Supreme Court E-Library

FIRST DIVISION

[G.R. No. 195457. August 16, 2017]

READ-RITE PHILIPPINES, INC., *petitioner, vs.* **GINA G. FRANCISCO, MAXIMINO H. REYES, LUCIA E. MACHADO, IRENE G. ABANILLA, EDNA L. GUAVES, ARLENE FRANCISCO, JOSEPHINE V. TRINIDAD, MARILYN E. AMPARO, SOLITA F. SANTOS, ELLEN T. CASTILLO, ROSALIE VALDEABELLA, MARITA E. RIVERA, JULITA M. MAGNO, MARCIA P. DELA TORRE, ELENA ANGCAHAN, ESTER H. REYES, CORAZON ARMADILLA, IRMA A. PEREGRINO, DELFIN D. DUBAN, AMANCIA PRADO, CECILIA D. NABUA, DANNY A. CABUCOY, ELIZABETH R. REVELLAME, ELVIRA R. MAGNO, GIERLYN R. VILLANUEVA, JEANETTE GAA LEGASPI, GREGORIA I. MARASIGAN, JOHN JOSEPH R. MAGNO, LODELYN P. CASTILLO, JUSTINA TORTOSA, LENY M. ZARENO, LOIDA E. ESTOMATA, MA. BASILIA DE LA ROSA, MA. GRACIA DE GUZMAN, MA. NENITA G. CASTILLO, MERCEDARIO A. MARTINEZ, NORA M. PAVELON, PRECILLA D. MAGBITANG, RAQUEL CABUCOY, REGAL M. ALFARO, RIZA UMANDAP, ROSALITA R. MANLUNAS, ROSEMARIE C. LEYVA, ROSSANA M. YUMOL, SENETA SERENO, VILMA R. MANALO, YOLANDA Y. MANGAOANG, GLORIA BARSOLASCO and NENA M. REYES,** *respondents.*

SYLLABUS

1. LABOR AND SOCIAL LEGISLATION; LABOR CODE; TERMINATION OF EMPLOYMENT; RETRENCHMENT; RESPONDENTS, BEING RETRENCHED EMPLOYEES, ARE ENTITLED ONLY TO INVOLUNTARY SEPARATION BENEFITS UNDER THE COMPANY'S COMPENSATION AND BENEFITS MANUAL AND THE RETIREMENT PLAN.— Respondents never disputed the fact that they were

Supreme Court E-Library

retrenched employees of Read-Rite and they were accordingly paid **involuntary separation benefits** of one month pay per year of service. They, however, claim similar entitlement to **voluntary separation benefits** under Read-Rite's Compensation and Benefits Manual. To our mind, the Labor Arbiter and the NLRC were correct in ruling that voluntary and involuntary separation benefits are distinct from one another. The same are embodied in separate provisions of both the Compensation and Benefits Manual, upon which the respondents base their claim, and the Read-Rite Retirement Plan, which the Court of Appeals cited in its ruling. Respondents' right to voluntary and involuntary separation benefits are governed by the aforementioned instruments. x x x Given the diametrical nature of an involuntary and a voluntary separation from service, one necessarily excludes the other. For sure, an employee's termination from service cannot be voluntary and involuntary *at the same time.* As respondents' termination was involuntary in nature, *i.e.,* by virtue of a retrenchment program undertaken by Read-Rite, they are only entitled to receive **involuntary separation benefits** under the express provisions of the company's Compensation and Benefits Manual and the Retirement Plan.

2. ID.; ID.; ID.; ID.; ID.; PREVIOUS PAYMENT OF ADDITIONAL VOLUNTARY SEPARATION BENEFITS TO RETRENCHED EMPLOYEES ON TOP OF INVOLUNTARY SEPARATION BENEFITS WAS A MISTAKE; RESPONDENTS CANNOT USE SUCH PAYMENT TO BOLSTER THEIR CLAIM TO ADDITIONAL VOLUNTARY SEPARATION BENEFITS. — [T]he Court is more inclined to believe that the payment of additional voluntary separation benefits, on top of involuntary separation benefits, to eight retrenched employees of Read--Rite in April 1999 was indeed a mistake since the same was not in accordance with the company's Compensation and Benefits Manual and its Retirement Plan. In any event, whether said payment was a mistake or otherwise, respondents cannot use the same to bolster their own claim of entitlement to additional voluntary separation benefits.

3. ID.; ID.; ID.; ID.; RESPONDENTS' INDIVIDUAL QUITCLAIMS ARE VALID AND BINDING.— [W]e uphold the ruling of the Labor Arbiter and the NLRC that the respondents' individual quitclaims are valid and binding upon

> them. x x x [T]here is want of proof that respondents were coerced or deceived into signing their individual quitclaims. As consideration therefor, respondents each received involuntary separation benefits of one month pay per year of service. This consideration is reasonable and not unconscionable under the circumstances given that respondents are only entitled thereto[.]

APPEARANCES OF COUNSEL

Dela Rosa and Nograles for petitioner.
Tagle-Chua Cruz & Aquino for respondents.

D E C I S I O N

LEONARDO-DE CASTRO, *J.*:

In this petition for review on *certiorari*,[1] petitioner Read-Rite Philippines, Inc. (Read-Rite) seeks to annul and set aside the Decision[2] dated June 17, 2010 and the Resolution[3] dated February 2, 2011 of the Court of Appeals in CA-G.R. SP No. 104622.

The Facts

During the time material to this case, Read-Rite was a duly registered domestic corporation engaged in the business of manufacturing magnetic heads for use in computer hard disks.[4]

In the Compensation and Benefits Manual[5] of Read-Rite's predecessor company, among the benefits that an employee is entitled to are the following:

Voluntary Separation Benefit. Upon separation from employment after rendering at least twenty (20) continuous years of service, an

---

[1] *Rollo*, pp. 12-46.

[2] *Id*. at 48-58; penned by Associate Justice Rodil V. Zalameda with Associate Justices Mario L. Guariña III and Apolinario D. Bruselas, Jr. concurring.

[3] *Id*. at 60-62.

[4] *Id*. at 71.

[5] *Id.* at 225-253.

Supreme Court E-Library

employee shall be entitled to a lump sum benefit equal to his full retirement benefit with salary and service calculated as of the date of voluntary separation.

Year of Service	Percentage
Less than 10	0%
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20	100%

Involuntary Separation Benefit. An employee terminated involuntarily for reasons beyond his control (except for just cause), including but not limited to retrenchment or redundancy, shall be entitled to receive the applicable minimum benefit prescribed by law.[6]

Similarly, in the Retirement Plan[7] subsequently adopted by Read-Rite, Sections 3 and 4 of Article VII (Retirement Benefits) thereof state:

Section 3 - Voluntary Separation Benefit

Upon separation from employment after having rendered ten (10) years of Continuous Service, a Member will receive a lump sum

[6] *Id*. at 246.

[7] *Id*. at 307-321.

benefit equal his full accrued Normal Retirement Benefit multiplied by the appropriate factor as shown below:

Years of Service	**Factor**
Less than 10	0%
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 and up	100%

Section 4 - Involuntary Separation Benefit

A Member terminated involuntarily for reasons beyond his control (except for just cause), including but not limited to retrenchment or redundancy, shall be entitled to receive the applicable minimum benefit prescribed by law on involuntary separation or the benefit computed in accordance with Article VII Section 3 of this Plan, whichever is greater.

Such benefit will be in lieu of and is in full satisfaction of all termination and retirement benefits which the Employee may be entitled to under the labor laws of the Republic of the Philippines and benefits under this Plan.[8]

In April 1999, Read-Rite began implementing a retrenchment program due to serious business losses. About 200 employees were terminated and they were each given **involuntary separation**

[8] *Id*. at 314-315.

Supreme Court E-Library

benefits equivalent to one month pay per year of service. From this first batch of retrenched employees, however, there were eight employees — who had rendered at least ten years of service — that apparently received additional **voluntary separation benefits**.[9]

Eventually, Read-Rite embarked on another round of retrenchment beginning the last quarter of 1999. Most of the 49 respondents in this case were part of this second batch of retrenched employees.

All of the respondents received involuntary separation benefits equivalent to one month pay per year of service. Accordingly, they each executed a Release, Waiver and Quitclaim[10] (quitclaim),

---

[9] The eight employees were identified as Rosalinda Albao, Marie Faythe Floresca, Jenny Dalangin, Sergia Reyes, Manibeth Casanova, Janet Natad, Alfred Sagmaquen, and Rowena Reano (*Rollo*, p. 49).

[10] The basic text of the standard Release, Waiver and Quitclaim reads:

1. I freely, voluntarily and release, remise and forever discharge the Company, its stockholders, its officers, directors, agents or employees from any action, sum of money, damages, claims and demands whatsoever, which in law or in equity I ever had, now have, or which I, my heirs, successors and assigns hereafter may have upon or by reason of any matter, cause or thing whatsoever, up to the time of this separation, the intention hereof being to completely and absolutely release the Company, its stockholders, officers, directors, agents or employees from all liabilities arising wholly or partially from my employment therewith.

2. I further warrant and expressly undertake that I will institute no action and will not continue prosecuting pending actions (if one has already been commenced) against the Company. I likewise declare that the payment by said [company] of the foregoing sum of money shall not be taken by me, my heirs or assigns as a confession and/or admission of liability on its part, its stockholders, officers, directors, agents or employees for any matter, cause, demand or damages I may have against any or all of them.

3. I acknowledge that I received all amounts that are now or in the future may be due me. I further declare that during the entire period of my employment, I received and was duly paid all compensation, benefits and privileges to which I was entitled to under all laws and company policies; and if hereafter I may find in any manner to have been entitled to any amount, the above consideration nevertheless is a full and final satisfaction of any or all such undisclosed claims.

which stated, among others, that they had each received from Read-Rite the full payment of all compensation, benefits, and privileges due them and they will not undertake any action against the company to demand further compensation.

In July 2003, Read-Rite sent notices to various government agencies, such as the Securities and Exchange Commission (SEC), the Bureau of Internal Revenue (BIR), and the Department of Labor and Employment (DOLE) Region IV, that the company had ceased its manufacturing operations effective June 18, 2003.[11]

Meanwhile in February 2002 and February 2003, respondents filed complaints against Read-Rite docketed as NLRC Case No. RAB-IV-02-15180-02-L[12] and NLRC Case No. RAB-IV-02-17002-03-L,[13] which were consolidated. Respondents sought the payment of additional **voluntary separation benefits**, legal interest thereon, and attorney's fees. They argued that Read-Rite discriminated against them by not granting the aforesaid benefits, the award of which had since become a company policy.

The Labor Arbiter Ruling

In a **Decision**[14] **dated July 1, 2005**, the Labor Arbiter dismissed the respondents' complaints, ruling that voluntary separation benefits are separate and distinct from involuntary separation benefits. That additional voluntary separation benefits were given once to a few retrenched employees in April 1999 did not convert such grant into a company practice. The isolated payment was no longer given to involuntarily separated employees in

---

4. I finally declare that I read this document which has been translated to me in a vernacular I fully understand and which I fluently speak, and I acknowledge that the foregoing release, waiver and quitclaim hereby given are made willingly and voluntarily with full knowledge of my rights under the law. *(Rollo*, pp. 104-149.)

[11] *Rollo*, pp. 323-325.

[12] *Id*. at 157-159.

[13] *Id*. at 181-186.

[14] *Id*. at 393-401; penned by Labor Arbiter Generoso V. Santos.

Supreme Court E-Library

subsequent rounds of retrenchment as Read-Rite explained that the same was only paid by mistake.

The Labor Arbiter also declared that the respondents' quitclaims were valid and voluntarily executed. Respondents occupied positions that required a certain degree of intelligence and competence such that they must have fully understood the consequences of their signing of the quitclaims. Besides, respondents did not allege that their execution of the quitclaims was vitiated by duress, force, or intimidation. Thus, respondents may no longer pursue any claim of action against Read-Rite.

The NLRC Ruling

On appeal, the National Labor Relations Commission (NLRC) affirmed the above judgment in a **Resolution**[15] **dated December 21, 2007** in NLRC CA No. 046085. The NLRC ruled that respondents were not entitled to additional voluntary separation benefits as the same pertained to employees who have rendered at least ten years of service and who resigned voluntarily. Moreover, involuntarily separated employees cannot avail themselves of both involuntary separation benefits and voluntary separation benefits, unless the same was so expressly provided by Read-Rite's Compensation and Benefits Manual. The NLRC further upheld the Labor Arbiter's position that an isolated payment of additional separation benefits to eight retrenched employees in April 1999 did not ripen into a company policy. The NLRC also bound respondents to their quitclaims absent any proof that the same were executed with vitiated consent.

Respondents sought a reconsideration[16] of the NLRC Resolution, manifesting that in similar labor cases involving other employees of Read-Rite, the Court of Appeals and the Supreme Court allegedly upheld said employees' entitlement to additional voluntary separation benefits.

---

[15] *Id*. at 431-437; penned by Commissioner Victoriano R. Calaycay with Presiding Commissioner Raul T. Aquino and Commissioner Angelita A. Gacutan concurring.

[16] *Id*. at 438-447.

Supreme Court E-Library

Respondents alleged that in a Decision[17] dated October 7, 2005 in CA-G.R. SP No. 73795, entitled *Read-Rite (Phils.), Inc. v. National Labor Relations Commission and Teresa Ayore*, the Court of Appeals affirmed the judgment of the NLRC that ruled in favor of another batch of Read-Rite employees in their pursuit of the same additional voluntary separation benefits sought by herein respondents. Read-Rite did not appeal the appellate court's decision, thus making the same final and executory.

In like manner, respondents argued that the Court of Appeals rendered a Decision dated January 26, 2006 in CA-G.R. SP No. 82463, entitled *Zamora v. Read-Rite Philippines, Inc. and National Labor Relations Commission*, which affirmed the NLRC ruling that awarded additional voluntary separation benefits to yet another set of retrenched Read-Rite employees. Read-Rite elevated the said decision to the Court, but the petition was denied outright in a minute Resolution[18] dated November 12, 2007 in G.R. No. 179022. The resolution became final and executory on March 28, 2008.[19]

Respondents also argued that they had been discriminated upon by Read-Rite in their enjoyment of the additional voluntary separation benefits. Their quitclaims should not be used against them as the same were standard requirements imposed on resigning or separated employees. That they filed their complaints is proof that they did not voluntarily execute their quitclaims.

The NLRC denied the motion in a Resolution[20] dated May 30, 2008.

The Court of Appeals Ruling

Respondents filed a petition for *certiorari*[21] before the Court of Appeals to impugn the judgment of the NLRC. In its assailed

---

[17] *Id*. at 583-600.

[18] *Id*. at 653.

[19] *Id*. at 655.

[20] *Id*. at 448-453.

[21] *Id*. at 454-478.

Supreme Court E-Library

Decision dated June 17, 2010, the Court of Appeals granted the petition.

The Court of Appeals noted that the case involved the same facts and the same employer, *i.e.*, Read-Rite, as that of the *Ayore* and *Zamora* cases. The complainant employees therein sought additional voluntary separation benefits previously granted by Read-Rite to the above-mentioned eight employees who were retrenched in April 1999, arguing that the denial of the benefits constituted undue discrimination. The arguments put forward by the parties in *Ayore* and *Zamora* were found to be the same as the contentions of the herein respondents. Given the said similarities, the Court of Appeals held that the rulings in *Ayore* and *Zamora* must be applied in a similar manner.

The Court of Appeals agreed with Read-Rite that the grant of voluntary separation benefits to eight employees in April 1999 did not turn it into a company practice as it was given only once. Still, the failure of Read-Rite to grant the same to respondents constituted discrimination. The appellate court further rejected Read-Rite's claim that the grant of voluntary separation benefits to the eight retrenched employees in April 1999 was merely made by mistake. As for the quitclaims, the same cannot bar respondents from demanding benefits to which they are legally entitled to.

The appellate court further added that "while the position of [Read-Rite] may be correct under the circumstances,"[22] it was not inclined to revisit its rulings in *Ayore* and *Zamora* especially when the ruling in *Zamora* was affirmed by this Court.

The Court of Appeals, thus, decreed:

> WHEREFORE, premises considered, the Petition is hereby GRANTED. The assailed Resolutions of the NLRC are NULLIFIED and SET ASIDE. [Read-Rite] is ordered to pay each [respondent] the following:
>
> (1) Lump sum benefit equal to his/her full retirement benefit as of the date of retrenchment in accordance with Sec. III, Art. VII of the Retirement Plan; and

[22] *Id*. at 57.

(2) Legal interest of six percent (6%) per annum computed from the date of the employee's retrenchment.

Let this case be remanded to the Labor Arbiter for proper computation of the awards.[23]

Read-Rite moved for reconsideration[24] on the above decision, but the same was denied in the assailed **Resolution dated February 2, 2011**.

Hence, Read-Rite filed this petition.

The Arguments of Read-Rite

Read-Rite puts forth the following issue:

May an employer, forced to undergo retrenchment due to serious business losses, be required to still pay Voluntary Separation Benefit after it had already paid Involuntary Separation Benefit (retrenchment pay) to the retrenched employees, simply because it had earlier paid, albeit mistakenly, eight (8) retrenched employees additional Voluntary Separation Benefit?[25]

Read-Rite avers that respondents were separated from service on the ground of retrenchment, which separation was involuntary in nature. Accordingly, they received involuntary separation benefit equivalent to one month pay for every year of service. As such, nothing more is due them. Read-Rite faults the Court of Appeals for awarding to respondents additional voluntary separation benefits in accordance with the rulings in *Ayore* and *Zamora*. This was done despite the fact that the appellate court conceded that Read-Rite's position may be correct.

According to Read-Rite, it cannot be adjudged guilty of undue discrimination as the same must proceed from a deliberate and ill motivated act. There was no intent to favor the eight employees who were retrenched in April 1999, who were mistakenly paid additional voluntary separation benefits, over the other retrenched

---

[23] *Id*.

[24] *Id*. at 531-543.

[25] *Id*. at 726.

Supreme Court E-Library

employees. The company insists that the retrenched employees were only entitled to receive involuntary separation benefits under its Retirement Plan.

As to the individual quitclaims executed by the respondents, Read-Rite contends that they have categorically stated therein that they have discharged the company from any and all liabilities in connection with their former employment. The consideration therefore cannot be considered inadequate or unreasonable as the amount thereof was actually more than the amount required by law in cases of retrenchment.

The Arguments of the Respondents

Respondents pray for the outright dismissal of the petition, given that the same raises a factual issue and that Read-Rite is bound by the final rulings in *Ayore* and *Zamora* on the entitlement to additional voluntary separation pay of retrenched Read-Rite employees who have worked in the company for at least ten years. They argue that Read-Rite should no longer be allowed to re-litigate the same issue.

Respondents further maintain that they were arbitrarily discriminated upon when they were not awarded additional voluntary separation benefits despite being in Read-Rite's employ for at least ten years. They believe that the grant thereof is already an established company practice. They refuse to concede that the payment of additional voluntary separation benefits to the eight retrenched employees in April 1999 was made by mistake.

The Court's Ruling

The petition is meritorious.

At the outset, the Court finds that the instant petition does pose factual issues. In *Century Iron Works, Inc. v. Bañas*,[26] we explained that:

A question of law arises when there is doubt as to what the law is on a certain state of facts, while there is a question of fact when

---

[26] 711 Phil. 576, 585-586 (2013).

the doubt arises as to the truth or falsity of the alleged facts. For a question to be one of law, the question must not involve an examination of the probative value of the evidence presented by the litigants or any of them. The resolution of the issue must rest solely on what the law provides on the given set of circumstances. Once it is clear that the issue invites a review of the evidence presented, the question posed is one of fact.

Thus, the test of whether a question is one of law or of fact is not the appellation given to such question by the party raising the same; rather, it is whether the appellate court can determine the issue raised without reviewing or evaluating the evidence, in which case, it is a question of law; otherwise it is a question of fact. (Citations omitted.)

In the case before us, there is a need to examine the evidence presented by the parties relative to the entitlement of respondents to the additional voluntary separation benefits they seek. Ordinarily, questions of fact cannot be raised in a petition for review on *certiorari* under Rule 45 of the Rules of Court. However, by way of exception, the Court will scrutinize the facts if only to rectify the prejudice and injustice resulting from an incorrect assessment of the evidence presented.[27]

Respondents are only entitled to involuntary separation benefits

The Court rules that respondents are only entitled to involuntary separation pay given that they were retrenched employees.

Retrenchment to prevent losses is one of the authorized causes for an employee's separation from employment. As explained in *Waterfront Cebu City Hotel v. Jimenez*[28]:

Retrenchment is the termination of employment initiated by the employer through no fault of and without prejudice to the employees. It is resorted to during periods of business recession, industrial depression, or seasonal fluctuations or during lulls occasioned by

---

[27] *Intel Technology Phils., Inc. v. National Labor Relations Commission*, 726 Phil. 298, 308 (2014).

[28] 687 Phil. 171, 181-182 (2012).

Supreme Court E-Library

lack of orders, shortage of materials, conversion of the plant for a new production program or the introduction of new methods or more efficient machinery or of automation. It is an act of the employer of dismissing employees because of losses in the operation of a business, lack of work, and considerable reduction on the volume of his business. (Citations omitted.)

Article 283 (now Article 298) of the Labor Code, as amended, recognizes retrenchment as a right of the management to meet clear and continuing economic threats or during periods of economic recession to prevent losses.[29] Said article reads:

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 Ministry 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 at least one-half (½) 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**. (Emphasis supplied.)

Respondents never disputed the fact that they were retrenched employees of Read-Rite and they were accordingly paid **involuntary separation benefits** of one month pay per year of service. They, however, claim similar entitlement to **voluntary separation benefits** under Read-Rite's Compensation and Benefits Manual.

To our mind, the Labor Arbiter and the NLRC were correct in ruling that voluntary and involuntary separation benefits are

---

[29] *Plastimer Industrial Corporation v. Gopo*, 658 Phil. 627, 635 (2011).

Supreme Court E-Library

distinct from one another. The same are embodied in separate provisions of both the Compensation and Benefits Manual, upon which the respondents base their claim, and the Read-Rite Retirement Plan, which the Court of Appeals cited in its ruling. Respondents' right to voluntary and involuntary separation benefits are governed by the aforementioned instruments.[30]

As to **involuntary separation benefits**, the Compensation and Benefits Manual explicitly and specifically states that "an employee terminated involuntarily for reasons beyond his control (except for just cause), including but not limited to retrenchment or redundancy, shall be entitled to receive the applicable minimum benefit prescribed by law."

On the other hand, Section 4, Article VII of the Retirement Plan more emphatically states that a member thereof who is "terminated involuntarily for reasons beyond his control (except for just cause), including but not limited to retrenchment or redundancy, shall be entitled to receive the applicable minimum benefit prescribed by law on involuntary separation or the benefit computed in accordance with Article VII, Section 3 of this Plan, whichever is greater." Section 3, Article VII of the Retirement Plan pertains to voluntary separation benefits.

As to **voluntary separation benefits**, the Compensation and Benefits Manual and Retirement Plan are ostensibly silent as to the conditions for an employee's entitlement thereto, save for the length of the required continuous service. However, by its nomenclature alone, one could easily discern that the award of voluntary separation benefits involves a situation that is opposite of that contemplated in involuntary separation benefits — that is, the employee's separation from employment is by his own choice and/or for reasons within his control. Indeed, the term voluntary is defined as "proceeding from the will or from one's own choice or consent"; "unconstrained by interference"; or "done by design or intention."[31]

---

[30] See *Suarez, Jr. v. National Steel Corporation*, 590 Phil. 352 (2008).

[31] <https://www.merriam-webster.com/dictionary/voluntary> (visited June 16, 2017).

Supreme Court E-Library

Given the diametrical nature of an involuntary and a voluntary separation from service, one necessarily excludes the other. For sure, an employee's termination from service cannot be voluntary and involuntary *at the same time*. As respondents' termination was involuntary in nature, *i.e.*, by virtue of a retrenchment program undertaken by Read-Rite, they are only entitled to receive **involuntary separation benefits** under the express provisions of the company's Compensation and Benefits Manual and the Retirement Plan.

In view of the foregoing discussion, the Court is more inclined to believe that the payment of additional voluntary separation benefits, on top of involuntary separation benefits, to eight retrenched employees of Read-Rite in April 1999 was indeed a mistake since the same was not in accordance with the company's Compensation and Benefits Manual and its Retirement Plan. In any event, whether said payment was a mistake or otherwise, respondents cannot use the same to bolster their own claim of entitlement to additional voluntary separation benefits.

First, the labor tribunals and the Court of Appeals were one in declaring that the single, isolated payment of additional voluntary separation benefits to the eight retrenched employees of Read-Rite in April 1999 did not convert the same into a voluntary company practice that cannot be unilaterally withdrawn by the company. The Court had since declared in *National Sugar Refineries Corporation v. National Labor Relations Commission*[32] that to be considered as a company practice, the grant of benefits should have been practiced over a long period of time, and must be shown to have been consistent and deliberate.

Second, respondents are wrong to insist that they had been discriminated upon by Read-Rite in view of the similarity of their case to that obtaining in *Businessday Information Systems and Services, Inc. v. National Labor Relations Commission*.[33]

---

[32] 292-A Phil. 582, 594 (1993).

[33] 293 Phil. 9 (1993).

Supreme Court E-Library

In said case, Businessday Information Systems and Services, Inc. (BSSI) terminated the services of some of its employees as a retrenchment measure brought about by financial reverses. The retrenched employees were given separation pay equivalent to one-half (½) month pay for every year of service. In an attempt to rehabilitate its business as a trading company, BSSI retained some of its employees. Nonetheless, after only two and a half months, BSSI also terminated their services as it decided to cease all of its business operations. The second and third batches of retrenched employees were then given separation pay equivalent to one full month pay for every year of service and a mid-year bonus.

In granting the claim of the first batch of retrenched BSSI employees, the Court found that "there was impermissible discrimination against [them] in the payment of their separation benefits. The law requires an employer to extend equal treatment to its employees. It may not, in the guise of exercising management prerogatives, grant greater benefits to some and less to others."[34] However, in so ruling, the Court took into account the following findings of the NLRC:

> **The respondent argued that the giving of more separation benefit to the second and third batches of employees separated was their expression of gratitude and benevolence to the remaining employees who have tried to save and make the company viable in the remaining days of operations**. This justification is not plausible. There are workers in the first batch who have rendered more years of service and could even be said to be more efficient than those separated subsequently, yet they did not receive the same recognition. Understandably, their being retained longer in their job and be not included in the batch that was first terminated, was a concession enough and may already be considered as favor granted by the respondents to the prejudice of the complainants. As it happened, there are workers in the first batch who have rendered more years in service but received lesser separation pay, because of that arrangement made by the respondents in paying their termination benefits[.] x x x.[35] (Emphasis supplied, citation omitted.)

---

[34] *Id*. at 14.

[35] *Id*.

Supreme Court E-Library

Clearly, BSSI admitted that it purposely favored the second and third batches of retrenched employees by giving them a higher separation pay and a mid-year bonus as a reward for their efforts during the last days of the company. In contrast to the instant case, however, Read-Rite made no such admission. Quite the opposite, Read-Rite has consistently claimed that the payment of additional voluntary separation benefits to the eight retrenched employees in April 1999 was made by mistake and was no longer repeated in the next batches of retrenchment.

Third, respondents cannot invoke the final rulings in *Ayore* and *Zamora* in order to fetter this Court into dismissing the instant petition.

The final ruling in *Ayore* is a Decision dated October 7, 2005 of the Court of Appeals in CA-G.R. SP No. 73795. As such, it does not establish a doctrine and can only have a persuasive juridical value.[36] Moreover, a close reading of the *Ayore* decision reveals that the same involved an issue that is not present in the instant case, *i.e.*, which appropriate severance package should be applied in computing the retrenched employees' separation benefits.[37] In this case, no such issue was invoked by the parties and none was resolved by the lower courts.

Respondents based their claim of additional voluntary separation benefits on the Compensation and Benefits Manual of Read-Rite's predecessor company, while Read-Rite disputed the claim not only on the basis of the said Manual but also on the company's Retirement Plan. The Court notes that in respondents' reply to Read-Rite's position paper before the Labor Arbiter, they denounced the Retirement Plan cited by Read-Rite as spurious.[38] However, respondents no longer brought up this issue in their memorandum before this Court. Thus, the same is deemed waived. In the Court's resolution that required the parties to submit their respective memoranda, it is explicitly

---

[36] See *Presidential Ad Hoc Fact-Finding Committee on Behest Loans v. Desierto*, 375 Phil. 697, 713 (1999).

[37] *Rollo*, pp. 589-595.

[38] *Id*. at 219-220.

stated that "[n]o new issues may be raised by a party in his/its memorandum, and the issues raised in his/its pleadings but not included in the memorandum shall be deemed waived or abandoned."[39]

As to the final ruling in *Zamora*, the same is a minute resolution of the Court dated November 12, 2007 in G.R. No. 179022 that affirmed the judgment of the Court of Appeals. In *Alonso v. Cebu Country Club, Inc.*,[40] we declared that a minute resolution may amount to a final action on a case, but the same cannot bind non-parties to the action. Further, in *Philippine Health Care Providers, Inc. v. Commissioner of Internal Revenue*,[41] we expounded on the consequence of issuing a minute resolution in this wise:

> It is true that, although contained in a minute resolution, our dismissal of the petition was a disposition of the merits of the case. When we dismissed the petition, we effectively affirmed the CA ruling being questioned. As a result, our ruling in that case has already become final. When a minute resolution denies or dismisses a petition for failure to comply with formal and substantive requirements, the challenged decision, together with its findings of fact and legal conclusions, are deemed sustained. But what is its effect on other cases?
>
> With respect to the same subject matter and the same issues concerning the same parties, it constitutes *res judicata*. **However, if other parties or another subject matter (even with the same parties and issues) is involved, the minute resolution is not binding precedent**. x x x. (Emphasis supplied; citations omitted.)

As respondents were not parties in the *Zamora* case in G.R. No. 179022, they cannot rely on the minute resolution therein to obtain a dismissal of the instant petition.

All told, the Court of Appeals erred in denying Read-Rite's petition on the basis of the final rulings in the *Ayore* and *Zamora* cases and in awarding additional voluntary separation benefits

---

[39] *Id*. at 678.

[40] 426 Phil. 61, 86 (2002).

[41] 616 Phil. 387, 420-421 (2009).

Supreme Court E-Library

to respondents on top of the involuntary separation benefits they already received.

The Court agrees with Read-Rite that the award of involuntary separation benefits in favor of respondents should be in accordance with the provisions of not only the Compensation Benefits Manual but also the Read-Rite Retirement Plan. The latter provides for involuntary separation benefit that is equivalent to the applicable minimum benefit prescribed by law on involuntary separation ***or*** the benefit computed in accordance with Section 3, Article VII of the Retirement Plan, ***whichever is greater***. Therefore, the amount of involuntary separation benefits that were awarded to respondents must be in accordance with the above-mentioned provision.

To reiterate, each of the respondents already received involuntary separation benefits of one month pay per year of service. This award is clearly more than that prescribed in Article 283 (now Article 298) of the Labor Code, as amended, which only grants separation pay equivalent to one (1) month pay or at least one-half (½) month pay for every year of service, whichever is higher, in cases of retrenchment.

On the other hand, Read-Rite's Retirement Plan provides that an employee's normal retirement benefit shall be equal to twenty-six (26) multiplied by his final basic daily salary (or approximately his one month salary) multiplied by his years of credited service.[42] An employee receives the full amount (or 100%) of the normal retirement benefit if he has at least twenty (20) years of service but only a fraction thereof (ranging from 50%-95%) if he has at least ten (10) but less than twenty (20) years of service. In the case at bar, respondents received their full one month's salary multiplied by their number of years of service, even those who were employed by Read-Rite for less than twenty (20) years.

Verily, respondents were paid involuntary separation benefits which exceeded what they were entitled to under the law or the Compensation Benefits Manual and the Retirement Plan.

---

[42] *See* Section 1, Article VII of the Retirement Plan, *rollo* p. 314.

Supreme Court E-Library

Finally, we uphold the ruling of the Labor Arbiter and the NLRC that the respondents' individual quitclaims are valid and binding upon them. Jurisprudence teaches that:

> Not all quitclaims are *per se* invalid or against policy, except: (1) where there is clear proof that the waiver was wangled from an unsuspecting or gullible person; or (2) where the terms of settlement are unconscionable on their face; in these cases, the law will step in to annul the questionable transaction. Indeed, there are legitimate waivers that represent a voluntary and reasonable settlement of laborers' claims which should be respected by the Court as the law between the parties. Where the person making the waiver has done so voluntarily, with a full understanding thereof, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as being a valid and binding undertaking, and may not later be disowned simply because of a change of mind.[43] (Citations omitted.)

In this case, there is want of proof that respondents were coerced or deceived into signing their individual quitclaims. As consideration therefor, respondents each received involuntary separation benefits of one month pay per year of service. This consideration is reasonable and not unconscionable under the circumstances given that respondents are only entitled thereto, as previously explained. In any event, respondents no longer argued against the validity of their quitclaims before this Court.

WHEREFORE, the petition is **GRANTED**. The Decision dated June 17, 2010 and the Resolution dated February 2, 2011 of the Court of Appeals in CA-G.R. SP No. 104622 are hereby **REVERSED** and **SET ASIDE**. The Decision dated July 1, 2005 of the Labor Arbiter in NLRC Case No. RAB-IV-02-15180-02-L and NLRC Case No. RAB-IV-02-17002-03-L is **REINSTATED**. No costs.

SO ORDERED.

Sereno, C.J. (Chairperson), Peralta,[*] *Jardeleza,* and *Tijam, JJ.,* concur.

---

[43] *Coats Manila Bay, Inc. v. Ortega*, 598 Phil. 768, 779-780 (2009).

[*] Per Raffle dated August 14, 2017.