

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
EN BANC**

**LUIS M. FUENTES,
*Petitioner,***

-versus-

**G.R. No. 76835
November 24, 1988**

**NATIONAL LABOR RELATIONS
COMMISSION, PHILIPPINE AIRLINES,
INC., and/or RAFAEL IGOA in his
capacity as Executive Vice President of
Philippine Airlines, Inc.,
*Respondents.***

X-----X

DECISION

PARAS, J.:

Petitioner Luis M. Fuentes, then Vice-President for Maintenance and Engineering of the respondent company, Philippine Airlines (PAL, for short), retired from his employment effective July 15, 1978 on the ground of total physical disability, having developed a heart ailment. After rendering thirty-one (31) years of service, he was paid several benefits, namely, Retirement, Accrued Vacation Leave, Employees Group Protection Plan and Ex-gratia benefits, for the total sum of four hundred twenty thousand nine hundred sixty eight pesos and seventy seven centavos (P420,868.77). Thereafter, petitioner

continued to serve PAL as a consultant for a period of one (1) year. For this service, he was paid the sum of one hundred seventeen thousand (P117,000.00) or the equivalent of one-half of his former salary.

On December 15, 1980, petitioner Fuentes wrote respondent Rafael Igoa, Executive Vice-President of PAL requesting for an adjustment of his retirement pay and disability benefits, citing the decision of the National Labor Relations Commission granting additional retirement benefits to one Claro Gloria in Case No. AB-11-126-78. Unable to collect the differential requested, petitioner filed on May 4, 1981, less than three years from his retirement, with the Labor Arbiter a complaint for unpaid money claims arising from employer-employee relationship. In his petition, Fuentes avers that Igoa misrepresented to him that the only retirement plan applicable to the former was that of PAL's "Supervisors Retirement Plan." The total grand sum of P533,968.77 was paid and received by petitioner without any protest because he was made to believe that said retirement plan was the only one applicable to him; and as a consequence, being of that belief, petitioner signed an acknowledgment and release certification which was presented to him for his signature by Igoa.

On October 15, 1981, the Labor Arbiter rendered a decision adverse to petitioner. On appeal to the National Labor Relations Commission, the Commission affirmed the Arbiter's decision. Having been denied the motion for reconsideration of the Commission's decision, Fuentes filed this petition for certiorari.

The issue in this case is whether or not petitioner should be awarded retirement benefit differentials. On the belief that Fuentes should be given the differentials, We hereby give due course to this petition.

The Claro Gloria case cited by petitioner is applicable in this case. It was established that Atty. Hector B. Martinez and Claro Gloria, corporate officers who retired ahead of petitioner, were granted retirement pay under the so-called "highest monthly salary rule" i.e., the retiree is paid one month salary for every year of service computed on the basis of the retiree's highest monthly salary. The record shows that petitioner, a corporate officer, was given as his retirement benefit only the amount of P267,458.00 under the

Supervisor's Retirement Plan, whereas if the aforementioned rule is applied, he would have been entitled to P558,000.00, computed as follows: P18,000.00 (his highest monthly salary) x 31 years of service. Clearly, private respondent Igoa misrepresented to petitioner that the only retirement Plan applicable was the "Supervisor's Retirement Plan." Petitioner, in good faith, believed the representation and consequently accepted the retirement benefit under said plan. It was only after he had learned about the case of Claro Gloria that he came to know about the existence of a retirement plan for corporate officers. The fact that petitioner received his retirement benefits voluntarily and executed a deed of release and quitclaim does not militate against him. In the case of MRR Crew Union vs. PNR, 72 SCRA 88, We held: "That the employee has signed a satisfaction receipt does not result in waiver; the law does not consider as valid any agreement to receive less compensation than what a worker is entitled to recover." A deed of release or quitclaim can not bar an employee from demanding benefits to which he is legally entitled.

NLRC's pronouncement that petitioner's claim "can very well be denied on the basis of laches alone" is patently erroneous. Article 292 of the Labor Code provides:

"All the money claims arising from employer-employee relationship accruing during the effectivity of the Code shall be filed within three (3) years from the time the cause of action accrued, otherwise they shall be forever barred." (Emphasis supplied)

A party cannot be held guilty of laches when he has not incurred undue delay in the assertion of his rights (Nemenzo vs. Sabillano, 25 SCRA 1). On December 15, 1980 or 1 1/2 years after he received his retirement benefit, after learning of the Gloria case, petitioner wrote respondent company requesting adjustment of the retirement pay he had received. In a letter dated March 18, 1981, respondent company refused to accede to his demands. Thus, petitioner filed his complaint on May 4, 1981, within the three-year reglementary period. It cannot be gainsaid that petitioner did not sleep on his supposed rights for an undue length of time.

WHEREFORE, the petition is **GRANTED**; the NLRC resolution is **REVERSED**, and the private respondent PAL is ordered to pay petitioner the retirement benefit differentials prayed for.

SO ORDERED.

**Melencio-Herrera, Padilla and Regalado, *JJ.*, concur.
Sarmiento, *J.*, no part; related to the President of PAL by
affinity.**

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