SUPREME COURT
THIRD DIVISION

PRODUCERS BANK OF THE PHILIPPINES, (now First Philippine International Bank),
***Petitioner*,**

-versus-

G.R. No. 118069
November 16, 1998

NATIONAL LABOR RELATIONS COMMISSION and PRODUCERS BANK EMPLOYEES ASSOCIATION,
***Respondents*.**
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D E C I S I O N

ROMERO, *J.*:

Initially, this action was resolved in petitioner's favor with the dismissal of private respondent's complaint for unfair labor practice and violation of the CBA against the former by Labor Arbiter Jovencio Mayon.[1] Upon appeal to the National Labor Relations Commission (NLRC), the decision of the Labor Arbiter was reversed and instead a judgment was rendered in favor of the private respondent. Dismayed, petitioner is now before us seeking the reversal of the NLRC's Decision.

The facts are quite simple.

Prefatorily, at the time the instant controversy started, petitioner was placed by the then Central Bank of the Philippines (now Bangko Sentral ng Pilipinas) under a conservator for the purpose of protecting its assets.[2] It appears that when the private respondents sought the implementation of Section I Article XI of the CBA regarding the retirement plan and Section 4, Article X thereof, pertaining to uniform allowance, the acting conservator of the petitioner expressed her objection to such plan, resulting in an impasse between the petitioner bank and the private respondent union. The deadlock continued for at least six months when the private respondent, to resolve the issue, decided to file a case against the petitioner for unfair labor practice and for flagrant violation of the CBA provisions.

As stated earlier, the Labor Arbiter dismissed private respondent's complaint, on this premise:

> "Considering that the Bank is under conservatorship program under which the bank is under the rule of a conservator, the latter is under no compulsion to implement the resolutions issued by the LMRC. If he finds that the enforcement of the resolutions would not redound for the best interest of the Bank in accordance with the conservatorship program, he may not be faulted by such inaction or action."

Undaunted by the initial setback, private respondent union interposed an appeal before the NLRC. The NLRC, after reviewing the arguments of both parties, reversed the findings of the Labor Arbiter, thus:

> "Not only is the worker protected by the Labor Code, he is likewise protected by other laws (Civil Code) and social legislations the source of which is no less than the Constitution itself. To adhere first to the interest of the company to the prejudice of the workers can never be allowed or tolerated as the interest of the working masses is the paramount concern of the government."

Consequently, the NLRC ordered the petitioner to implement the provisions of the CBA which were disallowed by the conservator.[3]

The issue need not detain us at length. The NLRC's finding deserves our concurrence.

In a similar case involving the petitioner and the acts of its conservator,[4] we already ruled that:

> "In the third place, while admittedly, the Central Bank law gives vast and far-reaching powers to the conservator of a bank, it must be pointed out that such powers must be related to the '(preservation of) the assets of the bank, (the reorganization of) the management thereof and (the restoration of) its viability.' Such powers, enormous and extensive as they are, cannot extend to the post-facto repudiation of perfected transactions, otherwise they would infringe against the non-impairment clause of the Constitution. If the legislature itself cannot revoke an existing valid contract, how can it delegate such non-existent powers to the conservator under Section 28-A of said law?
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> Obviously, therefore, Section 28-A merely gives the conservator power to revoke contracts that are, under existing law, deemed to be defective — i.e., void, voidable, unenforceable or rescissible. Hence, the conservator merely takes the place of a bank's board of directors. What the said board cannot do — such as repudiating a contract validly entered into under the doctrine of implied authority — the conservator cannot do either. Ineluctably, his power is not unilateral and he cannot simply repudiate valid obligations of the Bank. His authority would be only to bring court actions to assail such contracts — as he has already done so in the instant case. A contrary understanding of the law would simply not be permitted by the Constitution. Neither by common sense. To rule otherwise would be to enable a failing bank to become solvent, at the expense of third parties, by simply getting the conservator to unilaterally revoke all previous dealings which had one way or another come to be considered unfavorable to the Bank, yielding nothing to perfected contractual rights nor vested interests of the third parties who had dealt with the Bank."

Prescinding from the rationalization that a conservator cannot rescind a valid and existing contract and that the CBA is the law between the contracting parties,[5] it is obvious that the conservator had no authority whatsoever to disallow the implementation of Article XI, Section 1 and Article X, Section 4 of the CBA, especially considering that the ideals of social justice and protection of labor are guaranteed not only by the Labor Code, but more importantly by the fundamental law of the land.

It bears repeating that apart from the non-impairment clause, what is also well-settled, to the point of being trite, is the principle that when the conflicting interests of labor and capital are weighed on the scales of social justice, the dominant influence of the latter must be counter-balanced by the sympathy and compassion the law must accord the under-privileged worker.[6]

Next, petitioner insists that both the Labor Arbiter and the NLRC have no jurisdiction to entertain the complaint of the private respondent,[7] asserting that the issue was cognizable by the voluntary arbitrator pursuant to Article 261 of the Labor Code.

Granting that both the Labor Arbiter and the NLRC indeed had no jurisdiction over the issue, petitioner cannot anymore plead such procedural flaw under the principle of estoppel.[8] It appears that in the proceedings before the Labor Arbiter, it vigorously argued its defense and prayed for alternative relief. In fact, in its position paper[9] and reply,[10] the issue concerning the Labor Arbiter's lack of jurisdiction was not raised by the petitioner. Moreover, in its answer[11] to the memorandum of appeal filed by the private respondents before the NLRC, petitioner was again silent regarding the issue of jurisdiction on the part of the NLRC to decide the appeal. It was only when the decision of the NLRC was unfavorable that it raised the issue of jurisdiction.

Petitioner should bear the consequence of its act. It cannot be allowed to profit from its own omission to the damage and prejudice of the private respondent. As we declared in Ilocos Sur Electric Cooperative Inc. vs. NLRC:[12]

> "Petitioners did not question the jurisdiction of the Labor Arbiter either in a motion to dismiss or in their answer. In fact, petitioners participated in the proceedings before the Labor Arbiter, as well as in the NLRC to which they appealed the Labor Arbiter's decision. It has been consistently held by this Court that while jurisdiction may be assailed at any stage, a party's active participation in the proceedings before a court without jurisdiction will estop such party from assailing such lack of it. It is an undesirable practice of a party participating in the proceedings and submitting his case for decision and then accepting the judgment, only if favorable, and attacking it for lack of jurisdiction when adverse."

Finally, petitioner asserts since the employees have retired, as a consequence of which no employee-employer relationship exists anymore between it and the employees, private respondent no longer had the personality to file the complaint for them.[13]

Petitioner's contention is untenable. Retirement results from a voluntary agreement between the employer and the employee whereby the latter after reaching a certain age agrees to sever his employment with the former.[14] The very essence of retirement is the termination of the employer-employee relationship.

Hence, the retirement of an employee does not, in itself, affect his employment status especially when it involves all rights and benefits due to him, since these must be protected as though there had been no interruption of service. It must be borne in mind that the retirement scheme was part of the employment package and the benefits to be derived therefrom constituted, as it were, a continuing consideration for services rendered, as well as an effective inducement for remaining with the corporation. It is intended to help the employee enjoy the remaining years of his life, releasing him from the burden of worrying for his financial support, and are a form of reward for his loyalty.[15]

When the retired employees were requesting that their retirement benefits be granted, they were not pleading for generosity but were merely demanding that their rights, as embodied in the CBA, be recognized. Thus, when an employee has retired but his benefits

under the law or the CBA have not yet been given, he still retains, for the purpose of prosecuting his claims, the status of an employee entitled to the protection of the Labor Code, one of which is the protection of the labor union. In Esso Philippines, Inc. vs. Malayang Manggagawa sa Esso (MME),[16] we recognized that while the individual complainants are the real party in interest in issues involving monetary claims and benefits, the union, however, is not denied its right to sue on behalf of its members, thus:

> "We see no legal impediments to considering this particular matter of retirement benefits to be within the ambit of Our consistent holding that when it comes to individual benefits accruing to members of a union from a favorable final judgment of any court, the members themselves become the real parties in interest and it is for them, rather than for the union, to accept or reject individually the fruits of the litigation. In the case at bar, the representations of the MME which may result in prejudice to the interests of any of its individual members in the final judgment being sought to be executed should yield to the individual decisions of the said members themselves, who are free to choose whichever position suits their conscience."

WHEREFORE, in view of the foregoing, the instant petition is **DISMISSED** and the decision of the National Labor Relations Commission dated August 31, 1994 is **AFFIRMED**. Costs against petitioner.

SO ORDERED.

Narvasa, *C.J.*, Kapunan, Purisima and Pardo, *JJ.*, concur.

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[1] Annex "F," Rollo, pp. 102-115.
[2] First Philippine International Bank vs. Court of Appeals 252 SCRA 259 (1996).
[3] Rollo, NLRC Decision. pp. 142-143.
[4] See note 2.
[5] Marcopper Mining Corporation vs. NLRC, 255 SCRA 322 (1996).
[6] City Fair Corporation vs. NLRC, 243 SCRA 572 (1995): Philippine Telegraph and Telephone Corporation vs. NLRC, 183 SCRA 451 (1990).
[7] Rollo, pp. 9- 10.

[8] Southern Cotabato Development and Construction. Inc. vs. NLRC, 280 SCRA 854 (1997).
[9] Rollo, pp. 29-35.
[10] Rollo, pp. 93-100.
[11] Rollo, pp. 126-131.
[12] 241 SCRA 36 (1995).
[13] Rollo, pp. 17-19.
[14] Soberano vs. Secretary of Labor, 99 SCRA 549 (1980).
[15] Laginlin vs. WCC, 159 SCRA 91 (1988).
[16] 75 SCRA 77 (1977).