

Title: F.F. Cruz & Co., Inc. v. Jose B. Galandez, Domingo I. Sajuela, and Marlon D. Namoc

Facts:

- Employment and Notice of Termination:** Galandez, Sajuela, and Namoc were employed as warehouseman purchaser, and welder, respectively, by F.F. Cruz & Co., Inc. In April and May 2011, they were issued notices of termination, ostensibly due to retirement.
- Allegation of Illegal Dismissal:** The respondents filed a complaint with the DOLE, alleging illegal dismissal because they had not reached the compulsory retirement age and were compelled to retire without consent.
- Conciliation at DOLE:** During conciliation meetings, F.F. Cruz & Co., Inc. agreed to pay the respondents separation pay by way of compromise but did not honor this agreement.
- Referral to NLRC:** The DOLE referred the matter to the NLRC, and the respondents filed complaints for illegal dismissal and monetary claims.
- Decision of Labor Arbiter:** On December 15, 2011, the Labor Arbiter declared the respondents to have been illegally dismissed and ordered their reinstatement along with backwages and attorney's fees amounting to P179,864.69.
- Appeal to NLRC:** The petitioner appealed to the NLRC, which on July 17, 2012, affirmed the Labor Arbiter's decision and recomputed the monetary award to P363,047.68, subject to further re-computation until reinstatement. A motion for reconsideration was denied.
- Execution and Quitclaim:** In response to demands for reinstatement and backwages, the petitioner paid a portion of the monetary award, leading to the execution of Quitclaim and Release documents by the respondents.
- NLRC Order:** The NLRC approved the quitclaims and declared the case closed, prompting the respondents to move for reconsideration, arguing they were not assisted by counsel and were misled.
- CA Petition:** The respondents filed a petition for certiorari with the CA, which ruled the quitclaims valid only concerning the backwages up to the NLRC decision but not for

reinstatement or additional backwages.

10. **CA Resolution**: On reconsideration, the CA held that the quitclaims' consideration was unconscionable and did not bar the respondents from asserting what was legally due, including reinstatement and backwages until reinstatement or separation pay.

Issues:

1. **Validity of Quitclaims and Releases**: Whether the CA erred in invalidating the quitclaims and releases signed by the respondents.
2. **Re-computation of Backwages and Reinstatement**: Whether the CA erred in remanding the case to the NLRC for re-computation of backwages and determination of the viability of reinstatement or payment of separation pay.

Court's Decision:

1. **Validity of Quitclaims and Releases**: The Supreme Court recognized that while quitclaims can be valid, they must be credible, reasonable, and executed voluntarily without deceit. In this case, the court found that the CA correctly identified that the Quitclaims and Releases, promising reinstatement, were ambiguous and potentially misleading. Therefore, they did not bar claims for reinstatement or additional backwages.
2. **Re-computation of Backwages and Reinstatement**: The Supreme Court agreed that the monetary settlement addressed the backwages up to the point of the quitclaim but did not nullify the obligation to reinstate. The court remanded the case to the NLRC to determine whether reinstatement was viable or if separation pay should be awarded in lieu.

Doctrine:

1. **Validity of Quitclaims**: To be valid, quitclaims must be free from fraud, reasonable in consideration, and not contrary to law or public policy.
2. **Reinstatement Rights**: Even after executing a quitclaim, employees may still claim their right to reinstatement if the terms are ambiguous or reasonably interpreted to imply this.
3. **Substantial Compliance**: Employers' partial compliance with monetary awards does not automatically equate to discharge of all obligations, especially if the quitclaim is

ambiguous.

****Class Notes:****

- ****Illegal Dismissal****: Claims involve proving lack of just cause or due process in termination.
- ****Quitclaims****: Must be credible, reasonable, and voluntarily executed.
- ****Reinstatement****: Employees' rights include reinstatement or separation pay if reinstatement is not viable.
- ****Document Intent****: Contemporaneous actions and subsequent behavior elucidate contractual intent, especially in labor disputes.
- ****Substantial Evidence Requirement****: In administrative/quasi-judicial decisions, findings must be supported by substantial evidence.

****Historical Background:****

- The case occurred within an era of robust employee protection laws in the Philippines, reinforcing workers' rights against unlawful termination and ensuring fair compensation.
- Emphasizes the judiciary's role in resolving ambiguities in employment disputes, protecting employees from potential exploitation or misinterpretation of settlement agreements.