



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

GOODYEAR PHILIPPINES, INC.
and REMEGIO M. RAMOS,
Petitioners,

G.R. No. 185449

Present:

- versus -

CARPIO, *Acting Chief Justice*,^{*}
VELASCO, Jr.,^{**}
DEL CASTILLO,
MENDOZA, *and*
LEONEN, *JJ.*

MARINA L. ANGUS,
Respondent.

Promulgated:

NOV 9 2 2014

Handwritten signature: H. Cabalag Perfecto

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DECISION

DEL CASTILLO, J.:

In the absence of an express or implied prohibition against it, collection of both retirement benefits and separation pay upon severance from employment is allowed. This is grounded on the social justice policy that doubts should always be resolved in favor of labor rights.¹

By this Petition for Review on *Certiorari* with Prayer for Injunctive Relief,² petitioners Goodyear Philippines, Inc. (Goodyear) and Remigio M. Ramos (Ramos) assail the May 13, 2008 Decision³ and November 17, 2008 Resolution⁴ of the Court of Appeals (CA) in CA-G.R. SP No. 98418. The CA partly granted the Petition for *Certiorari* filed therewith by modifying the September 30, 2005 Decision⁵ of the National Labor Relations Commission (NLRC) in that it ordered

^{*} Per Special Order No. 1860 dated November 4, 2014.

^{**} Per Raffle dated November 23, 2009.

¹ *Aquino v. National Labor Relations Commission*, G.R. No. 87653, February 11, 1992, 206 SCRA 118, 123-125.

² *Rollo*, pp. 27-55.

³ *CA rollo*, pp. 378-393; penned by Associate Justice Jose C. Reyes, Jr. and concurred in by Associate Justices Noel G. Tijam and Ramon M. Bato, Jr.

⁴ *Id.* at 423.

⁵ *Records*, pp. 270-273; penned by Presiding Commissioner Benedicto Ernesto R. Bitonio, Jr. and concurred in by Commissioners Perlita B. Velasco and Romeo L. Go.

petitioners to pay respondent Marina L. Angus (Angus) separation pay, attorney's fees equivalent to 10% of the separation pay, and moral damages.

Factual Antecedents

Angus was employed by Goodyear on November 16, 1966 and occupied the position of Secretary to the Manager of Quality and Technology.

In order to maintain the viability of its operations in the midst of economic reversals, Goodyear implemented cost-saving measures which included the streamlining of its workforce. Consequently, on September 19, 2001, Angus received from Ramos, the Human Resources Director of Goodyear, a letter which reads as follows:

September 18, 2001

x x x x

Dear Ms. Angus:

Please be advised that, based on a thorough study made by Management, the position of Secretary to the Manager of Quality & Technology is already redundant or is no longer necessary for its effective operation and is to be abolished effective today, September 18, 2001.

In view of the above, we regret to inform you that your services, as Secretary to the Manager of Quality & Technology, will be terminated effective October 18, 2001. Your last day of work, however, will be effective today, September 18, 2001, to give you a month's time to look for another employment.

As Company practice, termination due to redundancy or retrenchment is paid at 45 days' pay per year of service. Considering, that you have rendered 34.92 years of service to the Company as of October 18, 2001, and have reached the required minimum age of 55 to qualify for early retirement, Management has decided to grant you early retirement benefit at 47 days' per year of service.

The Company will pay you the following termination benefits on October 18, 2001: 47 days' pay per year of service (which will come from the Pension Fund), fractions of 13th and 14th months pay, longevity pay, emergency leave and any earned and unused vacation and/or sick leave. The refund of your contributions to the Goodyear Savings Plan, as well as the Company's share will be handled separately by Security Bank Corporation, the Administrator of said Plan.

Should the Company find in the future that your services are again needed, it shall inform you of the opportunity so you can apply. The Company will try to assist you find new work elsewhere, and you may use Goodyear as a reference, if needed.



We thank you for your 34.92 years of loyal service with Goodyear Philippines, and we wish you success in your future endeavours.

Very truly yours,

GOODYEAR PHILIPPINES INC.

(signed)
LUIS J. ISON
Manager-Quality & Technology

(signed)
REMIGIO M. RAMOS
Human Resources Director⁶

Upon receipt, Angus responded through a letter of even date, viz:

Dear Sirs:

With reference to the attached letter dated September 18, 2001, I accept Management decision to avail early retirement benefit. However, I do not agree on the terms stated therein. I suggest I be given a premium of additional 3 days for every year of service which is only 6.3% or a total of 50 days. I gathered it is Philippine industry's practice to give premium to encourage employees to avail of the early retirement benefit.

Acceptance of this proposal will make my separation from Goodyear pleasant.

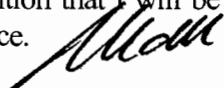
Very truly yours,

(signed)
MARINA L. ANGUS⁷

Meanwhile and in connection with the retrenchment of Angus, an Establishment Termination Report⁸ was filed by Goodyear with the Department of Labor and Employment (DOLE).

On November 20, 2001, Angus accepted the checks which covered payment of her retirement benefits computed at 47 days' pay per year of service and other company benefits. However, she put the following annotation in the acknowledgement receipt thereof:

Received under protest – amount is not acceptable. Acceptance is on condition that I will be given a premium of additional 3 days for every year of service.



⁶ Annex "1" of petitioners' Position Paper before the Labor Ariter and Annex "A" of Angus' Position Paper, id. at 40-41 and 81-82, respectively.

⁷ Annex "3" of petitioners' Position Paper and Annex "B" of Angus' Position Paper, id. at 44 and 83, respectively.

⁸ Annex "2" of petitioners' Position Paper and Annex "J" of Angus' Position Paper, id. at 42-43 and 96, respectively.


Since my service was terminated due to redundancy, I now claim my separation pay as mandated by law. This is a separate claim from my early retirement benefit.

(Signed)
Marina L. Angus
11-20-01⁹

Allegedly because of the above-quoted annotation, and also of Angus' refusal to sign a Release and Quitclaim, petitioners took back the checks.¹⁰

In response to Angus' protest, Ramos wrote her a letter¹¹ dated November 29, 2001 explaining that the company has already offered her the most favorable separation benefits due to redundancy, that is, 47 days' pay per year of service instead of the applicable rate of 45 days' pay per year of service. And based on the Retirement Plan under the Collective Bargaining Agreement (CBA) and the parties' Employment Contract, Angus is entitled to only one of the following kinds of separation pay: (1) normal retirement which is payable at 47 days' pay per year of service; (2) early retirement at a maximum of 47 days' pay per year of service; (3) retrenchment, redundancy, closure of establishment at 45 days' pay per year of service; (4) medical disability at 45 days' pay per year of service; or (5) resignation at 20 days' pay per year of service. Because of these, Ramos informed Angus that the company cannot anymore entertain any of her additional claims.

In reply,¹² Angus reiterated her claim for both termination pay and early retirement benefits. She also demanded that she be given a copy of the Notice of Redundancy filed with the DOLE and a copy of the specific provisions in the Retirement Plan, CBA and Employment Contract which could justify the prohibition against the grant of both to a separated employee as asserted by petitioners. However, Ramos merely reminded Angus to claim her checks and brushed aside her demands in a letter¹³ dated December 19, 2001.

On January 17, 2002, Angus finally accepted a check in the amount of ₱1,958,927.89 purportedly inclusive of all termination benefits computed at 47 days' pay per year of service. She likewise executed a Release and Quitclaim¹⁴ in favor of Goodyear. 

⁹ Id. at 84.

¹⁰ Per annotation "Checks returned" on the same acknowledgement receipt, id.

¹¹ Annex "5" of petitioners' Position Paper and Annex "F" of Angus' Position Paper, id. at 49-50 and 88-89, respectively.

¹² See Angus' letter dated December 13, 2001, Annex "G" of her Position Paper and Annex "6" of petitioners' Position Paper, id. at 90-91 and 53-54, respectively.

¹³ Annex "7" of petitioners' Position Paper and Annex "H" of Angus' Position Paper, id. at 55 and 92, respectively.

¹⁴ Annex "8" of petitioners' Position Paper, id. at 58-59.

On February 5, 2002, Angus filed with the Labor Arbiter a complaint for illegal dismissal with claims for separation pay, damages and attorney's fees against petitioners.

In her Position Paper,¹⁵ Angus claimed that her termination by reason of redundancy was effected in violation of the Labor Code for it was not timely reported to the DOLE and no separation pay was given to her; that the separation pay to which she is entitled by law is entirely different from the retirement benefits that she received; that nothing in the company's Retirement Plan under the CBA, the CBA itself or the Employment Contract prohibits the grant of more than one kind of separation pay; and, that she was only forced to sign a quitclaim after accepting her retirement benefits.

On the other hand, petitioners asseverated in their Position Paper¹⁶ that Angus was validly dismissed for an authorized cause; that she voluntarily accepted her termination benefits and freely executed the corresponding quitclaim; that her receipt of early retirement benefits equivalent to 47 days' pay for every year of service, which amount is higher than the regular separation pay, had effectively barred her from recovering separation pay due to redundancy; and, that the following Section 1, Article XI of the last company CBA supports the grant of only one benefit:

It is hereby understood that the availment of the retirement benefits herein provided for shall exclude entitlement to any separation pay, termination pay, redundancy pay, retrenchment pay or any other severance pay.

The parties finally agree that an employee shall be entitled to only one (1) benefit, whichever is higher.¹⁷

In her Rejoinder,¹⁸ Angus disputed the existence of the aforesaid provision in the company's CBA. She presented a copy of the latest CBA¹⁹ between Goodyear and Unyon ng mga Manggagawa sa Goma sa Goodyear Phils., Inc. effective for the period July 25, 2001 to July 24, 2004, to show that the provisions alluded to by the petitioners do not exist. In contrast, she pointed to Section 5, Article VIII of the latest CBA which she claimed to be the one applicable to her case, viz:

SECTION 5. Retirement Plan.



¹⁵ Id. at 71-80.

¹⁶ Id. at 12-38.

¹⁷ Annex "10" of petitioners' Position Paper, id. at 70.

¹⁸ Id. at 135-139.

¹⁹ Id. at 140-186.

At normal retirement age of 60 years, a worker shall be entitled to a lump sum retirement benefit in an amount equivalent to his daily rate (base rate x 8) multiplied by 47 days, and further multiplied by his years of service.

A worker who is at least 50 years old and with at least 15 years of service, and who has been recommended by the President of the UNION for early retirement and duly approved by the Human Resources Director, shall be paid a lump sum retirement benefit as follows:

| <u>Years of Service Rendered</u> | <u>Retirement Benefit Equivalent to</u> |
|--------------------------------------|---|
| 15 – less than 21 | 34 days pay per year of service |
| 21 – less than 26 | 35 days pay per year of service |
| 26 – less than 31 | 36 days pay per year of service |
| 31 and up | 47 days pay per year of service ²⁰ |

Ruling of the Labor Arbiter

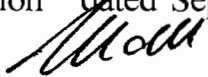
In a Decision²¹ dated January 23, 2004, the Labor Arbiter upheld the validity of Angus' termination from employment. It likewise declared that the amount she received from the company was actually payment of separation pay due to redundancy, only that it was computed under the CBA's retirement plan since the same was more advantageous to her. Anent her claim for both separation pay and retirement benefits, the Labor Arbiter held that the grant of both is not allowed under the Retirement Plan/CBA. Moreover, it was held that her claim of vitiated consent in signing the quitclaim is unworthy of credence considering that she fairly negotiated the matter with the management and that the consideration for its execution is higher than what she is mandated to receive.

Hence, the dispositive portion of the Labor Arbiter's Decision, viz:

WHEREFORE, premises considered, the instant complaint is hereby dismissed for lack of merit.

SO ORDERED.²²

Ruling of the National Labor Relations Commission

Angus appealed to the NLRC, but was unsuccessful as it rendered a Decision²³ dated September 30, 2005 affirming the ruling of the Labor Arbiter. Thus: 

²⁰ Id. at 168.

²¹ Id. at 195-202; penned by Labor Arbiter Felipe T. Garduque, II.

²² Id. at 202.

²³ Id. at 270-273.

WHEREFORE, finding no cogent reason to modify, alter, much less reverse the decision appealed from, the same is AFFIRMED and the instant appeal is DISMISSED for lack of merit.

SO ORDERED.²⁴

Angus filed a motion for reconsideration, but was denied by the NLRC in a Resolution²⁵ dated January 9, 2007.

Ruling of the Court of Appeals

Still undeterred, Angus filed a Petition for *Certiorari*²⁶ with the CA. She attributed grave abuse of discretion amounting to lack of or in excess of jurisdiction on the part of the NLRC in sustaining the ruling of the Labor Arbiter.

On May 13, 2008, the CA rendered a Decision²⁷ partially granting Angus' Petition. While it found her dismissal valid in both substance and procedural aspects, it declared Angus entitled to separation pay in addition to the retirement pay she already received. Citing *Cruz v. Philippine Global Communications, Inc.*,²⁸ the CA ruled that Angus is entitled to the payment of both retirement benefit and separation pay in view of the absence of any provision in the CBA prohibiting the payment of both. It also concluded that Angus did not voluntarily sign the release and quitclaim as under its terms, she would receive less than what she is legally entitled to. Further, Angus was granted attorney's fees as she was forced to litigate to protect her rights and interest, as well as moral damages for the anxiety and distress that she suffered because of the pressure exerted on her to avail of early retirement and accept her retirement pay.

The dispositive portion of the CA Decision reads:

WHEREFORE, premises considered, the petition for certiorari is hereby partially GRANTED. The NLRC Decision dated September 30, 2005 is modified by ordering Goodyear to pay Angus: (1) separation pay pursuant to Article 283 of the Labor Code, (2) attorney's fees equivalent to ten percent (10%) of her separation pay, and (3) moral damages in the amount of five thousand pesos (₱5,000.00).

SO ORDERED.²⁹



²⁴ Id. at 272.

²⁵ Id. at 287-288.

²⁶ CA rollo, pp. 2-20.

²⁷ Id. at 378-393.

²⁸ G.R. No. 141868, May 28, 2004, 430 SCRA 184.

²⁹ CA rollo, p. 393.

Petitioners filed a Partial Motion for Reconsideration³⁰ vehemently questioning the awards for separation pay, attorney's fees and moral damages. This was, however, denied by the CA in its Resolution³¹ dated November 17, 2008.

Hence, the present Petition.

Issues

Petitioners raise the following grounds for this Court's review:

I.

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW WHEN IT ORDERED THE PAYMENT OF SEPARATION PAY TO RESPONDENT ON TOP OF THE RETIREMENT PAY DESPITE THE FACT THAT IT IS VERY CLEAR IN THE COLLECTIVE BARGAINING AGREEMENT THAT RESPONDENT IS ENTITLED TO ONLY ONE TYPE OF BENEFIT, EITHER SEPARATION PAY OR RETIREMENT BENEFIT, WHICHEVER IS HIGHER.

II.

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW WHEN IT ORDERED GOODYEAR TO PAY AGAIN SEPARATION PAY TO RESPONDENT DESPITE THE FACT THAT RESPONDENT EXECUTED A VALID AND BINDING QUITCLAIM, THE CONSEQUENCES AND EFFECTS OF WHICH SHE FULLY UNDERSTOOD, AND WHICH SHE CANNOT NOW UNILATERALLY REVOKE.

III.

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW WHEN IT ORDERED THE PAYMENT OF MORAL DAMAGES AND ATTORNEY'S FEES NOTWITHSTANDING THAT THE COMPLAINT FOR ILLEGAL DISMISSAL AND MONEY CLAIMS LACKED MERIT.³²

Petitioners argue that the CA erred in ordering them to still pay Angus separation pay as she was already paid the same at the rate used for computing early retirement benefits. They insist that Angus is entitled to only one kind of pay as the recovery of both retirement benefits and separation pay is proscribed by the company's CBA. Petitioners further contend that the CA has no basis in disregarding the quitclaim since it was knowingly and voluntarily executed by Angus. And such voluntary execution, coupled with her acceptance of separation pay computed at early retirement rate, had effectively barred Angus from demanding for more.

³⁰ Id. at 396-406.

³¹ Id. at 423.

³² *Rollo*, p. 38.

Our Ruling

The Petition is devoid of merit.

Angus is entitled to both separation pay and early retirement benefit due to the absence of a specific provision in the CBA prohibiting recovery of both.

In *Aquino v. National Labor Relations Commission*,³³ citing *Batangas Laguna Tayabas Bus Company v. Court of Appeals*³⁴ and *University of the East v. Hon. Minister of Labor*,³⁵ the Court held that an employee is entitled to recover both separation pay and retirement benefits in the absence of a specific prohibition in the Retirement Plan or CBA. Concomitantly, the Court ruled that an employee's right to receive separation pay in addition to retirement benefits depends upon the provisions of the company's Retirement Plan and/or CBA.³⁶

Here, petitioners allege that there is a provision in the last CBA against the recovery of both retirement benefits and separation pay. To support their claim, petitioners submitted a copy of what appears to be a portion of the company CBA entitled "Retirement Plan, Life Insurance, Physical Disability Pay and Resignation Pay." Section 1, Article XI thereof provides that the availment of retirement benefits precludes entitlement to any separation pay. The same, however, can hardly be considered as substantial evidence because it does not appear to be an integral part of Goodyear's CBA. Even assuming that it is, it would still not suffice as there is no showing if the CBA under which the said provision is found was the one in force at the time material to this case. On the other hand, Angus presented the parties' 2001-2004 CBA and upon examination of the same, the Court agrees with her that it does not contain any restriction on the availment of benefits under the company's Retirement Plan and of separation pay. Indeed, the Labor Arbiter and the NLRC erred in ignoring this material piece of evidence which is decisive of the issue presented before them. The CA, thus, committed no error in reversing the Decisions of the labor tribunals when it ruled in favor of Angus' entitlement to both retirement benefits and separation pay.

Moreover, the Court agrees with the CA that the amount Angus received from petitioners represented only her retirement pay and not separation pay. A cursory reading of petitioners' September 18, 2001 letter notifying Angus of her termination from employment shows that they granted her early retirement

³³ Supra note 1 at 122-124.

³⁴ 163 Phil. 494 (1976).


³⁵ 236 Phil. 724 (1987).

³⁶ *Suarez, Jr. v. National Steel Corporation*, 590 Phil. 352, 362 (2008); *Cruz v. Philippine Global Communications, Inc.*, supra note 28 at 191.



benefits pegged at 47 days' pay per year of service. This rate was arrived at after petitioners considered respondent's length of service with the company, as well as her age which qualified her for early retirement. In fact, petitioners were even explicit in stating in the said letter that the amount she was to receive would come from the company's Pension Fund, which, as correctly asserted by Angus, was created to cover retirement benefit payment of employees. In addition, the document³⁷ showing a detailed account of Angus' termination benefits speaks for itself as the same is entitled "Summary of Retirement Pay and other Company Benefits." In view therefore of the clear showing that what petitioners decided to grant Angus was her early retirement benefits, they cannot now be permitted to deny having paid such benefit.

Petitioners further argue that Angus is not entitled to retirement pay because she does not meet the requirements enumerated in the Retirement Plan provision of the CBA. The Court disagrees. While it is obvious that Angus is not entitled to compulsory retirement as she has not yet reached the age of 60, there is no denying, however, that she is qualified for early retirement. Under the provision of the Retirement Plan of the CBA as earlier quoted, a worker who is at least 50 years old and with at least 15 years of service, and who has been recommended by the President of the Union for early retirement and duly approved by the Human Resources Director, shall be entitled to lump sum retirement benefits. At the time of her termination, Angus was already 57 years of age and had been in the service for more than 34 years. The exchange of correspondence between Angus and Ramos also shows that the latter, as Goodyear's Human Resources Director, offered, recommended and approved the grant of early retirement in favor of the former. Clearly, all the requirements for Angus' availment of early retirement under the Retirement Plan of CBA were substantially complied with.

It is worthy to mention at this point that retirement benefits and separation pay are not mutually exclusive.³⁸ Retirement benefits are a form of reward for an employee's loyalty and service to an employer³⁹ and are earned under existing laws, CBAs, employment contracts and company policies.⁴⁰ On the other hand, separation pay is that amount which an employee receives at the time of his severance from employment, designed to provide the employee with the wherewithal during the period that he is looking for another employment and is recoverable only in instances enumerated under Articles 283 and 284 of the Labor Code or in illegal dismissal cases when reinstatement is not feasible.⁴¹ In the case 

³⁷ Annex "4" of petitioners' Position Paper before the Labor Arbiter, records, pp. 45-48.

³⁸ *Santos v. Servier Philippines, Inc.*, 593 Phil. 133,141 (2008).

³⁹ *Id.*

⁴⁰ Article 287 of the Labor Code.

⁴¹ *Motorola Philippines, Inc. v. Ambrosio*, 601 Phil. 496, 509 (2009).

at bar, Article 283⁴² clearly entitles Angus to separation pay apart from the retirement benefits she received from petitioners.

Release and Quitclaim signed by Angus is invalid.

The release and quitclaim signed by Angus cannot be used by petitioners to legalize the denial of Angus' rightful claims. As aptly observed by the CA, the terms of the quitclaim authorizes Angus to receive less than what she is legally entitled to. "Under prevailing jurisprudence, x x x a quitclaim cannot bar an employee from demanding benefits to which he is legally entitled."⁴³ It was held to be "ineffective in barring claims for the full measure of the worker's rights and the acceptance of benefits therefrom does not amount to estoppel".⁴⁴ Moreover, release and quitclaims are often looked upon with disfavor when the waiver was not done voluntarily by employees who were pressured into signing them by unscrupulous employers seeking to evade their obligations.⁴⁵

Angus is entitled to moral damages and attorney's fees.

The Court likewise finds no cogent reason to overturn the CA's award of moral damages in the amount of ₱5,000.00 and attorney's fees. Moral damages is awarded when fraud and bad faith have been established,⁴⁶ as in this case. Petitioners' false contention over what has been paid to Angus suggests an attempt to feign compliance with their legal obligation to grant their employee all the benefits provided for by agreement and law. Their bad faith is evident in the intent to circumvent this legal mandate. And as Angus was then forced to litigate her just claims when petitioners refused to heed her demands for the payment of separation pay, the award of attorney's fees equivalent to 10% of the amount of separation pay is also in order.⁴⁷

⁴² 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.

⁴³ *Solcus Corporation v. Court of Appeals*, 543 Phil. 483, 496 (2007).

⁴⁴ *Interiorient Maritime Enterprises, Inc. v. Remo*, G.R. No. 181112, June 29, 2010, 622 SCRA 237, 248.

⁴⁵ *Unicorn Safety Glass, Inc. v. Basarte*, 486 Phil. 493, 507 (2004).

⁴⁶ *Titong v. Court of Appeals*, 350 Phil. 544, 559 (1998).

⁴⁷ *PHILASIA Shipping Agency Corporation v. Tomacruz*, G.R. No. 181180, August 15, 2012, 678 SCRA 503, 521.

WHEREFORE, the Petition is **DENIED**. The May 13, 2008 Decision and November 17, 2008 Resolution of the Court of Appeals in CA-G.R. SP No. 98418, are **AFFIRMED**.

SO ORDERED.


MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson


PRESBITERO J. VELASCO, JR.
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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***Associate Justice**Acting Chief Justice*