

**JUAN C. CARDONA, REPRESENTING ALL FORMER EMPLOYEES OF
THE COMMERCIAL BANK & TRUST COMPANY (COMTRUST),
PETITIONERS, VS. THE HON. NATIONAL LABOR RELATIONS
COMMISSION AND THE BANK ...**

G.R. No. 89007. March 11, 1991

Ponente: MELENCIO-HERRERA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-89007/>

MELENCIO-HERRERA, J.:

The existence or not of wage distortion, and the entitlement to salary differentials, as a consequence of the merger of the former Commercial Bank and Trust Company (CBTC) and the Bank of the Philippine Islands and the absorption by the latter of all CBTC employees, are the basic issues addressed in this labor case.

Petitioner, Juan C. Cardona, was formerly the President of the Comtrust Employees Union (CEU), the recognized labor union of CBTC before it merged with BPI. He instituted the present action in his capacity as such former President and in representation of all CEU members.

Sometime in May 1980, CBTC and CEU started negotiations for the renewal of their 1977-1980 Collective Bargaining Agreement (CBA) that was to expire on 30 June 1980. In the meantime, in July 1980, CBTC and BPI started serious negotiations for a possible merger "in line with the policy of the government on banks merger as a tool of promoting the concept of 'universal banking'." As a result, the CBA negotiations between CBTC and CEU were discontinued without any CBA ever executed.

In November 1980, CEU and its mother union, the National Union of Bank Employees (NUBE), filed with the then Court of First Instance of Manila a damage suit against CBTC and BPI, praying for an injunction against the banks' impending merger unless and until there was "full compliance and conformity by all defendants (CBTC and BPI) with the current CBA in so far as the CBTC rank and file employees are concerned until a subsequent and more inclusive CBA will be replaced x x x." However, the suit was dismissed for lack of jurisdiction. On appeal, the dismissal was affirmed by the Court of Appeals and much later, on 17 January 1988, by this Court.

Meanwhile, the merger between CBTC and BPI pushed through, with the BPI as the surviving bank. All CBTC employees were absorbed by BPI. The merger agreement was signed on 25 December 1980 to take effect on 5 March 1981. The merger was approved by the Central Bank on 1 March 1981. Pertinent to the issues herein is Article II, Sec. 6 of the Articles of Merger, reading:

"x x x it being understood that in accordance with the pertinent provisions of the Corporation Code, BPI shall be responsible and liable for all the liabilities and obligations of CBTC in the same manner as if BPI had itself incurred such liabilities or obligations, and any claim, action or proceeding pending by or against CBTC shall be prosecuted by or against BPI. Neither the rights of creditors nor any lien upon the property of CBTC shall be impaired by the merger."

The provision of the Corporation Code referred to is Sec. 80 [5].[1]

Eight (8) years after the merger, or on 19 April 1988, petitioner, in representation of all ex-CBTC rank and file employees, filed a complaint against BPI before the NLRC Arbitration Branch, seeking wage differentials because of alleged wage disparity/distortion between the absorbed and the original BPI employees. The salary differentials adverted to include P240.00 basic wage and P100.00 COLA increases that allegedly would have been granted during the aborted CBTC-CEU CBA negotiations.

In answer, BPI denied any wage disparity nor liability for any salary differentials. It added that the claim, being in the nature of a money claim, had already prescribed; that petitioner lacks the legal capacity to file the complaint; that resumption of the aborted negotiation was not part of the obligation it assumed as a consequence of the merger; and that it was neither guilty of bad faith nor estopped from repudiating petitioner's claims.

On 22 December 1989, the Labor Arbiter favorably granted petitioner's claim for salary differentials, justified as follows:

"Indeed, we find that a wage distortion really exists and the solution thereto is to grant all former Comtrust employees the deadlocked amount reached during the aborted CBA negotiation.

"WHEREFORE, premises considered, judgment is hereby rendered ordering respondent to pay complainants (all former Comtrust employees) the sum of P340.00 a month from March 1, 1981 to the present minus the sum of P60.00 representing the 3rd year wage increase already paid to them beginning April 1, 1981."

However, on 30 June 1989, the NLRC reversed the Labor Arbiter's Decision, after finding that "the case record is bereft of any evidence whatsoever of the alleged wage distortion" (p. 26, NLRC Decision), and that "we fail to see factual or legal substantiation of the allegations in the complaint." In addition, it held:

"x x x

"4. There was no obligation created for BPI to collectively bargain with its ex-CBTC absorbed employees apart from the existing BPI Union; nor for resumption of the aborted CBTC negotiations.

"5. The so-termed 'deadlocked position' of the parties to such aborted. CBA negotiations was and is meaningless and 'so much water under the bridge;' had CEU promptly accepted then whatever the defunct CBTC had to offer and in line with the cited Merchant-PCI banks merger, it should have posed a different situation altogether.

"6. The BPI pre-merger commitment to the defunct Comtrust vis-a-vis CBTC employee 'absorption' and application of 'common standard and uniformity of treatment with respect to all employees x x x as in x x x merger x x x with the People's Bank' by subsequent alignment of their benefits was fully met.

"x x x

"8. The alleged 'wage distortion', if any, brought on by the Comtrust-BPI merger in 1980-1981, nonetheless would have had to accrue from 1981 (and by no stretching of the Corporation Code application) and governed by the Labor Code as a money claim which has already prescribed."

As previously adverted to, this Petition, challenging the aforesaid Decision, hinges on the following issues: (1) the existence of wage disparity/distortion between the original BPI employees and the ex-CBTC employees; (2) the consequent entitlement of said employees to salary differentials due to said wage distortion; and (3) the non-applicability of the 3-year period of prescription to the claim for salary differentials.

The so-called "wage distortion" is premised on the allegation that all or generally most of the CBTC employees absorbed by BPI received lower salary and wage benefits than original BPI employees. Whether they did so or not however, is, at bottom, a question of fact. The NLRC categorically pronounced that there was no such wage

disparity. That determination, based as it is on substantial evidence, is entitled to respect and finality. This is specially true with respect to the NLRC, which performs not only a statutory function but carries out a Constitutional mandate as well. It is not the function of this Court, which is not a trier of facts, to review the evidence all over again (*Lucena v. Pan-Trade, Inc.*, G. R. No. 80998, 25 April 1989, 172 SCRA 733).

Besides, records show that upon absorption, the ex-CBTC employees' allowances were standardized. In BPI's "Guidelines in the Alignment of CBTC Benefits," the ex-CBTC employees' emergency and cost of living allowances, medicine allowance, clothing allowance, and the first quarter bonus were aligned to the level of the BPI employees. Since the emergency living allowance (ELA) of the ex-CBTC employees was higher than that of BPI, it was reduced. Since the cost of living allowance (COLA) of BPI was higher, the amount taken from ELA was infused into the COLA. The excess was integrated into the basic salary. Except in instances where there was an excess amount from the allowances, in which case the excess should have been integrated into the basic salaries, the current level of basic salary remained the same. The indubitable fact, therefore, is that the ex-CBTC employees were granted salary adjustments in terms of restructuring of benefits and allowances and the grant of P60.00 increase pursuant to the 1979-1981 BPI CBA.

Petitioner's charge of "manipulation" of the figures by the BPI, was not found as a fact by the NLRC.

But petitioner still insists that the ex-CBTC employees should be granted the deadlocked position CBTC offered CEU at the time their CBA negotiations were suspended. The fact remains, however, and it has been mutually admitted by the parties, that no CBA had been executed between CBTC and CEU. It was prematurely aborted by the merger. There being no perfected contract, it can not, therefore, be the source of any legal obligation. It could not be binding on CTBC nor on its successor-in-interest, the BPI, notwithstanding the fact that the latter, under the Articles of Merger, had succeeded to all the assets and liabilities of CTBC. Neither can bad faith be attributed to the BPI for the non-continuation of the CBTC-CEU negotiations, it appearing according to the NLRC findings, that the ex-CBTC employees were already absorbed into the BPI Union.

With the foregoing conclusions arrived at, the merits of the matter of prescription of petitioner's claims need no longer be passed upon.

One last point has to be addressed. The Solicitor General recommends that, in the interest of social justice, petitioner and all CBTC employees, absorbed by BPI as a consequence of the merger, be granted salary differentials from 1 July 1980 (the day after the expiration of the CBTC-CEU CBA), and benefits differentials from 1 July 1980 to 31 December 1980 (the date prior to the alignment of benefits on 1 January 1981). It appears, however, that BPI had already taken it upon itself to adjust the compensation package of ex-CBTC employees in compliance with its pre-merger commitments. At the time of the absorption of the ex-CBTC employees, BPI's existing CBAs were on the third year of implementation. Since said CBTC employees were already BPI employees at that time, they were given the CBA wage increase effective 1 April 1981, amounting to P60.00. At the same time, they were extended the same benefits to which original BPI employees were entitled, the alignment having taken place on 1 January 1981. CBTC employees had accepted and enjoyed the same, only to file this Complaint for differentials after eight (8) years. In the words of the NLRC, that is now "so much water under the bridge."

WHEREFORE, absent grave abuse of discretion, the instant Petition for Certiorari is DENIED and the questioned Resolution of the National Labor Relations Commission (NLRC), dated 30 June 1989, is SUSTAINED.

SO ORDERED.

Paras, Sarmiento, and Regalado, JJ., concur.

Padilla, J., no part.

[1] "Sec. 80. Effects of merger or consolidation. – The merger or consolidation shall have the following effects:

"x x x

"5. The surviving or consolidated corporation shall be responsible and liable for all the liabilities and obligations of each of the constituent corporations in the same manner as if such surviving or consolidated corporation had itself incurred such liabilities or obligations; and any pending claim, action or proceeding brought by or against any of such constituent corporations may be prosecuted by or against the surviving or consolidated corporation. The rights of creditors or liens upon the property of any of such constituent corporations shall not be impaired by such merger or consolidation.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.