Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

SOCIETE INTERNATIONALE DE TELECOMMUNICATIONS AERONAUTIQUES (SITA), SITA INFORMATION NETWORKING COMPUTING B.V. (SITA, INC.), EQUANT SERVICES, INC. (EQUANT) and LEE CHEE WEE,
Petitioners,

- versus -

THEODORE L. HULIGANGA,
Respondent.
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G.R. No. 215504

Present:

PERALTA,* *J.*, *Acting Chairperson*,
DEL CASTILLO,
JARDELEZA,
TIJAM, and
GESMUNDO,** *JJ.*

Promulgated:

AUG 20 2018

DECISION

PERALTA, *J.*:

This is to resolve the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, dated November 28, 2014, of petitioners *Societe Internationale De Telecommunications Aeronautiques*, SITA Information Networking Computing B.V., Equant Services, Inc./Lee Chee Wee that seeks to reverse and set aside the Decision[1] dated March 21, 2014 and the Resolution[2] dated October 7, 2014, both of the Court of Appeals (*CA*) granting respondent Theodore L. Huliganga (*Huliganga*) the amount of ₱2,645,175.87 as deficiency in his retirement benefit.

The facts follow.

Huliganga was hired by Societe International De Telecommunications Aeronautiques (*SITA*) on April 16, 1980 as Technical Assistant to the

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* Designated Acting Chairperson, per Special Order No. 2582 (Revised), dated August 8, 2018.
** Designated Acting Member, per Special Order No.2560 (Revised), dated May 11, 2018.
1 Penned by Associate Justice Leoncia Real-Dimagiba, with Associate Justices Ricardo R. Rosario and Mario V. Lopez, concurring; *rollo*, pp. 45-53.
2 *Id.* at 54-55.

Representative-Manager. Eventually, he became the Country Operating Officer, the highest accountable officer of SITA in the Philippines and his current position at the time of his retirement on December 31, 2008. He received his retirement benefits computed at 1.5 months of basic pay for each year of service, or the total amount of ₱7,495,102.84 in retirement and other benefits.

On January 27, 2009, Huliganga filed a Complaint against SITA, SITA Information Networking Computing B. V. (*SITA, INC.*) and Equant Services, Inc. (*EQUANT*) for unfair labor practices, underpayment of salary/wages, moral and exemplary damages, attorney's fees, underpayment of sick and vacation leave and retirement benefits.

In his Position Paper, Huliganga alleged the following: (1) The coefficient/payment factor that applies to him should be 2 months and not 1.5 months for every year of service in accordance with the 2005-2010 Collective Bargaining Agreement; (2) The coefficient/payment factor as provided under the 2005-2010 is the applicable rate because it is already a well-established company practice of SITA to adopt, update and apply the new and/or additional economic benefits arising from the CBA as amendments to the Employee Regulations manual; (3) SITA, INC. is a foreign corporation created by SITA in 2003 to concentrate on providing Air Transport Industry application whereas EQUANT was created by SITA in the mid-1990s to cater to its non-airline customers; and (4) He was required by EQUANT to represent and manage its Philippine operations and was given the additional task of managing SITA, INC. but was not compensated for his work at EQUANT and SITA, INC.

Petitioners, on the other hand, raised the following counter-arguments: (1) Huliganga has already received from SITA the full amount of his retirement and other monetary benefits; thus, his claim for any supposed deficiency has simply no basis; (2) There is no employer-employee relationship between Huliganga, SITA, INC. and EQUANT which will entitle the former to a claim for salary and other monetary benefits from said entities; and (3) Having received the full amount of his retirement and other benefits from his employer SITA, Huliganga has no right to claim moral and exemplary damages and attorney's fees.

On September 29, 2009, the Labor Arbiter rendered a Decision[3] dismissing the complaint against SITA for lack of merit, the dispositive portion of which states:

> WHEREFORE, premises considered, the instant complaint against respondent SITA is hereby DISMISSED for lack of merit.

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3 *Id.* at 74-78.

> The complaints against respondents SITA, INC and EQUANT are hereby DISMISSED for lack of employer-employee relationship between complainant and said respondents.
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> SO ORDERED.[4]

Huliganga appealed the said decision, however, on July 21, 2010, the NLRC, Third Division rendered a Decision[5] denying the appeal for lack of merit and affirming the September 29, 2009 Decision of the Labor Arbiter, thus:

> WHEREFORE, the appeal filed by complainant is DENIED for lack of merit. The decision dated 29 September 2009 is AFFIRMED.
>
> SO ORDERED.[6]

After the denial of Huliganga's motion for reconsideration, he filed a petition for *certiorari* with the CA. The CA, on March 21, 2014, partly granted the petition in its decision, the dispositive portion of which states:

> WHEREFORE, in view of the foregoing, the instant petition is PARTIALLY GRANTED. The challenged decision of the NLRC, Third Division dated 21 July 2010 is AFFIRMED WITH MODIFICATION. As modified, SITA is directed to pay petitioner THEODORE L. HULIGANGA the amount of Php2,645,175.87 representing the deficiency in his retirement benefit plus legal interest of six percent (6%) *per annum* from the date of filing of his complaint up to actual payment.
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> SO ORDERED.[7]

The CA ruled that Huliganga was able to prove that the new and/or additional economic benefits arising from the CBA as amendments to the Employee Regulations Manual has ripened into a company practice. It added that at the time of Huliganga's retirement, the applicable CBA was that concluded on April 27, 2006 and in the said CBA, it is provided that the coefficient/payment factor in the computation of retirement benefits for employees who have rendered 25 years or more of service was 2 months for every year of service and not 1.5 months for every year of service. The CA, however, held that Huliganga is not entitled to salaries and emoluments from SITA, INC. and EQUANT.

Hence, the present petition with the following grounds relied upon:

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4 *Id.* at 78.
5 *Id.* at 151-167.
6 *Id.* at 167.
7 *Id.* at 53.

I.

THE DECISION OF THE COURT OF APPEALS HAS NO LEGAL AND FACTUAL BASIS BECAUSE THE RETIREMENT BENEFITS FOR SITA'S MANAGERIAL EMPLOYEES WERE SEPARATE AND DISTINCT FROM THE RETIREMENT BENEFITS OF [RANK-AND-FILE] EMPLOYEES.

II.

THE CONCLUSION OF THE COURT OF APPEALS THAT MANAGERIAL EMPLOYEES OF SITA ARE ENTITLED TO THE SAME RETIREMENT BENEFITS AS THOSE OF RANK-AND-FILE EMPLOYEES HAS NO FACTUAL AND LEGAL BASIS.

III.

THE COURT OF APPEALS COMMITTED GRAVE ERROR IN MODIFYING THE UNIFORM FACTUAL FINDINGS OF THE LABOR ARBITER AND THE NLRC.[8]

According to petitioners, the 2006 CBA unequivocally provides that managerial employees, like Huliganga, are excluded from its coverage and application, thus, the provisions of the CBA should not be extended to him as there is no basis to warrant the same. Petitioners also argue that there is no credible evidence submitted by Huliganga that it has been an established practice of SITA to amend its employment regulations for personnel recruited by SITA Philippines by adopting the improved economic benefits in the CBA. They further aver that factual findings of labor officials who are deemed to have acquired expertise in matters within their respective jurisdictions are generally accorded not only respect, but even finality, and are binding on the courts.

In his Comment[9] dated April 3, 2015, Huliganga insists that the CA did not err in ruling that he is entitled to the amount of ₱2,645,175.87 representing the deficiency in his retirement benefit. According to him, the CA has legal and factual basis to support its decision.

The petition is meritorious.

As a general rule, only questions of law raised *via* a petition for review under Rule 45[10] of the Rules of Court are reviewable by this Court.[11] Factual

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8 *Id.* at 22.

9 *Id.* at 873-937.

10 Section 1, Rule 45 of the Rules of Court, as amended, provides:

Section 1. Filing of petition with Supreme Court. A party desiring to appeal by *certiorari* from a judgment, final order or resolution of the Court of Appeals, the Sandiganbayan, the Court of Tax Appeals, the Regional Trial Court or other courts, whenever authorized by law, may file with the Supreme Court a verified petition for review on *certiorari*. The petition may include an application for a writ of preliminary injunction or other provisional remedies and shall raise only questions of law, which must be distinctly set forth. The petitioner may seek the same provisional remedies by verified motion filed in the same action or proceeding at any time during its pendency.

11 *Philippine Transmarine Carriers, Inc., et al. v. Cristino*, 755 Phil. 108, 121 (2015), citing *Heirs of Pacencia Racaza v. Spouses Abay-Abay*, 687 Phil. 584, 590 (2012).

findings of administrative or *quasi*-judicial bodies, including labor tribunals, are accorded much respect by this Court as they are specialized to rule on matters falling within their jurisdiction especially when these are supported by substantial evidence.[12] However, a relaxation of this rule is made permissible by this Court whenever any of the following circumstances is present:

1. [W]hen the findings are grounded entirely on speculations, surmises or conjectures;
2. when the inference made is manifestly mistaken, absurd or impossible;
3. when there is grave abuse of discretion;
4. when the judgment is based on a misapprehension of facts;
5. when the findings of fact are conflicting;
6. when in making its findings[,] the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee;
7. when the findings are contrary to that of the trial court;
8. when the findings are conclusions without citation of specific evidence on which they are based;
9. when the facts set forth in the petition[,] as well as in the petitioner's main and reply briefs[,] are not disputed by the respondent;'
10. when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; [and]
11. when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion.[13]

Since the factual findings of the CA are completely different from that of the Labor Arbiter and the NLRC, this case falls under one of the exceptions, therefore, this Court may now resolve the issues presented before it.

It is an indisputable fact that Huliganga was a managerial employee of SITA and, as such, he is not entitled to retirement benefits exclusively granted to the rank-and-file employees under the CBA. It must be remembered that under Article 245 of the Labor Code, managerial employees are not eligible to join, assist or form any labor organization.[14] [T]o be entitled to the benefits under the CBA, the employees must be members of the bargaining unit, but not necessarily of the labor organization designated as the bargaining agent.[15]

The Labor Arbiter, therefore, did not commit any error when it applied the said provisions and ruled that Huliganga failed to sufficiently establish

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12 *Id.*, citing *Merck Sharp and Dohme (Phils.), et al. v. Robles, et al.*, 620 Phil. 505, 512 (2009).

13 *Id.*, citing *Co v. Vargas*, 676 Phil. 463, 471 (2011).

14 Art. 245. Ineligibility of Managerial Employees to Join any Labor Organization; Right of Supervisory Employees – Managerial employees are not eligible to join, assist or form any labor organization. Supervisory employees shall not be eligible for membership in the collective bargaining unit of the rank and file employees but may join, assist or form separate collective bargaining units and/or legitimate labor organizations of their own. (As amended by Section 18, R.A. 6715, March 21, 1989)

15 *Philippine Airlines, Incorporated v. Philippine Airlines Employee Association (PALEA)*, 571 Phil. 548, 561 (2008).

that there is an established company practice of extending the benefits of the CBA to managerial employees, thus:

> Along this vein, it should be stressed that before his retirement on 31 December 2008, complainant occupies the position of Country Operating Officer of respondent SITA. It is beyond dispute that complainant is occupying the highest managerial position in the country for his employer SITA. Now, Article 245 of the Labor Code expressly states that "managerial employees are not eligible to join, assist or form any labor organization." An exception to this prohibition is when the employer extends the CBA benefits to the managerial employee as a matter of policy or established practice. Complainant failed to present evidence to justify his claim. He failed to sufficiently establish that there is an established company practice of extending the CBA concessions to managerial employees. To be considered as a company practice, the act of extending the benefits of the CBA to managerial employees must have been practiced for a long period of time and must be shown to be consistent and deliberate. x x x [16]

The CA, however, ruled that Huliganga was able to prove that the new and/or additional economic benefits arising from the CBA as amendments to the Employee Regulations Manual has ripened into a company practice.

To be considered a company practice, the giving of the benefits should have been done over a long period of time, and must be shown to have been consistent and deliberate.[17] The test or rationale of this rule on long practice requires an indubitable showing that the employer agreed to continue giving the benefits knowing fully well that said employees are not covered by the law requiring payment thereof.[18]

To prove that the giving of the benefits claimed by Huliganga had been a company practice, he presented the affidavit of Delia M. Beaniza who was the Administrative Assistant to the Country Manager/Representative stating that SITA had adopted the formulation provided in the CBA to its managerial employees. The NLRC, however, is correct in ruling that the said affidavit deserves scant consideration because Beaniza lacks the competency to determine what is considered as a company practice, thus:

> In her affidavit, Ms. Beaniza stated that respondent SITA had consistently adopted the policy to extend to managerial and confidential employees all favorable benefits agreed upon in the CBA with union members. However, as correctly held by the Labor Arbiter, the said affidavit deserves scant consideration considering that Ms. Beaniza had been retired from service since 1997 or 12 years ago. She, therefore, lacks the competency to determine with accuracy what is considered a company practice. It was also held by the Labor Arbiter that even if Ms. Beaniza's

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16 *Rollo*, p. 76.

17 *National Sugar Refineries Corporation v. NLRC, et al.*, 292-A Phil. 582, 594 (1993).

18 *Philippine Appliance Corporation v. CA, et al.*, 474 Phil. 595, 604 (2004).

> retirement was based on the rate provided in the then prevailing CBA, this does not convert the concession into a company practice.
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> We also have noted that though Ms. Beaniza stated that company policies have been implemented as early as the time when SITA Employees' Union was formed in the 1970s, she was employed by respondent SITA only in September 1980. Accordingly, she cannot testify on matters or circumstances that happened before she was employed by SITA.
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> Ms. Beaniza attested that she and other previous retirees have availed of the company practice. However, she failed to name or identify any other employee who had availed of the said company practice and given retirement benefits under the CBA. If indeed Ms. Beaniza was given retirement benefits above the amount she is entitled to, this could be interpreted to be based merely on the generosity on the part of SITA.
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> It is noted that Ms. Beaniza retired sometime in 1997. She, therefore, has no knowledge of circumstances that transpired after her retirement to present. She was in no position and had no authority to say that there was an established long standing company policy of extending CBA benefits to managerial employees.
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> In the same affidavit, Ms. Beaniza was supposed to have communicated to SITA office based in Singapore stating that SITA's practice in the grant of retirement benefits was lifted from the CBA provisions existing at the time. Even if such communication was sent, it does not categorically prove or establish that CBA benefits were actually granted to managerial and confidential employees.[19]

Huliganga, therefore, failed to substantially establish that there is an established company practice of extending CBA concessions to managerial employees. Again, to be considered a company practice or policy, the act of extending benefits of the CBA to managerial employees must have been practiced for a long period of time and must be shown to be consistent and deliberate.

It must also be remembered that factual findings of labor officials who are deemed to have acquired expertise in matters within their respective jurisdictions are generally accorded not only respect, but even finality, and are binding on the courts.[20] Only upon clear showing of grave abuse of discretion, or that such factual findings were arrived at arbitrarily or in disregard of the evidence on record will this Court step in and proceed to make its own independent evaluation of the facts.[21] In this case, the CA erred in disregarding the factual findings of the Labor Arbiter and the NLRC.

WHEREFORE, the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, dated November 28, 2014 of petitioners *Societe Internationale De Telecommunications Aeronautiques*, SITA Information

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19 *Rollo*, pp. 162-164.

20 *Pelayo v. Aareme Shipping and Trading Co., Inc., et al.*, 520 Phil. 896, 906 (2006).

21 *Columbus Philippines Bus Corporation v. NLRC*, 417 Phil. 81, 99 (2001).

Networking Computing B.V. and Lee Chee Wee is **GRANTED**. Consequently, the Decision dated March 21, 2014 and the Resolution dated October 8, 2014, both of the Court of Appeals, are **REVERSED** and **SET ASIDE** and the Decision dated July 21, 2010 of the National Labor Relations Commission is **REINSTATED**.

SO ORDERED.

DIOSDADO M. PERALTA
Associate Justice

WE CONCUR:

MARIANO C. DEL CASTILLO
Associate Justice

FRANCIS H. JARDELEZA
Associate Justice

NOEL GIMENEZ TIJAM
Associate Justice

ALEXANDER G. GESMUNDO
Associate Justice

ATTESTATION

I attest 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.

DIOSDADO M. PERALTA
Associate Justice
Acting Chairperson, First Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Senior Associate Justice
(Per Section 12, Republic Act No. 292, The Judiciary Act of 1948, as amended)