

Title: Republic Planters Bank (Now Known as PNB-Republic Bank) vs. National Labor Relations Commission and Antonio G. Santos

Facts:

Antonio G. Santos, who had been employed by Republic Planters Bank (now PNB-Republic Bank) for over three decades, retired as a Department Manager. Upon retirement, he received a gratuity payment but filed a lawsuit claiming underpayment for his gratuity pay, unpaid accumulated leave credits, as well as mid-year, year-end bonuses, financial assistance, alongside claims for damages and attorney's fees. The Labor Arbiter ruled in favor of Santos, a decision later affirmed by the National Labor Relations Commission (NLRC). The bank, challenging the NLRC's findings, petitioned the Supreme Court, arguing that the resolution was contrary to evidence, jurisprudence, and lacked legal basis for some awarded claims. Important to the case was Santos's signing of a Release, Waiver, and Quitclaim, which the bank contended should invalidate his claims.

Issues:

1. Validity and enforceability of the Release, Waiver, and Quitclaim signed by Santos.
2. The legality of the award amounts determined by the NLRC, focusing on gratuity pay, leave credits, and bonuses.
3. Prescription of claims for certain bonuses.
4. Entitlement to moral and exemplary damages and attorney's fees.

Court's Decision:

1. **Release, Waiver, and Quitclaim:** The Court reiterated that while such agreements between employees and employers are recognized, they cannot bar full recovery of an employee's rights if the compensation received is considered substantially less than the entitlement. Therefore, considering Santos fought under protest and the disparity between what was claimed and received, the Court found the quitclaim invalid in this context.
2. **Award Amounts:** The Court affirmed the NLRC's award but recalculated Santos's entitlement based on gratuity and leave credits pegged to the salary rate of the next higher rank, aligning with established company policy apparent from past practices and the 1971-1973 Collective Bargaining Agreement (CBA). The Court rejected the bank's reliance on a later CBA and a performance-based salary scale to compute gratuity pay, distinguishing gratuity from wages/salary.
3. **Bonuses:** Santos's claim for bonuses from certain periods was deemed prescribed

under Article 291 of the Labor Code, as the case was filed beyond the three-year allowance after the cause of action accrued.

4. **Damages and Attorney's Fees:** Considering the bank's defiance of established jurisprudence and refusal to honor its obligations, the Court found the award of moral and exemplary damages, as well as attorney's fees, appropriate to discourage similar conduct in the future.

Doctrine:

This case reiterates the doctrine that quitclaims cannot invalidate an employee's right to full benefits if the quittance is substantially less than the entitlement. It also underscores the principle that established company practices/policies can create vested rights for employees, even in the absence of a current CBA, upholding the non-diminution of benefits principles.

Class Notes:

- Quitclaims do not bar full recovery if substantial disparity exists between claimed entitlements and received compensation.
- Established company practices can create vested rights for employees per the non-diminution of benefits principle.
- Gratuity pay calculation can be based on policies consistent with or more favorable than those in CBAs, even expired ones.
- Claims for financial entitlements must be filed within three years from when the cause of action accrues to avoid prescription.
- Bad faith refusal to honor established jurisprudence or company policy can warrant the award of moral and exemplary damages and attorney's fees.

Historical Background:

The persistent disputes over retirement benefits and recognition of established policies, as reflected in this case, underscore broader labor rights issues within the Philippine banking sector. This decision reinforces the Supreme Court's stance on protecting employee rights against contractual waivers that undermine statutory or policy-based entitlements, emphasizing the importance of equitable and reasonable settlements in employer-employee disputes.