

THIRD DIVISION

[G. R. No. 142399, March 12, 2008]

**PHILIPPINE AIRLINES, INCORPORATED, Petitioner, vs.
PHILIPPINE AIRLINES EMPLOYEES ASSOCIATION (PALEA),
Respondent.**

D E C I S I O N

CHICO-NAZARIO, J.:

This Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, as amended, seeks to set aside the 30 April 1999 Decision^[1] and 10 March 2000 Resolution^[2] of the Court of Appeals in CA-G.R. SP No. 50161 entitled, "*Philippine Airlines, Inc. v. National Labor Relations Commission and Philippine Airlines Employees Association (PALEA)*." In the assailed decision, the appellate court dismissed the petition filed by petitioner Philippine Airlines, Inc. (PAL) and affirmed the 28 January 1998 Decision^[3] and 23 June 1998 Resolution^[4] both of the First Division of the National Labor Relations Commission (NLRC) wherein the said Commission reversed and set aside the 12 March 1990 Decision^[5] of the Labor Arbiter in NLRC NCR No. 00-03-01134-89 dismissing the labor complaint filed by Philippine Airlines Employees Association (PALEA), the collective bargaining agent of the rank and file employees of petitioner PAL.

The present petition arose from a labor complaint,^[6] filed by respondent PALEA against petitioners PAL and one Mary Anne del Rosario, Director of Personnel of petitioner PAL, on 1 March 1989. The labor complaint charged both petitioners with unfair labor practice for the alleged non-payment of the 13th month pay of petitioner PAL's employees who had not been regularized as of the 30 of April 1988, allegedly in contravention of the Collective Bargaining Agreement (CBA) entered into by petitioner PAL and respondent PALEA.

The facts are undisputed.

On 6 February 1987, petitioner PAL and respondent PALEA entered into a CBA^[7] covering the period of 1986-1989, to be applied, thus:

Section 3 – Application

All the terms and conditions of employment of employees within the bargaining unit are embodied in this Agreement, and the same shall govern the relationship between the Company and such employees. On the other hand, all such benefits and/or privileges as are not expressly provided for in this Agreement but which are now being accorded in accordance with the PAL Personnel Policies and Procedures Manual, shall

be deemed also part and parcel of the terms and conditions of employment, or of this Agreement.^[8]

Part of said agreement required petitioner PAL to pay its rank and file employees the following bonuses:

Section 4 – 13th Month Pay (Mid-year Bonus).

A 13th month pay, equivalent to one month's current basic pay, consistent with the existing practice shall be paid in advance in May.

Section 5 – Christmas Bonus

The equivalent of one month's current basic pay as of November 30, shall be paid in December as a Christmas bonus. Payment may be staggered in two (2) stages. It is distinctly understood that nothing herein contained shall be construed to mean that the Company may not at its sole discretion give an additional amount or increase the Christmas bonus.^[9]

On 22 April 1988, prior to the payment of the 13th month pay (mid-year bonus), petitioner PAL released a guideline^[10] implementing the aforementioned provision, to wit:

1) Eligibility

- a) Ground employees in the general payroll who are regular as of April 30, 1988;
- b) Other ground employees in the general payroll, not falling within category a) above shall receive their 13th Month Pay on or before December 24, 1988;

2) Amount

- a) For category a) above, one month basic salary as of April 30, 1988;
- b) Employees covered under 1 b) above shall be paid not less than 1/12 of their basic salary for every month of service within the calendar year.

3) Payment Date: May 9, 1988 for category 1 a) above.^[11]

Respondent PALEA assailed the implementation of the foregoing guideline on the ground that all employees of PAL, regular or non-regular, must be paid their 13th month pay. In fact, in a letter dated 16 December 1988, respondent PALEA, through

Herbert C. Baldovino,^[12] informed petitioner PAL that the following regular employees failed to receive their 13th Month Pay as of the date of the correspondence. Said letter reads in part:

16 December 1988

To : Ms. Marie Anne E. Del Rosario
Director-Personnel Services
From : PALEA Board Member-Engineering
Subject : 13th Month Pay

Please be informed that the following regular employees have not received their 13th month pay as of today.

NAME	Date Employed	Date Regularized
1. Renato C. Buenaventura	-Nov. 17, 1987	May 17, 1988
2. Rene Zaragoza	-Dec. 1, 1987	June 1, 1988
3. Ronald Lumibao	-Dec. 1, 1987	June 1, 1988
4. Ruel Villa-real	-Dec. 1, 1987	June 1, 1988
5. Rene Philip Banzon	-Dec. 1, 1987	June 1, 1988

We feel that these employees are entitled to the 13th month pay in accordance with the guidelines issued by your office last 22 April 1988. (Copy attached.)

May we request your good office to do the necessary to effect payment of the 13th month pay to the above listed regular employees in the next regular payroll.

Praying for usual prompt attention.

(Sgd.) HERBERT C. BALDOVINO^[13]

In response thereto, petitioner PAL informed respondent PALEA that rank and file employees who were regularized after 30 April 1988 were not entitled to the 13th month pay as they were already given their Christmas bonuses on 9 December 1988 per the Implementing Rules of Presidential Decree No. 851. ^[14] Petitioner PAL's response is hereunder quoted in full –

January 2, 1989

Mr. Herbert C. Baldovino
PALEA Board Member and
Mr. George M. Pulido

PALEA President
2nd Floor, Philbanking Bldg.
Baclaran, Parañaque, M.M.

Dear Messrs. Baldovino and Pulido:

This pertains to your letter which we received on December 19, 1988 requesting for payment of 13th month pay to employees: Renato Buenaventura, Rene Zaragoza, Ronald Lumibao, Ruel Villareal and Rene Philip Banzon.

We would like to clarify the following:

1. The above-mentioned employees and other similarly situated employees were not paid the 13th month pay on May 9, 1988 because they were not qualified regular employees as of April 30, 1988. However, the guidelines provide that they should be granted their 13th month pay on or before December 24, 1988.
2. The guideline providing for the payment of the 13th month pay on or before December 24, 1988 for those who were not entitled to receive such in May is anchored on the Company's compliance with the Rules and Regulations Implementing PD 851 (pp. 236-237, Labor Code of the Philippines 1988 Edition), to wit:

"Sec. 3. Employees covered – the Decree shall apply to all employees except to: x x x

- c) Employers already paying their employees 13-month pay or more in a calendar year or its equivalent at the time of this issuance; x x x

the term "its equivalent" as used in paragraph (c) hereof shall include Christmas bonus, mid-year bonus, profit-sharing payments and other cash bonuses amounting to not less than 1/12th of the basic salary but shall not include cash and stock dividends, cost of living allowances and all other allowances regularly enjoyed by the employee, as well as non-monetary benefits."

3. In accordance with 1 and 2, the above-mentioned employees were paid the equivalent of their 13th month pay in the form of the Christmas bonus granted by the Company on December 9, 1988. The same was applied to similarly situated employees in compliance with pertinent provisions of the 1986-1989 PAL-PALEA CBA and the Labor Code of the Philippines.

(SGD.) MARIE ANNE E. DEL ROSARIO^[15]

Disagreeing with petitioner PAL, respondent PALEA filed a labor complaint ^[16] for unfair labor practice against petitioner PAL before the NLRC on 1 March 1989. The complaint interposed that "the cut-off period for regularization should not be used

as the parameter for granting [the] 13th month pay considering that the law does not distinguish the status of employment but (sic) the law covers all employees.”

In its Position Paper submitted before the Labor Arbiter, petitioner PAL countered that those rank and file employees who were not regularized by 30 April of a particular year are, in principle, not denied their 13th month pay considering they receive said mandatory bonus in the form of the Christmas Bonus; that the Christmas Bonus given to all its employees is deemed a compliance with Presidential Decree No. 851 and the latter’s implementing rules; and that the foregoing has been the practice formally adopted in previous CBAs’ as early as 1970.

On 12 March 1990, the Labor Arbiter rendered a Decision dismissing the respondent PALEA’s complaint for lack of merit. The Labor Arbiter ruled that petitioner PAL was not guilty of unfair labor practice in withholding the grant of the 13th Month Pay or Mid Year Bonus to the concerned employees. The giving of the particular bonus was said to be merely an additional practice made in the past, “such being the case, it violated no agreement or existing practice or committed unfair labor practice, as charged.”^[17] The decretal part of said ruling reads:

WHEREFORE, decision is hereby issued ordering the dismissal of the complaint.^[18]

Respondent PALEA appealed to the NLRC. In a Decision dated 28 January 1998, the Commission reversed the Decision of the Arbiter. The *fallo* of said decision is quoted hereunder:

WHEREFORE, finding the appeal well-impressed with merit, the decision appealed from is REVERSED and SET ASIDE and a new one ENTERED ordering [herein petitioner] PAL to pay the 13th month pay or mid-year bonus of the members as discussed above.^[19]

The NLRC held that after going through the documents submitted by respondent PALEA in support of its contention, the Commission is convinced that the 13th month pay or mid-year bonus is distinct from the Christmas Bonus, and although petitioner PAL already paid its employees the latter, it must likewise pay them the former. Petitioner PAL moved for reconsideration of the NLRC Decision but this was denied in a Resolution dated 23 June 1998.

Undaunted, petitioner PAL went directly to this Court via a Petition for Review on *Certiorari*. In view of this Court’s decision in *St. Martin Funeral Homes v. National Labor Relations Commission*,^[20] however, the Petition was referred to the Court of Appeals for proper disposition. The case was docketed therein as CA-G.R. SP No. 50161.

On 30 April 1999, the Court of Appeals promulgated its Decision dismissing the Petition filed by petitioner PAL, hence, affirming the 28 January 1998 Decision of the NLRC. The dismissal reads –

WHEREFORE, premises considered, the instant petition is hereby DISMISSED for lack of merit.^[21]