monthly compensation being received by the employee under the payroll for services rendered during the normal regular working hours of the company, excluding but not limited to any other emoluments for extra work, premiums, incentives, benefits and allowances of whatever kind and nature.

[b] No person may retire under this paragraph for old age before reaching the age of sixty [60] years provided that the COMPANY may compel the retirement of an employee who reaches or is past 60 years of age. An employee who resigns prior to attaining such retirement age shall be entitled to any of the following percentage of the gratuity provided above:

Early Retirement or Separation	
a] 5 to 7 years of service	60%
b] 8 to 10 years of service	70%
c] 11 to 15 years of service	90%
d] 16 years of service and above	100%

An employee who opts to retire before reaching the age of 60 is entitled to one (1) month's basic pay per year of service or Four Hundred Thirty Thousand Pesos (₱430,000.00), whichever is higher, provided however that his service record in the COMPANY is not less than twenty-nine (29) years. Those whose service record is from twenty-five (25) to twenty-eight (28) years will be paid an amount equivalent to one (1) month's basic pay per year of service or Three Hundred Sixty Thousand Pesos (₱360,000.00), whichever is higher.

An employee may be entitled to retirement gratuity on account of illness under this article only upon a certification by the COMPANY's physician, that the illness of the retiring individual will disable said individual from employment for a protracted length of time.

A transfer of an employee from the employment of the COMPANY to that of any other sister company shall be deemed a retirement for the purpose of this section.

In case an employee retires at the age of 60, he shall receive a retirement pay equivalent to his last monthly basic pay multiplied by his total service credits or Two Hundred Ten Thousand Pesos (₱210,000.00) whichever is higher, provided however, that his service record in the COMPANY is from sixteen (16) to nineteen (19) years. Those whose service record is less than sixteen (16) years will be paid an amount equivalent to one (1) month's basic pay per year of service.

An employee who retires at the age of 60 or who is separated from employment on account of illness or death will be entitled to one (1) month's basic pay per year of service or Two Hundred Fifty Thousand Pesos (₱250,000.00) whichever is higher, provided however, that his service record in the COMPANY is not less than 20 years.

Section 2 – ***Any payment under this provision shall be chargeable against separation pay (other than the Social Security System benefits) which may be demandable under an applicable law****.*

Section 3[a] – The COMPANY shall grant to all employees whose employment is terminated due to retrenchment or closure of business a termination pay in accordance with the following schedule:

1. For employees who have rendered one [1] year to five [5] years of continuous and satisfactory service – 100% of monthly basic pay for every year of service;

2. For employees who have rendered six [6] years to nine [9] years of continuous and satisfactory service – 130% of monthly basic pay for every year of service;

3. For employees who have rendered ten [10] [years] to fifteen [15] years of continuous and satisfactory service – 155% of monthly basic pay for every year of service;

4. For employees who have rendered [at least] sixteen [16] [years] x x x of continuous and satisfactory service – 160% of monthly basic pay for every year of service.

[b] *The COMPANY shall grant to all employees whose employment is terminated due to merger, redundancy or installation of labor-saving device a termination pay in accordance with the following schedule:*

1. For employees who have rendered one [1] year to five [5] years of continuous and satisfactory service – 120% of monthly basic pay for every year of service;

2. For employees who have rendered six [6] years to nine [9] years of continuous and satisfactory service – 150% of monthly basic pay for every year of service;

3. For employees who have rendered ten [10] [years] to fifteen [15] years of continuous and satisfactory service – 175% of monthly basic pay for every year of service;

> *4. For employees who have rendered [at least] sixteen [16] [years] x x x of continuous and satisfactory service – 185% of monthly basic pay for every year of service.*[20] (Emphasis and Italics supplied)

Section 2 of Article XIV explicitly states that any payment of retirement gratuity shall be chargeable against separation pay. Clearly, respondents cannot have both retirement gratuity and separation pay, as selecting one will preclude recovery of the other. To illustrate the mechanics of how Section 2 of Article XIV bars double recovery, if the employees choose to retire, whatever amount they will receive as retirement gratuity will be charged against the separation pay they would have received had their separation from employment been for a cause which would entitle them to severance pay. These causes are enumerated in Section 3, Article XIV of the CBA (*i.e.*, retrenchment, closure of business, merger, redundancy, or installation of labor-saving device). However, if the cause of the termination of their employment was any of the causes enumerated in said Section 3, they could no longer claim retirement gratuity as the fund from which the same would be taken had already been used in paying their separation pay. Put differently, employees who were separated from the company cannot have both retirement gratuity and separation pay as there is only one fund from which said benefits would be taken. Inarguably, Section 2 of Article XIV effectively disallows recovery of both separation pay and retirement gratuity. Consequently, respondents are entitled only to one. Since they have already chosen and accepted redundancy pay and have executed the corresponding Release and Quitclaim, they are now barred from claiming retirement gratuity.

In *Suarez, Jr. v. National Steel Corporation*,[21] the same issue cropped up – whether the retrenched employees are entitled to retirement gratuity even after they have received their separation pay in accordance with the retrenchment program of the company. In ruling in the negative, this Court observed that Sections 1 and 3 of Article XIV on Retirement Benefits of the CBA separately provide for retirement benefits and severance pay for retrenched employees. Section 1 thereof states, among others, that those retiring with at least 10 years of service credits are entitled to a retirement pay equivalent to one and one-half months of basic pay for every year of service, while Section 3 extends two months base pay for every year of service for laid-off employees pursuant to retrenchment program. This Court elaborated thus:

> A perusal of Article XIV of the parties' 1994-1996 CBA readily shows that retirement benefits shall be granted only to those employees who, after rendering at least ten (10) years of continuous services, would retire upon reaching the mandatory retirement age, or would avail of optional voluntary retirement. Nowhere can it be deduced from the CBA that those employees whose employment was terminated through one of the authorized causes are entitled to retirement benefits. In fact, Section 3 of the afore-quoted Article XIV

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[20] Records, pp. 116-117.

[21] G.R. No. 150180, October 17, 2008, 569 SCRA 331.

> specifically provides that retrenched employees shall be given two (2) months pay for every year of service. *Section 3 shows the intention of the parties to exclude retrenched employees, like herein petitioners, from receiving retirement benefits under the existing retirement plan as set forth in Section 1*.[22] (Italics supplied)

Similarly, in this case, there is also nothing in the CBA which would indicate that those employees whose services were terminated by reason of redundancy are entitled to retirement gratuity. As in *Suarez*, Sections 1 and 3 of Article XIV of the CBA of the parties herein separately provide for the amount of benefits to be received by retired employees on the one hand and those who were terminated due to retrenchment, closure of business, merger, *redundancy*, or installation of labor-saving device on the other. In short, Sections 1 and 3 clearly spell out the difference in the treatment of employees who retired as provided in Section 1 and those who were constrained to leave the company due to any of the causes enumerated in Section 3. Such difference in the treatment, as well as in the corresponding pay or gratuity, indicates the parties' intention to exclude retired employees from receiving separation pay and *vice versa*. A contrary construction would distort the clear intent of the parties and render useless the classification specifically spelled out in the CBA.

The same ruling was arrived at in *Salomon v. Associate of International Shipping Lines, Incorporated*.[23] Section 1 of the parties' CBA in that case provides for separation pay in case an employee is separated from the service for cause, *i.e*., redundancy. Section 3, on the other hand, prescribes the amount of retirement benefits for employees who have rendered at least 15 years of continuous service in the association. This Court held that, as prescribed by the CBA, the employees are entitled only to either separation pay, if they are terminated for cause, or optional retirement benefits, if they rendered at least 15 years of continuous service. Since they were separated from the service for cause, the employees are entitled to separation pay only.

The CA opined that since respondents were not at fault and had nothing to do with their separation from the company by reason of redundancy, they are therefore entitled to full retirement benefits. It anchored its conclusion on Section 5 of Article V of the Retirement Gratuity Plan, which reads:

> An employee, executive or supervisory personnel, who may be separated from the service of the Company for any cause not attributable to his own fault or misconduct shall be entitled to full benefits as provided for under Article V, Sections 1 and 2 above, provided, however, that any employee, executive or supervisory personnel separated for cause shall not be entitled to any benefit as provided for under said Article V, Sections 1, 2 and 3.[24]

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22 Id. at 342.
23 496 Phil. 721 (2005).
24 Records, pp. 187-188.

However, the same Retirement Gratuity Plan provides that in case Zuellig is required by law or by lawful order to pay separation pay, its employees shall not be entitled to both separation pay and the benefits provided therein. The employees are entitled only either to separation pay or retirement gratuity, depending on their own choice. But they cannot have both. Section 2, Article VII of the Retirement Gratuity Plan on Effect of Social Legislation is clear on the matter. Thus:

> Section 2 – Other Laws and/or Government Awards, Rules and Regulations
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> Except only as provided in the next preceding Section hereof, in the event that the Company is required under the laws or by lawful order of competent authority to give to its employees any separation pay, or other benefits or emoluments similar or analogous to those herein already provided, the employees concerned shall not be entitled to both what the law or the lawful order of competent authority requires the company to give and the benefits herein provided, *but shall be entitled only to [the] benefit of his choice*.[25] (Italics supplied)

Having chosen and accepted redundancy pay, respondents are thus precluded from seeking payment of retirement pay. Moreover, as correctly pointed out by Zuellig, Section 5, Article V of the 1968 Retirement Gratuity Plan was already superseded by Section 2, Article XIV of the 1995 CBA, a much later contract which reiterates the express prohibition against "double recovery." In addition, unlike in *Aquino* where the employees have served the company for at least ten years making them eligible for retirement,[26] none of the respondents herein appear to be qualified for optional retirement. Under Section 1[a] and [b], Article XIV of the CBA earlier quoted, to be entitled to retirement gratuity, the employee must have reached 60 years of age, resigned, suffered illness, or opted to retire even before reaching the age of 60 but has been in the employ of Zuellig for at least 25 years. None of the respondents who initiated the complaints appear to have met the above requirements. They never even bothered to controvert Zuellig's contention that they are not qualified for retirement.

Respondents are not entitled to the monetary equivalent of their unused sick leave credits.

The pertinent provisions of Article VIII of the CBA on unused sick leave provide:

> Section 2[a] – Sick leave – Every regular employee who has rendered:

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25 Id. at 189.

26 Supra note 11 at 122.

> 1. One [1] year to fifteen [15] years of continuous and satisfactory service shall be entitled to fifteen [15] working days sick leave with pay for every year;
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> 2. Sixteen [16] years and above of continuous and satisfactory service shall be entitled to twenty [20] working days sick leave with pay for every year; provided that the illness is certified by the COMPANY physician or in exceptional cases, by any other duly licensed physician.
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> [b] Unspent sick leave shall accrue to a period not exceeding one hundred twenty [120] working days.
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> [c] An employee who is sixty [60] years old and due for compulsory retirement shall be entitled to encashment of unused sick leave based on his/ her service record in the company in accordance with the following schedule:
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> 1. 16 years and above of continuous service – 100% encashment up to a maximum of four [4] months basic salary
> 2. 11 years to 15 years of continuous service – 50% encashment up to a maximum of two [2] months basic salary
> 3. 10 years and below of continuous service – 50 % encashment up to [a] maximum of one [1] month basic salary
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> [d] An employee who retires before reaching the age of sixty [60] shall be entitled to encashment of unused sick leave based on his/her service record in the COMPANY in accordance with the following schedule:
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> 1. 25 years and above of continuous service – 100% encashment up to a maximum of one and one-half [1 ½] months basic salary
> 2. 11 years to 24 years of continuous service – 50% encashment up to a maximum of one [1] month basic salary provided the retirement is due to illness or disability as certified by the company physician.[27]

According to the CA, since "[t]he above enumerations fall short of providing in the instances of the other causes of separation from service such as redundancy as in the case of the petitioners, death, merger, installation of labor cost-saving device, retrenchment or closure of business, all of which are causes not attributable and beyond the control of the employees[,]"[28] the respondents should be given the monetary equivalent of their unused sick leave.

This Court cannot agree.

The CA's ruling in effect put something into the CBA that is not written in it, contrary to the old and familiar Latin maxim of *expressio unius est exclusio alterius*. The express mention of one person, thing, act, or consequence excludes all others. Put differently, where the terms are expressly limited to certain matters, it may not, by interpretation or construction, be extended to other matters. In this case, Article VIII of the CBA covers only (1) an employee who is 60 years

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[27] Records, p. 111.
[28] CA *rollo*, p. 158.

old and due for compulsory retirement; (2) an employee who retires prior to attaining the compulsory retirement age but has served at least 25 years; and, (3) an employee who retires before attaining compulsory retirement age due to illness or disability. Necessarily, the enumeration cannot be extended to include those who will be leaving the company due to redundancy, death, merger, installation of labor cost-saving device, retrenchment, or closure of business as mistakenly ruled by the CA.

As the law between the parties, the CBA must be strictly complied with.

It is a familiar and fundamental doctrine in labor law that the CBA is the law between the parties and they are obliged to comply with its provisions. In *Honda Phils., Inc. v. Samahan ng Malayang Manggagawa sa Honda*[29] this Court elucidated as follows:

> A collective bargaining agreement [or CBA] refers to the negotiated contract between a legitimate labor organization and the employer concerning wages, hours of work and all other terms and conditions of employment in a bargaining unit. As in all contracts, the parties in a CBA may establish such stipulations, clauses, terms and conditions as they may deem convenient provided these are not contrary to law, morals, good customs, public order or public policy. Thus, where the CBA is clear and unambiguous, it becomes the law between the parties and compliance therewith is mandated by the express policy of the law.[30]

Here, and as discussed above, the parties' CBA provides in no uncertain terms that whatever amount of money the employees will receive as retirement gratuity shall be chargeable against separation pay. It is the unequivocal manifestation of their agreement that acceptance of retirement gratuity forecloses receipt of separation pay and *vice versa.* The CBA likewise exclusively enumerates departing employees who are entitled to the monetary equivalent of their unused sick leave. These agreements must prevail and be given full effect.

The Release and Quitclaim executed by each of the respondents remains valid.

It is true that quitclaims executed by employees are often frowned upon as contrary to public policy. But that is not to say that all waivers and quitclaims are invalid as against public policy.[31] Quitclaims will be upheld as valid if the following requisites are present: "(1) the employee executes a deed of quitclaim voluntarily; (2) there is no fraud or deceit on the part of any of the parties; (3) the

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29 499 Phil. 174 (2005).

30 Id. at 179-180.

31 *Suarez, Jr. v. National Steel Corporation*, supra note 21 at 346.

consideration of the quitclaim is credible and reasonable; and, (4) the contract is not contrary to law, public order, public policy, morals or good customs or prejudicial to a third person with a right recognized by law."[32]

In this case, there is no showing that Zuellig coerced or forced respondents to sign the Release and Quitclaim. In fact, there is no allegation that Zuellig employed fraud or deceit in making respondents sign the Release and Quitclaim. On the other hand, respondents declared that they had received the separation pay in full settlement of all claims arising from their employment with Zuellig. For which reason, they have remised, released and discharged Zuellig.

Notably, the Release and Quitclaim represents a reasonable and fair settlement of respondents' claims. Under Article 283 of the Labor Code, the employers are required to pay employees separated from employment by reason of redundancy at least one (1) month pay or at least one (1) month pay for every year of service, whichever is higher.[33] Here, respondents received 100% of their one (1) month basic pay for every year of service, plus a premium ranging from 20% to 85% of such basic pay for every year of service (depending on the number of years in service), as separation pay. In *Goodrich Manufacturing Corporation, v. Ativo,*[34] this Court declared that –

> It is only where there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or the terms of settlement are unconscionable on its face, that the law will step in to annul the questionable transaction. But where it is shown that the person making the waiver did so voluntarily, with full understanding of what he was doing, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as a valid and binding undertaking.

WHEREFORE, the instant Petition is hereby **GRANTED**. The December 4, 2003 Decision and the July 13, 2006 Resolution of the Court of Appeals in CA-G.R. SP No. 50448 are **ANNULLED and SET ASIDE** and the January 21, 1998 Decision of the National Labor Relations Commission in NLRC NCR CA NO. 011914-96 is **REINSTATED and AFFIRMED**.

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32 *Jiao v. National Labor Relations Commission,* G.R. No. 182331, April 18, 2012, 670 SCRA 184, 202.

33 ART. 283. CLOSURE OF ESTABLISHMENT AND REDUCTION OF PERSONNEL.

The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the workers and the Department of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or to at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole year.

34 G.R. No. 188002, February 1, 2010, 611 SCRA 261, 266 citing *Periquet v. National Labor Relations Commission,* 264 Phil. 1115, 1122 (1990).

The Temporary Restraining Order issued by this Court on August 23, 2006 is made **PERMANENT**.

SO ORDERED.

MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

JOSE PORTUGAL PEREZ
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

ATTESTATION

I attest 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
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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.

MARIA LOURDES P. A. SERENO
Chief Justice