SUPREME COURT OF THE PHILIPPINES
PUBLIC INFORMATION OFFICE
RECEIVED
MAR 30 2017
BY:
TIME: 9:15

FIRST DIVISION

DE LA SALLE ARANETA UNIVERSITY,
Petitioner,

- *versus* -

JUANITO C. BERNARDO,
Respondent.

G.R. No. 190809

Present:

SERENO, *CJ.*,
Chairperson,
LEONARDO-DE CASTRO,
DEL CASTILLO,
PERLAS-BERNABE, and
CAGUIOA, *JJ.*

Promulgated:

FEB 13 2017

x - x

DECISION

LEONARDO-DE CASTRO, *J.*:

Before Us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court filed by De La Salle-Araneta University (DLS-AU) seeking the annulment and reversal of the Decision[1] dated June 29, 2009 and Resolution[2] dated January 4, 2010 of the Court of Appeals in CA-G.R. SP No. 106399, which affirmed *in toto* the Decision[3] of the National Labor Relations Commission (NLRC) in NLRC NCR CA No. 043416-05. The NLRC reversed and set aside the Labor Arbiter's Decision[4] dated December 13, 2004 in NLRC NCR Case No. 00-02-02729-04 and found that respondent Juanito C. Bernardo (Bernardo) was entitled to retirement benefits.

On February 26, 2004, Bernardo filed a complaint against DLS-AU and its owner/manager, Dr. Oscar Bautista (Dr. Bautista), for the payment of retirement benefits. Bernardo alleged that he started working as a part-time professional lecturer at DLS-AU (formerly known as the Araneta University Foundation) on June 1, 1974 for an hourly rate of ₱20.00. Bernardo taught

1 *Rollo*, pp. 38-49; penned by Associate Justice Ricardo R. Rosario with Associate Justices Jose L. Sabio, Jr. and Vicente S. E. Veloso concurring.
2 Id. at 51-52.
3 Id. at 176-182.
4 Id. at 147-156.

mli

for two semesters and the summer for the school year 1974-1975. Bernardo then took a leave of absence from June 1, 1975 to October 31, 1977 when he was assigned by the Philippine Government to work in Papua New Guinea. When Bernardo came back in 1977, he resumed teaching at DLS-AU until October 12, 2003, the end of the first semester for school year 2003-2004. Bernardo's teaching contract was renewed at the start of every semester and summer. However, on November 8, 2003, DLS-AU informed Bernardo through a telephone call that he could not teach at the school anymore as the school was implementing the retirement age limit for its faculty members. As he was already 75 years old, Bernardo had no choice but to retire. At the time of his retirement, Bernardo was being paid ₱246.50 per hour.[5]

Bernardo immediately sought advice from the Department of Labor and Employment (DOLE) regarding his entitlement to retirement benefits after 27 years of employment. In letters dated January 20, 2004[6] and February 3, 2004,[7] the DOLE, through its Public Assistance Center and Legal Service Office, opined that Bernardo was entitled to receive benefits under Republic Act No. 7641, otherwise known as the "New Retirement Law," and its Implementing Rules and Regulations.

Yet, Dr. Bautista, in a letter[8] dated February 12, 2004, stated that Bernardo was not entitled to any kind of separation pay or benefits. Dr. Bautista explained to Bernardo that as mandated by the DLS-AU's policy and Collective Bargaining Agreement (CBA), only full-time permanent faculty of DLS-AU for at least five years immediately preceeding the termination of their employment could avail themselves of the post-employment benefits. As part-time faculty member, Bernardo did not acquire permanent employment under the Manual of Regulations for Private Schools, in relation to the Labor Code, regardless of his length of service.

Aggrieved by the repeated denials of his claim for retirement benefits, Bernardo filed before the NLRC, National Capital Region, a complaint for non-payment of retirement benefits and damages against DLS-AU and Dr. Bautista.

DLS-AU and Dr. Bautista averred that DLS-AU is a non-stock, non-profit educational institution duly organized under Philippine laws, and Dr. Bautista was then its Executive Vice-President. DLS-AU and Dr. Bautista countered that Bernardo was hired as a part-time lecturer at the Graduate School of DLS-AU to teach Recent Advances in Animal Nutrition for the first semester of school year 2003-2004. As stated in the Contract for Part-Time Faculty Member Semestral, Bernardo bound himself to teach "for the period of one semester beginning June 9, 2003 to October 12, 2003." The contract also provided that "this Contract shall automatically expire unless

---

5 NLRC *rollo*, pp. 22-23.
6 Id. at 29.
7 Id at 30.
8 Id at 32.

expressly renewed in writing."[9] Prior contracts entered into between Bernardo and DLS-AU essentially contained the same provisions. On November 8, 2003, DLS-AU informed Bernardo that his contract would no longer be renewed. DLS-AU and Dr. Bautista were surprised when they received a letter from Bernardo on February 18, 2004 claiming retirement benefits and Summons dated February 26, 2004 from the NLRC in relation to Bernardo's complaint.[10]

DLS-AU and Dr. Bautista maintained that Bernardo, as a part-time employee, was not entitled to retirement benefits. The contract between DLS-AU and Bernardo was for a fixed term, *i.e.*, one semester. Contracts of employment for a fixed term are not proscribed by law, provided that they had been entered into by the parties without any force, duress, or improper pressure being brought to bear upon the employee and absent any other circumstance vitiating consent. That DLS-AU no longer renewed Bernardo's contract did not necessarily mean that Bernardo should be deemed retired from service.

DLS-AU and Dr. Bautista also contended that Bernardo, as a part-time employee, was not entitled to retirement benefits pursuant to any retirement plan, CBA, or employment contract. Neither was DLS-AU mandated by law to pay Bernardo retirement benefits. The compulsory retirement age under Article 302 [287] of the Labor Code, as amended, is 65 years old. When the employee reaches said age, his/her employment is deemed terminated. The matter of extension of the employee's service is addressed to the sound discretion of the employer; it is a privilege only the employer can grant. In this case, Bernardo was effectively separated from the service upon reaching the age of 65 years old. DLS-AU merely granted Bernardo the privilege to teach by engaging his services for several more years after reaching the compulsory retirement age. Assuming arguendo that Bernardo was entitled to retirement benefits, he should have claimed the same upon reaching the age of 65 years old. Under Article 291 of the Labor Code, as amended, all money claims arising from employer-employee relations shall be filed within three years from the time the cause of action accrues.

Still according to DLS-AU and Dr. Bautista, Bernardo had no cause of action against Dr. Bautista because the latter was only acting on behalf of DLS-AU as its Executive Vice-President. It is a well-settled rule that a corporation is a juridical entity with a legal personality separate and distinct from the people comprising it and those acting for and on its behalf. There was no showing that Dr. Bautista acted deliberately or maliciously in refusing to pay Bernardo his retirement benefits, so as to make Dr. Bautista personally liable for any corporate obligations of DLS-AU to Bernardo.

Finally, DLS-AU asserted that Bernardo failed to establish the factual and legal bases for his claims for actual, moral, and exemplary damages, and

---

9 Id at 20.

10 Id. at 11.

attorney's fees. There was no proof of the alleged value of the profits or any other loss suffered by Bernardo because of the non-payment of his retirement benefits. There was likewise no evidence of bad faith or fraud on the part of DLS-AU in refusing to grant Bernardo retirement benefits.

On December 13, 2004, the Labor Arbiter rendered its Decision dismissing Bernardo's complaint on the ground of prescription, thus:

> [T]he age of sixty-five (65) is declared as the compulsory retirement age under Article 287 of the Labor Code, as amended. When the compulsory retirement age is reached by an employee or official, he is thereby effectively separated from the service (*UST Faculty Union v. National Labor Relations Commission, University of Santo Tomas*, G.R. No. 89885, August 6, 1990). As mentioned earlier, [Bernardo] is already seventy-five (75) years old, and is way past the compulsory retirement age. If he were indeed entitled to receive his retirement pay/benefits, he should have claimed the same ten (10) years ago upon reaching the age of sixty-five (65).
>
> In this connection, it would be worthy to mention that the Labor Code contains a specific provision that deals with money claims arising out of employer-employee relationships. Article 291 of the Labor Code as amended clearly provides:
>
> > *"ART. 291. MONEY CLAIMS. – All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise they shall forever be barred.*
> >
> > x x x x
>
> The prescriptive period referred to in Article 291 of the Labor Code, as amended applies to all kinds of money claims arising from employer-employee relations including claims for retirement benefits.
>
> The ruling of the Supreme Court in *De Guzman v. Court of Appeals,* (G.R. No. 132257, October 12, 1998), squarely applies to the instant case:
>
> > *"The language of Article 291 of the Labor Code does not limit its application only to "money claims specifically recoverable under said Code," but covers all money claims arising from employer-employee relations. Since petitioners' demand for unpaid retirement/separation benefits is a money claim arising from their employment by private respondent, Article 291 of the Labor Code is applicable. Therefore, petitioners' claim should be filed within three years from the time their cause of action accrued, or forever barred by prescription."*
>
> It cannot be denied that the claim for retirement benefits/pay arose out of employer-employee relations. In line with the decision of the Supreme Court in *De Guzman*, it should be treated as a money claim that must be claimed within three years from the time the cause of action accrued.

> Thus, upon reaching the compulsory retirement age of sixty-five (65), [Bernardo] was effectively separated from the service. Clearly, such was the time when his cause of action accrued. He should have sought the payment of such benefits/pay within three (3) years from such time. It cannot be denied that [Bernardo] belatedly sought the payment of his retirement benefits/pay considering that he filed the instant Complaint only ten (10) years after his cause of action accrued. For failure to claim the retirement benefits/pay to which he claims to be entitled within three (3) years from the time he reached the age of sixty-five (65), his claim should be forever barred.[11]

The Labor Arbiter decreed:

> **WHEREFORE**, premises considered, judgment is hereby rendered DISMISSING the instant Complaint on the ground that the claim for retirement benefits/pay is already barred by prescription.[12]

Bernardo appealed the foregoing Labor Arbiter's Decision to the NLRC, arguing that since he continuously worked for DLS-AU and Dr. Bautista until October 12, 2003, he was considered retired and the cause of action for his retirement benefits accrued only on said date. There was clearly an agreement between Bernardo and DLS-AU that the former would continue teaching even after reaching the compulsory retirement age of 65 years. In addition, under Republic Act No. 7641, part-time workers are entitled to retirement pay of one-half month salary for every years of service, provided that the following conditions are present: (a) there is no retirement plan between the employer and employees; (b) the employee has reached the age of 60 years old for optional retirement or 65 years old for compulsory retirement; and (c) the employee should have rendered at least five years of service with the employer. Bernardo avowed that all these conditions were extant in his case.

The NLRC, in its Decision dated June 30, 2008, reversed the Labor Arbiter's ruling and found that Bernardo timely filed his complaint for retirement benefits. The NLRC pointed out that DLS-AU and Dr. Bautista, knowing fully well that Bernardo already reached the compulsory age of retirement of 65 years old, still extended Bernardo's employment. Thus, Bernardo's cause of action for payment of his retirement benefits accrued only on November 8, 2003, when he was informed by DLS-AU that his contract would no longer be renewed and he was deemed separated from employment. The principle of estoppel was also applicable against DLS-AU and Dr. Bautista who could not validly claim prescription when they were the ones who permitted Bernardo to work beyond retirement age. As to Bernardo's entitlement to retirement benefits, the NLRC held:

> Equally untenable is the contention that [Bernardo], being a part time employee, is not entitled to retirement benefits under Republic Act

---

11 *Rollo*, pp. 153-156.

12 Id. at 156.

> No. 7641. Indeed, a perusal of the retirement law does not exclude a part time employee from enjoying retirement benefits. On this score, Republic Act No. 7641 explicitly provides as within its coverage "all employees in the private sector, regardless of their position, designation, or status, and irrespective of the method by which their wages are paid" (Section 1, Rules Implementing the New Retirement Law) (Underlined for emphasis). The only exceptions are employees covered by the Civil Service Law; domestic helpers and persons in the personal service of another; and employees in retail, service and agricultural establishments or operations regularly employing not more than ten employees (ibid). Clearly, [Bernardo] does not fall under any of the exceptions.
>
> Lastly, it is axiomatic that retirement law should be construed liberally in favor of the employee, and all doubts as to the intent of the laws should be resolved in favor of the retiree to achieve its humanitarian purpose (Re: Gregorio G. Pineda, 187 SCRA 469, 1990). A contrary ruling would inevitably defy such settled rule.[13]

In the end, the NLRC adjudged:

> WHEREFORE, judgment is hereby rendered REVERSING and SETTING ASIDE the appealed decision of the Labor Arbiter. Accordingly, a new one is issued finding [Bernardo] entitled to retirement benefits under Republic Act No. 7641 and ordering [DLS-AU and Dr. Bautista] to pay [Bernardo] his retirement benefits equivalent to at least one-half (1/2) month of his latest salary for every year of his service. Other claims are hereby denied for lack of merit.[14]

In a Resolution dated September 15, 2008, the NLRC denied the Motion for Reconsideration of DLS-AU and Dr. Bautista for lack of merit.

DLS-AU filed before the Court of Appeals a Petition for *Certiorari* and Prohibition, imputing grave abuse of discretion on the part of the NLRC for (1) holding that Bernardo was entitled to retirement benefits despite the fact that he was a mere part-time employee; and (2) not holding that Bernardo's claim for retirement benefits was barred by prescription.

The Court of Appeals promulgated its Decision on June 29, 2009, affirming *in toto* the NLRC judgment. The Court of Appeals ruled that the coverage of, as well as the exclusion from, Republic Act No. 7641 are clearly delineated under Sections 1 and 2 of the Implementing Rules of Book VI, Rule II of the Labor Code, as well as the Labor Advisory on Retirement Pay Law; and part-time employees are not among those excluded from enjoying retirement benefits. Labor and social laws, being remedial in character, should be liberally construed in order to further their purpose. The appellate court also declared that the NLRC did not err in relying on the Implementing Rules of Republic Act No. 7641 because administrative rules and regulations issued by a competent authority remain valid unless shown

---

13 Id. at 181.

14 Id. at 181-182.

to contravene the Constitution or used to enlarge the power of the administrative agency beyond the scope intended.

The Court of Appeals additionally determined that Bernardo's cause of action accrued only upon his separation from employment and the subsequent denial of his demand for retirement benefits. To the appellate court, the NLRC was correct in applying the equitable doctrine of estoppel since the continuous extension of Bernardo's employment, despite him being well over the statutory compulsory age of retirement, prevented him from already claiming his retirement benefits for he was under the impression that he could avail himself of the same eventually upon the termination of his employment.

The dispositive portion of the Decision of the Court of Appeals reads:

> **WHEREFORE**, the petition is **DISMISSED** for lack of merit. The assailed Decision of the National Labor Relations Commission, dated 30 June 2008, is hereby **AFFIRMED** *in toto*. [Bernardo's] application for the issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction is accordingly **DENIED**.[15]

The Motion for Reconsideration of DLS-AU was denied by the Court of Appeals in its Resolution dated January 4, 2010.

Hence, DLS-AU lodged the present petition before us, raising the following issues:

> I
>
> WHETHER OR NOT PART-TIME EMPLOYEES ARE EXCLUDED FROM THE COVERAGE OF THOSE ENTITLED TO RETIREMENT BENEFITS UNDER REPUBLIC ACT NO. [7641].
>
> II.
>
> WHETHER OR NOT A CLAIM FOR RETIREMENT BENEFITS FILED BEYOND THE PERIOD PROVIDED FOR UNDER ART. 291 OF THE LABOR CODE HAS PRESCRIBED.[16]

We find the instant petition bereft of merit.

Bernardo is not questioning the termination of his employment, but only asserting his right to retirement benefits.

There is no dispute that Bernardo was a part-time lecturer at DLS-AU, with a fixed-term employment. As a part-time lecturer, Bernardo did not

---

15 Id. at 48.

16 Id. at 17.

attain permanent status. Section 93 of the 1992 Manual of Regulations for Private Schools provided:

> Sec. 93. *Regular or Permanent Status.* – Those who have served the probationary period shall be made regular or permanent. Full-time teachers who have satisfactorily completed their probationary period shall be considered regular or permanent.

Per Section 92 of the same Regulations, probationary period for academic personnel "shall not be more than three (3) consecutive years of satisfactory service for those in the elementary and secondary levels, six (6) consecutive regular semesters of satisfactory service for those in the tertiary level, and nine (9) consecutive trimesters of satisfactory service for those in the tertiary level where collegiate courses are offered on the trimester basis."

Thus, jurisprudence identified the requisites which should concur for a private school teacher to acquire permanent status, *viz.*: (1) the teacher is a full-time teacher; (2) the teacher must have rendered three consecutive years of service; and (3) such service must have been satisfactory.[17]

Considering the foregoing requirements, a part-time employee would not attain permanent status no matter how long he had served the school.[18] Bernardo did not become a permanent employee of DLS-AU despite teaching there as a part-time lecturer for a total of 27 years.

Our jurisprudence had likewise settled the legitimacy of fixed-term employment. In the landmark case of *Brent School, Inc. v. Zamora*,[19] the Court pronounced:

> From the premise – that the duties of an employee entail "activities which are usually necessary or desirable in the usual business or trade of the employer" – the conclusion does not necessarily follow that the employer and employee should be forbidden to stipulate any period of time for the performance of those activities. There is nothing essentially contradictory between a definite period of an employment contract and the nature of the employee's duties set down in that contract as being "usually necessary or desirable in the usual business or trade of the employer." The concept of the employee's duties as being "usually necessary or desirable in the usual business or trade of the employer" is not synonymous with or identical to employment with a fixed term. Logically, the decisive determinant in the term employment should not be the activities that the employee is called upon to perform, but the day certain agreed upon by the parties for the commencement and termination of their employment relationship, a day certain being understood to be "that which must necessarily come, although it may not be known when." Seasonal employment, and employment for a particular project are merely instances of employment in which a period, where not expressly set down, is necessarily implied.

---

17 *St. Mary's University v. Court of Appeals*, 493 Phil. 232, 237 (2005).

18 Id. at 239.

19 260 Phil. 747, 756-757, 763-764 (1990).

x x x x

> Accordingly, and since the entire purpose behind the development of legislation culminating in the present Article 280 of the Labor Code clearly appears to have been, as already observed, to prevent circumvention of the employee's right to be secure in his tenure, the clause in said article indiscriminately and completely ruling out all written or oral agreements conflicting with the concept of regular employment as defined therein should be construed to refer to the substantive evil that the Code itself has singled out: agreements entered into precisely to circumvent security of tenure. It should have no application to instances where a fixed period of employment was agreed upon knowingly and voluntarily by the parties, without any force, duress or improper pressure being brought to bear upon the employee and absent any other circumstances vitiating his consent, or where it satisfactorily appears that the employer and employee dealt with each other on more or less equal terms with no moral dominance whatever being exercised by the former over the latter. Unless thus limited in its purview, the law would be made to apply to purposes other than those explicitly stated by its framers; it thus becomes pointless and arbitrary, unjust in its effects and apt to lead to absurd and unintended consequences.
>
> Such interpretation puts the seal on [*Bibiso v. Victorias Milling Co., Inc.*] upon the effect of the expiry of an agreed period of employment as still good rule – a rule reaffirmed in the recent case of *Escudero v. Office of the President* (G.R. No. 57822, April 26, 1989) where, in the fairly analogous case of a teacher being served by her school a notice of termination following the expiration of the last of three successive fixed-term employment contracts, the Court held:
>
> > "Reyes' (the teacher's) argument is not persuasive. It loses sight of the fact that her employment was probationary, contractual in nature, and one with a definitive period. At the expiration of the period stipulated in the contract, her appointment was deemed terminated and the letter informing her of the non-renewal of her contract is not a condition *sine qua non* before Reyes may be deemed to have ceased in the employ of petitioner UST. The notice is a mere reminder that Reyes' contract of employment was due to expire and that the contract would no longer be renewed. It is not a letter of termination. The interpretation that the notice is only a reminder is consistent with the court's finding in *Labajo, supra.* x x x."

Bernardo's employment with DLS-AU had always been for a fixed-term, *i.e.*, for a semester or summer. Absent allegation and proof to the contrary, Bernardo entered into such contracts of employment with DLS-AU knowingly and voluntarily. Hence, Bernardo's contracts of employment with DLS-AU for a fixed term were valid, legal, and binding. Bernardo's last contract of employment with DLS-AU ended on October 12, 2003, upon the close of the first semester for school year 2003-2004, without DLS-AU offering him another contract for the succeeding semester.

Nonetheless, that Bernardo was a part-time employee and his employment was for a fixed period are immaterial in this case. Bernardo is not alleging illegal dismissal nor claiming separation pay. Bernardo is asserting his right to retirement benefits given the termination of his employment with DLS-AU when he was already 75 years old.

As a part-time employee with fixed-term employment, Bernardo is entitled to retirement benefits.

The Court declared in *Aquino v. National Labor Relations Commission*[20] that retirement benefits are intended to help the employee enjoy the remaining years of his life, lessening the burden of worrying for his financial support, and are a form of reward for his loyalty and service to the employer. Retirement benefits, where not mandated by law, may be granted by agreement of the employees and their employer or as a voluntary act on the part of the employer.

In the present case, DLS-AU, through Dr. Bautista, denied Bernardo's claim for retirement benefits because only full-time permanent faculty of DLS-AU are entitled to said benefits pursuant to university policy and the CBA. Since Bernardo has not been granted retirement benefits under any agreement with or by voluntary act of DLS-AU, the next question then is, can Bernardo claim retirement benefits by mandate of any law?

We answer in the affirmative.

Republic Act No. 7641 is a curative social legislation. It precisely intends to give the minimum retirement benefits to employees not entitled to the same under collective bargaining and other agreements. It also applies to establishments with existing collective bargaining or other agreements or voluntary retirement plans whose benefits are less than those prescribed in said law.[21]

Article 302 [287] of the Labor Code, as amended by Republic Act No. 7641, reads:

> Art. 302 [287]. *Retirement.* – **Any employee may be retired upon reaching the retirement age** established in the collective bargaining agreement or other applicable employment contract.
>
> In case of retirement, the employee shall be entitled to receive such retirement benefits as he may have earned under existing laws and any collective bargaining agreement and other agreements: *Provided however,* That an employee's retirement benefits under any collective bargaining and other agreement shall not be less than those provided herein.

---

20 283 Phil. 1, 6 (1992).

21 *MLQU v. National Labor Relations Commission*, 419 Phil. 776, 783 (2001).

> In the absence of retirement plan or agreement providing for retirement benefits of employees in the establishment, an employee upon reaching the age of sixty (60) years or more, but not beyond sixty five (65) years which is hereby declared the compulsory retirement age, who has served at least five (5) years in said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.
>
> Unless the parties provide for broader inclusions, the term one-half month salary shall mean fifteen (15) days plus one twelfth (1/12) of the 13th month pay and the cash equivalent of not more than five (5) days of service incentive leaves.
>
> x x x x
>
> **Retail, service and agricultural establishments or operations employing not more than ten (10) employees or workers are exempted from the coverage of this provision.**
>
> Violation of this provision is hereby declared unlawful and subject to the penal provisions provided under Article 288 of this Code. (Emphases ours.)

Book VI, Rule II of the Rules Implementing the Labor Code clearly describes the coverage of Republic Act No. 7641 and specifically identifies the exemptions from the same, to wit:

> Sec. 1. *General Statement on Coverage.* - This Rule shall apply to **all employees in the private sector, regardless of their position, designation or status and irrespective of the method by which their wages are paid, except to those specifically exempted under Section 2 hereof.** As used herein, the term "Act" shall refer to Republic Act No. 7641, which took effect on January 7, 1993.
>
> Section 2. ***Exemptions.*** – This Rule shall not apply to the following employees:
>
> 2.1 **Employees of the National Government and its political subdivisions, including Government-owned and/or controlled corporations, if they are covered by the Civil Service Law and its regulations.**
>
> 2.2 Domestic helpers and persons in the personal service of another. (Deleted by Department Order No. 20 issued by Secretary Ma. Nieves R. Confessor on May 31, 1994.)
>
> 2.3. **Employees of retail, service and agricultural establishments or operations regularly employing not more than ten (10) employees. As used in this sub-section:**
>
> (a) *"Retail establishment"* is one principally engaged in the sale of goods to end-users for personal or household use. It shall lose its retail character qualified for exemption if it is engaged in both retail and wholesale of goods.

> (b) *"Service establishment"* is one principally engaged in the sale of service to individuals for their own or household use and is generally recognized as such.
>
> (c) *"Agricultural establishment/operation"* refers to an employer which is engaged in agriculture. This term refers to all farming activities in all its branches and includes, among others, the cultivation and tillage of the soil, production, cultivation, growing and harvesting of any agricultural or horticultural commodities, dairying, raising of livestock or poultry, the culture of fish and other aquatic products in farms or ponds, and any activities performed by a farmer or on a farm as an incident to or in conjunctions with such farming operations, but does not include the manufacture and/or processing of sugar, coconut, abaca, tobacco, pineapple, aquatic or other farm products. (Emphases ours.)

Through a Labor Advisory dated October 24, 1996, then Secretary of Labor, and later Supreme Court Justice, Leonardo A. Quisumbing (Secretary Quisumbing), provided Guidelines for the Effective Implementation of Republic Act No. 7641, The Retirement Pay Law, addressed to all employers in the private sector. Pertinent portions of said Labor Advisory are reproduced below:

> A. COVERAGE
>
> RA 7641 or the Retirement Pay Law shall apply to all employees in the private sector, regardless of their position, designation or status and irrespective of the method by which their wages are paid. **They shall include part-time employees, employees of service and other job contractors and domestic helpers or persons in the personal service of another**.
>
> The law does not cover employees of retail, service and agricultural establishments or operations employing not more than [ten] (10) employees or workers and employees of the National Government and its political subdivisions, including Government-owned and/or controlled corporations, if they are covered by the Civil Service Law and its regulations.
>
> x x x x
>
> C. SUBSTITUTE RETIREMENT PLAN
>
> Qualified workers shall be entitled to the retirement benefit under RA 7641 in the absence of any individual or collective agreement, company policy or practice. x x x (Emphasis ours.)

Republic Act No. 7641 states that "any employee may be retired upon reaching the retirement age x x x;" and "[i]n case of retirement, the employee shall be entitled to receive such retirement benefits as he may have earned under existing laws and any collective bargaining agreement and other agreements." The Implementing Rules provide that Republic Act

No. 7641 applies to "all employees in the private sector, regardless of their position, designation or status and irrespective of the method by which their wages are paid, except to those specifically exempted x x x." And Secretary Quisumbing's Labor Advisory further clarifies that the employees covered by Republic Act No. 7641 shall "include part-time employees, employees of service and other job contractors and domestic helpers or persons in the personal service of another."

The only exemptions specifically identified by Republic Act No. 7641 and its Implementing Rules are: (1) employees of the National Government and its political subdivisions, including government-owned and/or controlled corporations, if they are covered by the Civil Service Law and its regulations; and (2) employees of retail, service and agricultural establishments or operations regularly employing not more than 10 employees.

Based on Republic Act No. 7641, its Implementing Rules, and Secretary Quisumbing's Labor Advisory, Bernardo, as a part-time employee of DLS-AU, is entitled to retirement benefits. The general coverage of Republic Act No. 7641 is broad enough to encompass all private sector employees, and part-time employees are not among those specifically exempted from the law. The provisions of Republic Act No. 7641 and its Implementing Rules are plain, direct, unambiguous, and need no further elucidation. Any doubt is dispelled by the unequivocal statement in Secretary Quisumbing's Labor Advisory that Republic Act No. 7641 applies to even part-time employees.

Under the rule of statutory construction of *expressio unius est exclusio alterius*, Bernardo's claim for retirement benefits cannot be denied on the ground that he was a part-time employee as part-time employees are not among those specifically exempted under Republic Act No. 7641 or its Implementing Rules. Said rule of statutory construction is explained thus:

> It is a settled rule of statutory construction that the express mention of one person, thing, or consequence implies the exclusion of all others. The rule is expressed in the familiar maxim, *expressio unius est exclusio alterius*.
>
> The rule of *expressio unius est exclusio alterius* is formulated in a number of ways. One variation of the rule is the principle that what is expressed puts an end to that which is implied. *Expressum facit cessare tacitum*. Thus, where a statute, by its terms, is expressly limited to certain matters, it may not, by interpretation or construction, be extended to other matters.
>
> x x x x
>
> The rule of *expressio unius est exclusio alterius* and its variations are canons of restrictive interpretation. They are based on the rules of logic and the natural workings of the human mind. They are predicated upon one's own voluntary act and not upon that of others. They proceed

> from the premise that the legislature would not have made specified enumeration in a statute had the intention been not to restrict its meaning and confine its terms to those expressly mentioned.[22]

The NLRC and the Court of Appeals did not err in relying on the Implementing Rules of Republic Act No. 7641 in their respective judgments which favored Bernardo.

Congress, through Article 5 of the Labor Code, delegated to the Department of Labor and Employment (DOLE) and other government agencies charged with the administration and enforcement of said Code the power to promulgate the necessary implementing rules and regulations. It was pursuant to Article 5 of the Labor Code that then Secretary of Labor Ma. Nieves R. Confesor issued on January 7, 1993 the Rules Implementing the New Retirement Law, which became Rule II of Book VI of the Rules Implementing the Labor Code.

In ruling that Bernardo, as part-time employee, is entitled to retirement benefits, we do no less and no more than apply Republic Act No. 7641 and its Implementing Rules issued by the DOLE under the authority given to it by the Congress. Needless to stress, the Implementing Rules partake the nature of a statute and are binding as if written in the law itself. They have the force and effect of law and enjoy the presumption of constitutionality and legality until they are set aside with finality in an appropriate case by a competent court.[23]

Moreover, as a matter of contemporaneous interpretation of law, Secretary Quisumbing's Labor Advisory has persuasive effect. It is undisputed that in administrative law, contemporaneous and practical interpretation of law by administrative officials charged with its administration and enforcement carries great weight and should be respected, unless contrary to law or manifestly erroneous.[24]

We further find that the Implementing Rules and Secretary Quisumbing's Labor Advisory are consistent with Article 4 of the Labor Code, which expressly mandates that "all doubts in the implementation and interpretation of the provisions of this Code, including its implementing rules and regulations, shall be resolved in favor of labor." There being no compelling argument herein to convince us otherwise, we uphold the legality and validity of the Implementing Rules and Secretary Quisumbing's Labor Advisory, and likewise apply the same to Bernardo's case.

---

22 *Malinias v. Commission on Elections*, 439 Phil. 319, 335-336 (2002), citing Ruben E. Agpalo, *Statutory Construction*, (1990), pp. 160-161, which, in turn, cited *People v. Aquino*, 83 Phil. 614 (1949); *Lerum v. Cruz*, 87 Phil. 652 (1950); *Canlas v. Republic*, 103 Phil. 712 (1958); *Lao Oh Kim v. Reyes*, 103 Phil. 1139 (1958); *Manila Lodge No. 761 v. Court of Appeals*, 165 Phil. 161 (1976); *Escribano v. Judge Avila*, 174 Phil. 490 (1978); *Santos v. Court of Appeals*, 185 Phil. 331 (1980); *Velazco v. Blas*, 201 Phil. 122 (1982).

23 *Samson v. Restrivera*, 662 Phil. 45, 60 (2011).

24 *Amores v. Acting Chairman, Commission on Audit*, 291-A Phil. 445, 450 (1993).

For the availment of the retirement benefits under Article 302 [287] of the Labor Code, as amended by Republic Act No. 7641, the following requisites must concur: (1) the employee has reached the age of 60 years for optional retirement or 65 years for compulsory retirement; (2) the employee has served at least five years in the establishment; and (3) there is no retirement plan or other applicable agreement providing for retirement benefits of employees in the establishment. Bernardo – being 75 years old at the time of his retirement, having served DLS-AU for a total of 27 years, and not being covered by the grant of retirement benefits in the CBA – is unquestionably qualified to avail himself of retirement benefits under said statutory provision, *i.e.*, equivalent to one-half month salary for every year of service, a fraction of at least six months being considered as one whole year.[25]

Bernardo's employment was extended beyond the compulsory retirement age and the cause of action for his retirement benefits accrued only upon the termination of his extended employment with DLS-AU.

Article 306 [291] of the Labor Code mandates:

> Art. 306 [291]. *Money claims.* – All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three years from the time the cause of action accrued; otherwise they shall be forever barred.

DLS-AU invokes *UST Faculty Union v. National Labor Relations Commission*,[26] wherein it was held that when an employee or official has reached the compulsory retirement age, he is thereby effectively separated from the service. And so, DLS-AU maintains that Bernardo's cause of action for his retirement benefits, which is patently a money claim, accrued when he reached the compulsory retirement age of 65 years old, and had already prescribed when Bernardo filed his complaint only 10 years later, when he was already 75 years old.

---

[25] Under Book VI, Rule II, Section 5.2 of the Rules Implementing the Labor Code, the "one-half month salary" shall include all of the following:
(a) Fifteen (15) days salary of the employee based on his latest salary rate. As used herein, the term "salary" includes all remunerations paid by an employer to his employees for services rendered during normal working days and hours, whether such payments are fixed or ascertained on a time, task, piece of commission basis, or other method of calculating the same, and includes the fair and reasonable value, as determined by the Secretary of Labor and Employment, of food, lodging or other facilities customarily furnished by the employer to his employees. The term does not include cost of living allowances, profit-sharing payments and other monetary benefits which are not considered as part of or integrated into the regular salary of the employees.
(b) The cash equivalent of not more than five (5) days of service incentive leave.
(c) One-twelfth of the 13th month pay due the employee.
(d) All other benefits that the employer and employee may agree upon that should be included in the employee's retirement pay.

[26] 266 Phil. 441, 448 (1990).

We are not persuaded.

The case of *UST Faculty Union* is not in point as the issue involved therein was the right of a union to intervene in the extension of the service of a retired employee. Professor Tranquilina J. Marilio (Prof. Marilio) already reached the compulsory retirement age of 65 years old, but was granted by the University of Sto. Tomas (UST) an extension of two years tenure. We ruled in said case that UST no longer needed to consult the union before refusing to further extend Prof. Marilio's tenure.

A cause of action has three elements, to wit, (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect or not to violate such right; and (3) an act or omission on the part of such defendant violative of the right of the plaintiff or constituting a breach of the obligation of the defendant to the plaintiff.[27]

Bernardo's right to retirement benefits and the obligation of DLS-AU to pay such benefits are already established under Article 302 [287] of the Labor Code, as amended by Republic Act No. 7641. However, there was a violation of Bernardo's right only after DLS-AU informed him on November 8, 2003 that the university no longer intended to offer him another contract of employment, and already accepting his separation from service, Bernardo sought his retirement benefits, but was denied by DLS-AU. Therefore, the cause of action for Bernardo's retirement benefits only accrued after the refusal of DLS-AU to pay him the same, clearly expressed in Dr. Bautista's letter dated February 12, 2004. Hence, Bernardo's complaint, filed with the NLRC on February 26, 2004, was filed within the three-year prescriptive period provided under Article 291 of the Labor Code.

Even granting *arguendo* that Bernardo's cause of action already accrued when he reached 65 years old, we cannot simply overlook the fact that DLS-AU had repeatedly extended Bernardo's employment even when he already reached 65 years old. DLS-AU still knowingly offered Bernardo, and Bernardo willingly accepted, contracts of employment to teach for semesters and summers in the succeeding 10 years. Since DLS-AU was still continuously engaging his services even beyond his retirement age, Bernardo deemed himself still employed and deferred his claim for retirement benefits, under the impression that he could avail himself of the same upon the actual termination of his employment. The equitable doctrine of estoppel is thus applicable against DLS-AU. In *Planters Development Bank v. Spouses Lopez*,[28] we expounded on the principle of estoppels as follows:

---

27 *Auto Bus Transport System Inc. v. Bautista*, 497 Phil. 863, 875 (2005).

28 720 Phil. 426, 441-442 (2013).

> Section 2, Rule 131 of the Rules of Court provides that whenever a party has, by his own declaration, act, or omission, intentionally and deliberately led another to believe that a particular thing is true, and to act upon such belief, he cannot, in any litigation arising out of such declaration, act or omission, be permitted to falsify it.
>
> The concurrence of the following requisites is necessary for the principle of equitable estoppel to apply: (a) conduct amounting to false representation or concealment of material facts or at least calculated to convey the impression that the facts are otherwise than, and inconsistent with, those which the party subsequently attempts to assert; (b) intent, or at least expectation that this conduct shall be acted upon, or at least influenced by the other party; and (c) knowledge, actual or constructive, of the actual facts.
>
> Inaction or silence may under some circumstances amount to a misrepresentation, so as to raise an equitable estoppel. When the silence is of such a character and under such circumstances that it would become a fraud on the other party to permit the party who has kept silent to deny what his silence has induced the other to believe and act on, it will operate as an estoppel. This doctrine rests on the principle that if one maintains silence, when in conscience he ought to speak, equity will debar him from speaking when in conscience he ought to remain silent.

DLS-AU, in this case, not only kept its silence that Bernardo had already reached the compulsory retirement age of 65 years old, but even continuously offered him contracts of employment for the next 10 years. It should not be allowed to escape its obligation to pay Bernardo's retirement benefits by putting entirely the blame for the deferred claim on Bernardo's shoulders.

WHEREFORE, premises considered, the instant Petition is **DISMISSED** for lack of merit. The Decision dated June 29, 2009 and Resolution dated January 4, 2010 of the Court of Appeals in CA-G.R. SP No. 106399 are **AFFIRMED**.

SO ORDERED.

Teresita Leonardo de Castro

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

WE CONCUR:

MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

MARIANO C. DEL CASTILLO
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
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.

MARIA LOURDES P. A. SERENO
Chief Justice