

SECOND DIVISION

[G.R. No. 200972, December 11, 2019]

PHILIPPINE NATIONAL BANK, PETITIONER, VS. MANUEL C. BULATAO, RESPONDENTS.

DECISION

HERNANDO, J.:

This Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court assails the July 29, 2011 Decision^[2] and February 7, 2012 Resolution^[3] of the Court of Appeals (CA) in CA-G.R. CV No. 94046.

The Antecedents

Respondent Manuel C. Bulatao (Bulatao) was formerly the Senior Vice-President (SVP) of the Information Technology (IT) Group of petitioner Philippine National Bank (PNB). Bulatao's appointment as SVP was evidenced by a letter^[4] dated October 3, 1996 which indicated that the Board of Directors (Board) of PNB approved his appointment by virtue of Board Resolution No. 27 dated September 4, 1996. The same letter specified that his appointment shall take effect on September 16, 1996. Bulatao averred that he accepted the said appointment as reflected in the *conforme* portion of the letter which he signed on October 7, 1996.^[5] Another appointment letter^[6] dated February 17, 1999 confirmed Bulatao's appointment as SVP of the IT Group pursuant to Board Resolution No. 04 dated January 18, 1999.

Bulatao alleged that on October 1, 1999, Mr. Benjamin Palma Gil (Mr. Palma Gil), then PNB's President, and a certain Mr. Samit Roy (Mr. Roy), an Indian national, hosted a dinner meeting for PNB's IT staff to announce the conclusion of a Joint Venture Agreement (JVA) between PNB and Mr. Roy. During dinner Mr. Roy announced that not all of the IT staff would be retained since everyone had to undergo an International Competitive Test as a prerequisite for absorption. Those who would not be absorbed would be offered retirement packages instead. Bulatao contended that the conduct of the International Competitive Test was a ploy to force IT personnel not supportive of the project to leave the bank. Notably, Bulatao was one of those who objected to the JVA because of the supposed huge capital exposure on PNB's end.^[7]

Eventually, Bulatao manifested his intent to retire in a letter^[8] dated November 10, 1999 addressed to Mr. Palma Gil. The pertinent portions of the said letter are as follows:

This is to inform you that I am taking the Bank's offer to retire on 31 December 1999 as announced during your recent meeting with all the IT staff held at the Skyline Executive Lounge last October 20, 1999.

Kindly appoint my replacement effective today because I am going on an official leave of absence.

My continued stay is no longer tenable for the following reasons:

- The working environment brought about by the recent decisions by management makes it difficult for me to be productive.
- I cannot, in conscience, support the decision on the Joint Venture. Consequently, I cannot endorse this project to my staff for support and acceptance.

While I am responsible for introducing Mr. Umen Bewtra of FI of London, I had certain expectations which could have made the venture more acceptable. These are:

- That FI would be our partner in view of their track record of managing the venture at the Bank of Scotland rather than SciCom, which is based in India and is more of an IT consulting company.
- That due process would be followed wherein IT Mancom will collectively evaluate the proposal prior to any decision of higher management, which is what is currently done to procurement of IT resources or decisions requiring IT Steercom deliberation.

Further, on several occasions, I sought an appointment with Mr. Samit Roy to discuss sensitive issues that I verbally brought to his and his partners' attention. These were:

- 10% charge based on annual IT expenditure. This is a clear conflict of interest since there is no motivation for the Joint Venture to reduce PNB's annual costs.
- Elimination of the MIS plan since we already paid Kirchman Corporation for the Strategic Study.

Furthermore, in compliance to your instructions last September 21, 1999, we did seek for an appointment with Mr. Roy. However, VP Claro Fernandez and myself were not able to meet with him although he confirmed a meeting on two occasions.

The aforementioned are the reasons for this decision and I hope they explain clearly why I cannot stay in the employ of the Bank.

xxxx

In closing, I would like to express my gratitude for the privilege of having worked with this fine banking institution.^[9]

Conversely, PNB alleged that Bulatao felt pessimistic about its plan to outsource the services of the IT Group to an "Indian" group. Given that the deal with the "Indian"

group did not materialize, Bulatao made a sudden turnaround.^[10] Meanwhile, Bulatao alleged that on December 26, 1999, he had a meeting with Mr. Lucio Tan (Mr. Tan), then a member of the Board, who asked him to reconsider his decision to retire and join Mr. Tan's management team. Because of this, Bulatao alleged that he went back to work on January 1, 2000.^[11] Around that time, aware that the Board had not yet acted on his application for retirement, Bulatao withdrew the said application in a Memorandum^[12] dated January 25, 2000 addressed to Feliciano L. Miranda, Jr., then Officer-in-Charge/Chief Executive Officer of PNB.

On January 29, 2000 or four days from the date of his Memorandum, Bulatao received a call from the SVP of Human Resource Division who informed him not to report for work in February 2000 as the Board already accepted his "resignation." For this reason, Bulatao stopped reporting for work. Subsequently, he filed a Complaint^[13] for illegal dismissal on February 27, 2000 with the National Labor Relations Commission (NLRC).

Thereafter, Bulatao received a letter^[14] dated March 23, 2000 from Manuel C. Mendoza, the Executive Vice-President of PNB, informing him that the Board, by virtue of Resolution No. 38 of January 28, 2000, approved and confirmed the acceptance of his resignation (given that the Board treated his application for retirement as a resignation).

Meanwhile, the Complaint filed by Bulatao with the NLRC was dismissed for lack of jurisdiction. The NLRC held that since Bulatao was an appointed officer of a corporation, it is the Regional Trial Court (RTC) which has jurisdiction over the case in accordance with Republic Act (RA) No. 8799 or the Securities Regulation Code. In view of this, Bulatao filed a suit for Illegal Termination of Appointment and Damages^[15] before the RTC of Parañaque City.

In his testimony, Bulatao averred that PNB erroneously considered his application for retirement as a resignation. He explained that he applied for retirement because he objected to a deal with the "Indian" group which he claimed will drain the bank in the amount of P970 Million.^[16] He added that Mr. Samit announced that the entire IT team will undergo a test in order to select the people who will be hired in view of the JVA. Furthermore, he stated that he feared a potential bank run may arise due to the JVA.^[17]

Bulatao asserted that after he talked to Mr. Tan, he went back to work so that he would not be declared to be on Absence Without Official Leave (AWOL). Afterwards, he withdrew his application for retirement. However, he received a call from the SVP of Human Resource Division informing him not to report for work starting February 2000 because the Board has already accepted his "resignation."^[18]

Claro Bernardino (Bernardino), the previous Records Custodian of the Records Division of the Human Resource Division and who also previously held a position with the Benefits Division of PNB, testified that at the time, he was in-charge of the processing of separation, retirement, and resignation of PNB personnel. He averred that PNB offered a Special Separation Incentive Plan (SSIP) from July 13, 1998 until September 13, 1998 wherein employees have to apply by submitting forms to the Human Resource Division. Thereafter, PNB again offered a Special Separation Plan

(SSP) from February 15, 2001 to April 10, 2001. Bernardino clarified that there was no other offer for retirement plans in between the periods covered by the SSIP and the SSP.^[19]

On cross-examination, Bernardino stated that his office did not receive Bulatao's application for retirement dated November 10, 1999 but posited that it received a resignation letter.^[20] He said that the letter was treated as one for resignation even if its introductory sentence indicated that it was an application for retirement. Nonetheless, he admitted that if an employee's application for retirement is denied, he or she would accordingly be informed of the said denial and would not be terminated. However, he clarified that if the retiring/resigning employees held the rank of Vice President or Senior Vice President, the Board was tasked to prove their respective resignations or retirement applications.^[21]

The Ruling of the Regional Trial Court

In a May 19, 2009 Decision,^[22] Branch 196 of the RTC of Parañaque City found no proof that Bulatao returned to work. Additionally, there was no document showing that his absence was with prior leave, leading the trial court to conclude that Bulatao abandoned his employment when he went on voluntary leave for 81 days from November 11, 1999 to January 31, 2000 upon submission of a request to avail of an early retirement scheme. His intention to sever his employment with PNB was clearly reflected in his letter when he stated that he cannot stay in the employ of the bank and that PNB should find a replacement. It found that when Bulatao immediately went on leave and did not report without justifiable reason, this signified his intention to sever his relations with the bank which constituted as abandonment of work. Accordingly, the trial court held that Bulatao's application to retire was belied by his actions which actually demonstrated an intention to abandon work, much like a resignation letter which is effective immediately.

The RTC further held that Bulatao did not render service until after his request for retirement was properly screened which disrupted the operations of his division. Bulatao did not even inquire about the status of his request, except when he was informed not to report for work as his resignation had already been approved. The RTC opined that his actions in leaving the bank with haste and staying unaccounted for quite some time left much to be desired for a senior bank official like him.

Moreover, the trial court found that PNB cannot be faulted for considering that Bulatao has resigned from employment given that he has already manifested his intention to leave the bank and in fact immediately left without any valid explanation. PNB was not precluded from accepting Bulatao's resignation as it was the only thing left to be done considering that his acts of abandonment were tantamount to a voluntary resignation. It interpreted Bulatao's memorandum withdrawing his application for retirement as an afterthought given his actuations before the filing thereof, especially when he did not return to work after filing a notice of retirement. Hence, the RTC dismissed Bulatao's Complaint for lack of merit.

Bulatao asked for a reconsideration^[23] but it was denied by the RTC Order^[24] dated August 25, 2009. Dismayed, Bulatao appealed^[25] to the CA.

The Ruling of the Court of Appeals

The CA, in its assailed July 29, 2011 Decision,^[26] held that PNB failed to present evidence to show that there was no announcement regarding the availability of a retirement scheme which encouraged Bulatao to apply for one. It ruled that the announcement made by the President of PNB is akin to the principle of promissory estoppel. It declared that Bulatao properly relied on the announcement made by Mr. Samit and Mr. Palma Gil. However, since there was no actual retirement plan or scheme which Bulatao could have availed of, he correctly withdrew his application for retirement, although it was done for a different reason (which was the supposed prodding of Mr. Tan for him to continue working for PNB).

In any case, the appellate court held that Bulatao's withdrawal of his application for retirement left PNB without any application to accept or deny. Thus, the issuance of Board Resolution No. 38 was flawed because the matter of Bulatao's application was already out of the Board's purview after Bulatao withdrew the same.

The CA noted that even if Bulatao's application for retirement is treated as a resignation letter, the circumstances under which he manifested his desire to leave work rendered the same involuntary. It ruled that Bulatao was prompted to apply for retirement due to unbearable conditions brought about by the employer and not due to his desire to sever his working relationship with PNB.

The appellate court found that Bulatao went on official leave immediately after filing his application for retirement but returned to work on January 1, 2000 until he was verbally informed on January 29, 2000 not to report for work starting February 2000. Bulatao went back to work even without any notice from PNB for him to return; hence, there was no basis for the charge of abandonment. It further found that: "Resolution No. [3]8 that treated [Bulatao's] application for retirement as a resignation letter is silent on this point nor did it mention anything bout the lack of a valid leave form to cover the period that Bulatao was supposed to be on leave. Worse, said resolution came three (3) days after [Bulatao] withdrew his application for retirement. To hold [Bulatao] guilty of abandonment when [PNB] had the opportunity to charge him for the same will be violative of [Bulatao's] right to due process and an evasion of PNB's duty to observe the two (2) notice rule."^[27]

In view of foregoing findings, the CA declared that Bulatao was illegally dismissed and entitled to reinstatement and backwages as well as damages. The dispositive portion of the appellate court's assailed Decision reads:

WHEREFORE, the appeal is **GRANTED** and the Decision dated May 19, 2009 is **REVERSED and SET ASIDE**. Appellant is hereby found to have been illegally dismissed and is hereby ordered **REINSTATED** to his former or equivalent position without loss of seniority rights. Accordingly he is entitled to recover:

1. Backwages, inclusive of allowances, and benefits or their monetary equivalent, computed from the time the same were withheld up to the time of appellant's actual reinstatement;
2. Moral damages in the amount of ONE HUNDRED THOUSAND (PHP100,000.00) PESOS;