

THIRD DIVISION

[G. R. NO. 142399, June 19, 2007]

**PHILIPPINE AIRLINES, INCORPORATED, PETITIONER, VS.
PHILIPPINE AIRLINES EMPLOYEES ASSOCIATION (PALEA),
RESPONDENT.**

R E S O L U T I O N

CHICO-NAZARIO, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, as amended, seeking 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 Court of Appeals dismissed the petition filed by herein petitioner Philippine Airlines, Inc. (PAL); accordingly, the appellate court affirmed the 28 January 1998 *Decision*^[3] and 23 June 1998 *Resolution*,^[4] of the First Division of the National Labor Relations Commission (NLRC), reversing and setting aside the 12 March 1990 *Decision*,^[5] of the Labor Arbiter in NLRC NCR No. 00-03-01134-89, and ordering the herein PAL to "pay the 13th month pay or mid-year bonus of the (concerned) members (of PALEA) x x x."^[6]

This case arose from a labor Complaint,^[7] filed by herein PALEA against herein PAL and one Mary Anne del Rosario, Director of Personnel, PAL, on 1 March 1989, charging them with unfair labor practice for the non-payment of 13th month pay of employees who had not been regularized as of the 30th of April 1988, as allegedly stipulated in the Collective Bargaining Agreement (CBA) entered into by herein parties.

As culled from the records of the case, the facts are:

On 6 February 1987, herein parties, PAL and PALEA, the collective bargaining agent of the rank and file employees of PAL, entered into a CBA that was to cover the period of 1986 – 1989. Part of said agreement required 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 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.^[8]

Prior to the payment of the 13th month pay (mid – year bonus), PAL released an implementing guideline^[9] on 22 April 1988. It stated that:

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.^[10]

PALEA assailed the implementation of the foregoing guideline. It is of the view that all employees of PAL, whether regular or non-regular, should be paid their 13th month pay. In response to the above, PAL informed 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 the Christmas bonus in December of 1988, per the Implementing Rules of Presidential Decree No. 851.^[11]

PALEA, disagreeing with PAL, filed a Complaint^[12] for unfair labor practice before the NLRC on 1 March 1989. The union argued 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, 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 and has been formally adopted in the previous CBA's as early as 1970.

On 12 March 1990, the Labor Arbiter rendered his decision dismissing the complaint for lack of merit. The dispositive reads:

WHEREFORE, decision is hereby issued ordering the dismissal of the complaint.^[13]

The Labor Arbiter ruled that PAL was not guilty of unfair labor practice in withholding the grant of the **13th Month Pay or Mid-Year Bonus**, as set out in Section 4 of the CBA, 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."^[14]

On appeal to the NLRC, the assailed decision of the Labor Arbiter was reversed. 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 respondent PAL to pay the 13th month pay or mid-year bonus of the members as discussed above.^[15]

The subsequent motion for reconsideration filed by PAL was denied in a Resolution dated 23 June 1998.

Undaunted, PAL went to this Court via a Petition for Review on Certiorari. In view of this Court's decision in *St. Martin Funeral Homes v. NLRC*,^[16] the petition was referred to the Court of Appeals for proper resolution. The case was docketed as CA-G.R. SP No. 50161.

On 30 April 1999, the Court of Appeals promulgated its Decision dismissing the petition filed by PAL. It affirmed the 28 January 1998 NLRC Resolution, *viz*:

WHEREFORE, premises considered, the instant petition is hereby DISMISSED for lack of merit.^[17]

In said Decision, the Court of Appeals held that "from the x x x provision of the said inter-office memo, employees who are regular as of 30 April 1988 and those regularized thereafter, are entitled for (*sic*) the payment of the non-regular employees as provided for under letter (c) of the Guidelines issued."^[18] It reasoned that "if the intention is not to include employees regularized beyond 30 April 1988, they would not have placed letter (c)."^[19] The Court of Appeals further rationalized that "well-settled is the rule that all doubts should be resolved in favor of labor. To rule otherwise is a betrayal of our zealous commitment to uphold the constitutional provision affording protection to labor."^[20]

PAL seasonably moved for the reconsideration of the aforequoted Court of Appeals Decision.

On 10 March 2000, the Court of Appeals promulgated its Resolution denying PAL's prayer for reconsideration.

Hence, this Petition for Review on *Certiorari* filed under Rule 45 of the Rules of

Court, as amended. PAL raises only a single issue for consideration by this Court, that is, "can a court or quasi-judicial agency amend or alter a Collective Bargaining Agreement by expanding its coverage to non-regular employees who are not covered by the bargaining unit?"

We take note, however, that the Securities and Exchange Commission (SEC) had mandated the rehabilitation of PAL. On 17 May 1999, the SEC approved the "Amended and Restated Rehabilitation Plan" of PAL and appointed a "permanent rehabilitation receiver for the latter."^[21] To date, PAL is still undergoing rehabilitation.

The pertinent law concerning the suspension of actions for claims against corporations is Presidential Decree No. 902-A,^[22] as amended.^[23] Particularly, Section 5(d) provides:

SECTION 5. In addition to the regulatory adjudicative functions of the Securities and Exchange Commission over corporations, partnerships and other forms of associations registered with it as expressly granted under existing laws and decrees, it shall have original and exclusive jurisdiction to hear and decide cases involving:

x x x x

d) Petitions of corporations, partnerships or associations to be declared in the state of suspension of payments in cases where the corporation, partnership or association possesses property to cover all its debts but foresees the impossibility of meeting them when they respectively fall due or in cases where the corporation, partnership or association has no sufficient assets to cover its liabilities, but is under the [management of a rehabilitation receiver or] management committee created pursuant to this Decree.

Likewise, Section 6(c), to wit:

SECTION 6. In order to effectively exercise such jurisdiction, the Commission shall possess the following:

x x x x

c) To appoint one or more receivers of the property, real or personal, which is the subject of the action pending before the Commission in accordance with the pertinent provisions of the Rules of Court in such other cases whenever necessary in order to preserve the rights of the parties-litigants and/or protect the interest of the investing public and creditors: x x x Provided, finally, That upon appointment of a management committee, the rehabilitation receiver, board or body, pursuant to this Decree, all actions for **claims** against corporations, partnerships or associations under management or receivership pending before any court, tribunal, board or body shall be suspended accordingly. (Emphasis supplied.)

The term "claim," as contemplated in Sec. 6(c) of Presidential Decree No. 902-A, refers "to debts or demands of a pecuniary nature. It means "the assertion of a right