SUPREME COURT
THIRD DIVISION

SAN MIGUEL CORPORATION,
***Petitioner*,**

-versus-

G.R. No. 107693
July 23, 1998

NATIONAL LABOR RELATIONS COMMISSION, EDMUNDO Y. TORRES, JR. and MANUEL C. CASTELLANO,
***Respondents*.**
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D E C I S I O N

PURISIMA, *J.*:

Before the court is a Petition for *Certiorari* under Rule 65 of the Revised Rules of Court, assailing the Decision[1] of the National Labor Relations Commission[2] promulgated on August 21, 1992, and the Resolution[3] dated October 19, 1992 denying petitioner's Motion for Reconsideration in RAB-VI-Case No. 0372-84.

The antecedent facts which gave rise to private respondents' complaints are summarized in the Decision[4] of the Labor Arbiter,[5] as follows:

"Complainant Edmundo Torres, Jr. alleges that he was formerly the regional sales manager of the Bacolod Beer Region, San Miguel Corporation, Sum-ag, Bacolod City; that complainant Manuel G. Chu was the head of the warehouse operations of the respondent corporation of its Bacolod Beer Region, Sum-ag, Bacolod City; that complainant Gabriel I. Adad was formerly the trade and customers relation employee (sic) for the area of Negros and Panay Island; that complainants George D. Teddy, Jr. and Manuel Castellano were the district sales supervisors in their respective area of the respondent company. Complainants allege that on March 14, 1984 the respondent company notified them that effective at the close of the business hours on April 15, 1984, it will exercise its option to retire them from the service; that complainants would not anymore be allowed to work from March 14, 1984 but that they would continue to receive their compensation up to April 15, 1984; that at the time the respondent corporation exercised the said option, all the complainants have not yet reached the compulsory retirable age of sixty (60) years old;. that complainant Edmundo Y. Torres, Jr. had served the respondent corporation for more than fifteen (15) years of loyal and dedicated service and that he was only forty one (41) years old when he was retired from the service; that complainant Manuel G. Chu had served the company for 22 years and that he was only forty eight (48) years old when retired; that complainant Gabriel Adad served the company for twenty six (26) and that he was fifty nine (59) years old when retired; that complainant George D. Teddy, Jr. had served the company for twenty (20) years and that he was forty five (45) years when retired and that complainant Manuel Castellano had rendered service for fourteen (14) years and that he was only thirty nine (39) years old when he was retired by the company. The complainants allege that they had no bad record with the respondent corporation as they were never admonished, reprimanded or suspended during the term of their employment; that their retirement from work effected at the option of the respondent corporation violated their tenurial security of employment, as provided for in Article 280 of the Labor Code of the Philippines; that in the notice dated March 13, 1984 informing them of respondents option to retire them from the service, the latter's prerogative was solely premised on

the company's retirement and death benefit plan; that the said plan or company policy violated the security of tenure of the complainants as it is not one of the grounds enumerated in Art. 183 of the Labor Code for terminating the services of an employee; that the respondent company's retirement plan is in contravention of the provisions of Art. 288 of the Labor Code of the Philippines on retirement.

Complainants further allege that the respondent corporation had involuntarily secured their signature in conformity with their retirement from the service; that this involuntariness could be gleaned from the fact that when complainant George D. Teddy, Jr. was about to go out of the door of his office when he refused to affix his conformity with the option of the respondent to retire him from the service, one Mr. Antonio Labirua, Personnel Director of the Beer and Packaging Division of the respondent corporation blocked the door of the office; that complainant (sic) were threatened by this Mr. Labirua that whether they like it or not, the respondent company had decided to retire them from work; that in fact complainant Manuel G. Chu who did not sign any documents tendered to him by Mr. Labirua was likewise retired by the respondent corporation.

Complainants also allege that they were discriminated upon by the respondent corporation in the payment of their separation pay; that while they were paid separation pay equivalent to one month basic salary for every year of service, the respondent corporation had, at its option also retired other employees and were paid separation pay equivalent to 150% of their basic monthly salary; that the receipt of payment of their separation pay does not bar complainants from contesting the illegality of their dismissal or separation from the service. Complainants further allege that when the supervisory employees of the respondent corporation were granted wage increases effective January 1, 1984, complainants were not granted this benefit, to their discrimination.

Complainants claim that their unceremonious and unlawful retirement amount to constructive dismissal; that they, together

with their families suffered financial difficulties; that they found hard time to secure for a substitute employment; that they suffered social humiliation, wounded feelings, serious anxiety, sleepless nights, thus, entitling them to moral damages and attorney's fees.

x x x

On the other hand, in their position paper, respondents aver that complainants Gabriel Adad, Manuel Castellano, George Teddy, Jr. and Edmundo Torres, Jr., in separate letters dated March 13, 1984, applied for voluntary retrenchment under the respondent company's retrenchment program; that each application was subsequently favorably acted upon by the respondents; that on the same day, respondent corporation informed complainant Manuel Chu in a letter that it is exercising its option to retire him from the service effective the close of business hours on April 15, 1984 pursuant to the company's retirement and death benefit plan; that on March 17, 1984, the complainants sent a single telegram addressed to Mr. S. A. Abaya of the respondent corporation requesting for cash conversion of their respective unused sick leave and a 20% increase of basic pay for the purpose of inclusion in the computation of their separation pay and other benefits; that in response thereto, out of benevolence and for humanitarian reasons respondent corporation approved a financial assistance of P400.00 per year of service for each complainant; that accordingly, respondent Antonio Labirua directed respondent company's Bacolod office in a telegram to inform the complainants of the approval; that thereafter, all the complainants were paid termination pay and other benefits including financial assistance in the following aggregate amount to wit: M. Castellano received P47, 954.16 as retirement pay, P5,635.00 as financial assistance, P15,507.18 as unused vacation and sick leaves and P987.28 as 13th month pay; Complainant G. Z Adad received P93,450.01 as retirement pay, P10,465.00 as financial assistance, P21,166.69 as unused vacation and sick leaves and P1,038.31 as 13th month pay; complainant G. A. Teddy, Jr. received P68,828.32 as retirement pay, P8,100.00 as financial assistance, P18,036.74 as unused

vacation and leaves and P987.68 as 13th month pay; Complainant E.Y. Torres, Jr. received P75,225.00 as retirement pay, P5,935.00 as financial assistance, P29,817.56 as unused vacation and sick leaves and P1,462.68 as 13th month pay; Complainant Manuel G. Chu received P93,353.32 as retirement pay, P8,900.00 as financial assistance, P24,853.23 as unused vacation and sick leaves and P1,219.15 as 13th month pay; that on April 16, 1984, each complainant voluntarily executed a Release and Receipt acknowledging receipt of the aforestated amounts and irrevocably and unconditionally released respondent San Miguel Corporation from any claim or demand whatsoever in law and equity which each complainant may have in connection with their employment; that on July 25, 1984, complainants wrote the respondent corporation's chairman of the board pleading for additional separation benefits contending that supervisors were awarded pay increases retroactive January 1, 1984; that on August 29, 1984, the company thru its Vice-President and Division Manager, Jose B. Lugay clarified in a letter that the pay increases were granted on selective basis with merit and performance as the criteria and that all the complainants were already extended financial assistance; that subsequently, all the complainants filed the instant complaint for illegal dismissal; that the dismissal was not involuntary much less illegal; respondents vehemently deny that they used force and intimidation in dismissing the complainants; that in the series of communication with the respondents, it is evidenced (sic) that their collective and paramount concern was to seek further termination benefits after they had applied to be retrenched, received corresponding benefits and executed their respective release and receipt of payment; that with respect to complainant Chu, he is bound by reasonable rules and regulations relative to the terms and conditions of his employment; that one such rule is respondent corporation's 1978 Retirement and Death Benefit plan and which was later amended reducing the period of service to 15 years; that it was pursuant to this plan that the respondent corporation exercised its option to terminate complainant Chu who had rendered work with the company for 22 years and 4 months/per his record of employment.

> Respondents further aver that complainants were correctly and completely paid their separation benefits; that complainants received twice than what is provided for by the Labor Code of the Philippines, Article 284 thereof; that complainant Manuel Chu was retired under the optional retirement clause of the plan and for which he was paid one (1) month's salary for every year of service; that in the case of the four (4) other complainants, they applied under the retrenchment program of the company and they were also paid one (1) month's pay for every year of service; that per copies (sic) of the summary of the computation of the termination pay and other benefits of each complaint, all the complainants were paid and received retirement/termination pay and other benefits from the respondent corporation, including unused vacation and sick leave benefits and pro-rata 13th month pay, per respondent's cash vouchers for Bacolod Region."

In his Decision rendered on September 16, 1988, Labor Arbiter Oscar S. Uy found that the complainants were not illegally dismissed; ratiocinating, thus:

> "Based on the foregoing, we find that complainants were not illegally terminated but had voluntarily retired from the service. We likewise find that they were duly paid of their retirement benefits. Evidently, their claim for illegal dismissal together with the relief of reinstatement with backwages has no basis and perforce must be denied.
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> With respect to complainants' claims for moral and exemplary damages, the same is likewise denied. We find that the respondent company did not act in bad faith when it approved and granted the retirement of the complainants.
>
> WHEREFORE, premises considered, judgment is hereby rendered DISMISSING all the claims of the complainants against the respondents for lack of merit.
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> SO ORDERED."

On October 21, 1988, complainants appealed the aforesaid Decision against them to the Fourth Division of public respondent NLRC, in Cebu City, which handed down its August 21, 1992 Decision, reversing in part the Labor Arbiter's disposition and disposing, as follows:

> "WHEREFORE, in view of all the foregoing, the appealed decision is hereby SET ASIDE, and another one entered declaring the complainants Gabriel Z. Adad, George A. Teddy, Jr. and Manuel J. Chu to have been validly retired. Respondent San Miguel Corporation is hereby ordered to immediately reinstate complainants Manuel C. Castillano (sic) and Edmundo Y. Torres, Jr. to have their former or equivalent positions without loss of seniority rights and to pay complainants Manuel C. Castillano (sic) the amount of P73,905.84, and Edmundo Y. Torres, Jr. the amount of P108,915.00, representing their back salaries for three (3) years after deducting the sum of P47,954.16 and P75,255.00 they received as retirement pay.
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> SO ORDERED."

With the denial of its Motion for Reconsideration by Resolution of NLRC dated October 19, 1992, petitioner found its way to this court via the present Petition for *Certiorari* against NLRC, Messrs. Edmundo Y. Torres, Jr. and Manuel C. Castellano; assigning as errors, that:

> I.
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> PRIVATE RESPONDENTS WERE GIVEN CHOICES TO CHOOSE FROM WHICH CONSISTED OF RETRENCHMENT, RETIREMENT OR DISMISSAL BEFORE THEY SEVERED THEIR EMPLOYMENT RELATIONSHIP WITH PETITIONER. HENCE, UNDER THE DOCTRINE ENUNCIATED IN SAMANIEGO VS. NLRC, 198 SCRA 111 (1991), THE PRIVATE RESPONDENTS WERE NOT ILLEGALLY DISMISSED BUT RATHER, THEY OPTED TO BE VOLUNTARILY RETRENCHED PURSUANT TO THE COMPANY'S RETRENCHMENT PROGRAM;

II.

RECEIPT AND RELEASE EXECUTED BY THE PRIVATE RESPONDENTS AMOUNTED TO VALID AND BINDING COMPROMISE AGREEMENT AS HELD IN PERIQUET VS. NLRC, 186 SCRA 724 (1990), SAMANIEGO VS. NLRC, SUPRA AND VELOSO VS. DEPARTMENT OF LABOR AND EMPLOYMENT, 200 SCRA 201 (1991);

III.

SECTION 2, ARTICLE XV OF THE 1981 COLLECTIVE BARGAINING AGREEMENT WHICH REDUCED THE RETIRABLE PERIOD OF SERVICE FROM 20 TO 15 YEARS IS APPLICABLE TO THE PRIVATE RESPONDENTS HEREIN.

The pivotal issue for resolution here is whether or not grave abuse of discretion tainted the challenged Decision and Resolution of public respondent NLRC?

Anent its first assigned error petitioner contends that private respondents voluntarily severed their employment with petitioner, that they were given the choice of being retrenched, retired or dismissed and they opted to retire so as to avail of more financial benefits; that private respondents voluntarily applied for retirement and even negotiated for a better financial package which they, in fact, obtained and their application for retirement, coupled with their signing the requisite release and quitclaim, signified that private respondents' separation from petitioner's employment was voluntary and never vitiated by force or coercion.

We are not persuaded by petitioner's theory.

Even if private respondents were given the option to retire, be retrenched or dismissed, they were made to understand that they had no choice but to leave the company. More bluntly stated, they were forced to swallow the bitter pill of dismissal but afforded a chance to sweeten their separation from employment. They either had to voluntarily retire, be retrenched with benefits, or be dismissed without receiving any benefit at all.

What was the true nature of petitioner's offer to private respondents? It was in reality a Hobson's choice.[6] All that the private respondents were offered was a choice on the means or method of terminating their services but never as to the status of their employment. In short, they were never asked if they still wanted to work for petitioner.

The mere absence of actual physical force to compel private respondents to ink an application for retirement did not make their retirement voluntary. Confronted with the danger of being jobless, unable to provide their families even with the basic needs or necessities of life, the private respondents had no choice but to sign the documents proffered to them. But neither their receipt of separation pay nor their negotiating for more monetary benefits, estopped private respondents from questioning and challenging the legality of the nature or cause of their separation from the service.

In the landmark case of Mercury Drug vs. Court of Industrial Relations,[7] this Court held:

> "Acceptance of those benefits would not amount to estoppel. The reason is plain. Employer and employee, obviously, do not stand on the same footing. The employer drove the employee to the wall. The latter must have to get hold of money. Because, out of job, he had to face the harsh necessities of life. He thus found himself in no position to resist money preferred (sic) him. His, then, in a case of adherence, not of choice."

What is more, there is ample showing that the private respondents were morally and psychologically hoodwinked to sign the said documents for their termination of employment with petitioner. This irresistible conclusion can be drawn unerringly from the fact that four of the five employees were asked to give their conformity to leave the service of petitioner before four high-ranking officials of petitioner, namely: Messrs. Antonio Labirua, Personnel Director of the Beer and Packaging Division, Pedro Celdran and Arturo Trinidad, Assistant Vice Presidents, and Atty. Gabriel de Jesus, petitioner's counsel.

The pivot of inquiry here is whether or not the retirement of private respondents was really voluntary. In De Leon vs. NLRC,[8] the Court

succinctly ruled that: "If the intention to retire is not clearly established or if the retirement is involuntary, it is to be treated as a discharge." Consequently, even assuming arguendo that respondent NLRC erred in adjudging the retirement of private respondents as involuntary, the attendant circumstances under scrutiny indicate that their (private respondents) intention to retire was not clearly established. Petitioner claims that the private respondents voluntarily applied for optional retirement; yet, when their application papers for retirement were supposedly approved, the same four (4) high-ranking officials of petitioner, who met the complainants at the office of Mr. Edmundo Torres, Jr., decided to talk to the complainants individually and requested all of them, except Mr. George D. Teddy, Jr., to go out while they (petitioner's officials) would discuss important matters with them, one by one, starting with Mr. Teddy. And when the complainants signed retirement papers, petitioner admitted in its petition[9] that they (complainants) were reluctant to sign the same. These actuations and pretensions of petitioner's top officials are repugnant to human behavior and experience. If complainants did freely apply for optional retirement, announcing the approval thereof would have been a welcome news for complainants, so that there would have been no need for petitioner to inform the complainants individually and privately, a time consuming approach.

Indeed, it is too evident to be overlooked that the reason why petitioner resorted to such trick was the anticipated resistance on the part of the complainants to the scheme of retirement imposed against their will.

Then too, petitioner averred that the private respondents signed their applications for voluntary retirement on March 14, 1984, the day after the documents were sent to them, indicating thereby that their application to retire was voluntary as private respondents had the opportunity to reflect on the matter. But records show that it was on the same day the documents for voluntary retirement were given to private respondents, when they signed the same in the presence of petitioner's four (4) high-ranking officials. What was sent on March 13, 1984 to private respondents was a telex informing them that Mr. Antonio Labirua and company were to arrive on the following day to confer with them. The one-on-one conversation actually took place on

March 14, 1994, when the applications for retirement were forced on the private respondents.

Furthermore, the case of complainant Manuel J. Chu, who refused to sign the application for voluntary retirement but was nevertheless discharged from the service pursuant to the Retirement and Death Benefit Plan of the company, illustrated beyond cavil petitioner's determination to separate complainants from the service.[10] We are thus of the ineluctable finding that Mr. Labirua threatened complainants that if they did not sign the letters of application for optional retirement, they would be terminated just the same, without receiving a single centavo.

Neither do we discern any tenability in petitioner's contention that the private respondents only complained that they were illegally dismissed when they were not able to get a positive response to their request for additional benefits, computed on the basis of the pay increases granted to supervisors retroactively to January 1, 1984. The petition itself states that it was only on August 29, 1984 that petitioner, through its Vice President and Division Manager Jose B. Lugay, made it clear to the private respondents that pay increases were only being granted on a selective basis, depending on merit and performance. But private respondents' Complaint for illegal dismissal was lodged as early as August 23, 1984.

To buttress its theory that resignations voluntarily tendered and accepted by the company are binding on the resignees, petitioner cited the cases of Soberano vs. Clave,[11] Enriquez vs. Zamora,[12] and Dizon vs. NLRC.[13] But the rulings in the said cases are inapplicable here. In those cases, the resignations involved were voluntarily and deliberately tendered by the employees concerned without any prompting or coercion on the part of the employer. In Enriquez, as a sign of protest, the pilots involved offered their resignations with full awareness of the consequences of such action. In Dizon, the petitioner there was induced to resign by the entitlements and privileges promised by the President of the employer and he (petitioner) himself drafted his letter of resignation. While in the Soberano case, the retirement in question was voluntarily agreed upon by the employer and the employee in their collective bargaining agreement.

All things studiedly considered, we are therefore of the opinion, and so find, that the dismissal of the herein private respondents was involuntary and therefore illegal.

As regards the second assigned error, petitioner theorizes that the receipts and release papers executed by the private respondents were indicative of a voluntary retirement. But private respondents could not receive the amounts to which they were entitled if they did not execute such documents.

Continuing accretion of case law upholds the nullity of quitclaims especially if undertaken under questionable or doubtful circumstances. It bears stressing that, the private respondents had no choice but to sign subject quitclaims without which they could not receive the benefits due them, amounts they badly needed while out of work.[14]

Verily, considering their individual circumstances, it is hard to believe that the private respondents would voluntarily retire. It should be borne in mind that the original complainants, Messrs. Chu, Teddy Jr. and Adad, were all in their advanced years and could not expect to get a similar employment. In the case of private respondent Torres, he was 41 years old when he was forced to retire. At that age, it would not be easy for him to land a job with the same high benefits. In the case of Mr. Castellano, he was only 36 years old when forced to resign. It was inconceivable for him to resign from a secure position considering the minimal financial benefits accruing from voluntary retirement at age 36, and the scarcity of employment opportunities.

Under its last assigned error, petitioner maintains that the provision in the Collective Bargaining Agreement (CBA) reducing the retirable period of service from 20 to 15 years is applicable to private respondents.

Section 2, Article XV of the 1981 CBA reducing optional retirement to fifteen (15) years of service,[15] invoked by petitioner to compulsorily retire private respondents, at its option, is not applicable to them, it appearing that the CBA referred to was inked by petitioner and the union of regular daily personnel in the Bacolod Beer Region, the

Congress of Independent Organizations (CIO-ALU), San Miguel Chapter, Unit II, and Daily Paid Personnel, Bacolod Beer Region. The private respondents who occupied supervisory positions, were expressly excluded from the coverage of said CBA pursuant to its Article I, which reads:

> "Section 1. Appropriate Bargaining Unit. — The appropriate bargaining covered by this agreement consists of all regular non-selling daily paid workers. Consequently, supervisory personnel, security guards, monthly paid employees, confidential employees, salesmen, route helpers, route driver helpers, warehouse personnel, probationary, temporary, casual and contractual employees are excluded from the bargaining unit, and, therefore, outside the scope of this agreement."

As can be gleaned from the petition itself, not only were private respondents supervisory employees, they were also with the sales force. Mr. Edmundo Torres, Jr. was a Regional Sales Manager while Mr. Castellano was a District Sales Supervisor of petitioner.

WHEREFORE, for lack of merit, the Petition is hereby **DISMISSED**, and the assailed Decision of NLRC dated August 21, 1992 is **AFFIRMED** in its entirety. No pronouncement as to costs.

SO ORDERED.

Narvasa, *C.J.*, Romero and Kapunan, *JJ.*, concur.

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[1] "Annex A." Petition: Rollo, 56-70.
[2] NLRC, Fourth Division, Cebu City composed of Comm. Irenea E. Ceniza, ponente; and Pres. Comm. Ernesto G. Ladrido III, dissenting; and Comm. Bernabe S. Batuhan, concurring.
[3] "Annex B," Petition, Rollo, 71-73.
[4] "Annex C," Petition, Rollo, 74-84.
[5] Labor Arbiter Oscar S. Uy of NLRC, Regional Arbitration Branch No. VI, Bacolod City.
[6] Hobson's Choice means no choice at all; a choice between accepting what is offered or having nothing at all. Refers to the practice of Tobias Hobson, an English stable-owner in the 17th century of offering customers only the horse nearest the stable door.

[7] 56 SCRA 694 (1974).
[8] 100 SCRA 691 [1980].
[9] Petition, p. 32, Rollo, p. 33.
[10] See: Petition, p. 11; Rollo, p. 12.
[11] 99 SCRA 549.
[12] 146 SCRA 393.
[13] 181 SCRA 472.
[14] Unicane Workers Union-CLUP vs. NLRC, 261 SCRA 573 [1996]; B. Sta. Rita & Co., Inc. vs. NLRC, 247 SCRA 354 [1995]; Mercury Drug vs. CIR, 56 SCRA 694 [1974].
[15] Section 2, Article XV.