

### Title:

\*\*Sevilla Trading Company vs. A.V.A. Tomas E. Semana and Sevilla Trading Workers Union-SUPER\*\*

### Facts:

Sevilla Trading Company, engaged in the trading business, had been including various benefits beyond basic pay (like overtime, holiday pay, night premium, and various leaves) in the base figure for computing employees' 13th-month pay for two to three years prior to 1999. Upon auditing and revising their payroll process, the company discovered what they considered an error in this computation method, leading them to adjust the calculation to exclude these benefits, consequently reducing employees' 13th-month pay.

The adjustment was contested by the company's workers, represented by the Sevilla Trading Workers Union-SUPER, through the Collective Bargaining Agreement's Grievance Machinery, claiming it violated the rule against the diminution of benefits. Failing resolution, the matter was elevated to Accredited Voluntary Arbitrator Tomas E. Semana.

Semana ruled in favor of the workers, a decision upheld by the Court of Appeals, leading Sevilla Trading to file a petition to the Supreme Court, arguing the adjustment was a correction of an error, not a diminution of benefits.

### Issues:

1. Whether the petition for certiorari was the proper remedy against the decision of the Accredited Voluntary Arbitrator.
2. Whether the exclusion of certain benefits from the computation of the 13th-month pay violates the rule against the diminishment of benefits under the Labor Code.

### Court's Decision:

The Supreme Court denied the petition, affirming the decisions of both the Arbitrator and the Court of Appeals. The Court clarified that the proper remedy for the company was an appeal under Rule 43 of the 1997 Rules of Civil Procedure, not a certiorari under Rule 65, as it was an available and adequate remedy that the company failed to pursue within the reglementary period. Moreover, the Court found no grave abuse of discretion in the Arbitrator's decision that included benefits previously factored into the 13th-month pay computation over several years as part of a voluntary practice that could not be unilaterally withdrawn without violating the Labor Code's prohibition against the diminution of benefits.

### Doctrine:

The Supreme Court reiterated the doctrine that benefits once given by the employer, when consistently and deliberately extended over a period, become a part of the employment contract and cannot be unilaterally withdrawn or diminished. This principle is anchored on Article 100 of the Labor Code, which prohibits the elimination or diminution of benefits.

**### Class Notes:**

- **\*\*Proper Remedies:\*\*** The decision clarifies that a party aggrieved by the decision of a voluntary arbitrator should file a petition for review under Rule 43, not a petition for certiorari under Rule 65, if an appeal is available and viable.
- **\*\*Employee Benefits and Company Practices:\*\*** Benefits that have been voluntarily given by the employer and have become part of the employees' expected compensation cannot be reduced, eliminated, or withdrawn unilaterally.
- **\*\*Article 100 of the Labor Code:\*\*** Prohibits employers from eliminating or reducing benefits already enjoyed by employees, emphasizing the stability and predictability of employment terms.
- The significance of timelines and procedural correctness in pursuing legal remedies was underscored, emphasizing the importance of choosing the right procedural remedy within the prescribed period.

**### Historical Background:**

This case reflects the evolving interpretation of labor laws in the Philippines, particularly the balance between employer prerogative in business operations and the protection of workers' rights to fair compensation and benefits. By highlighting the importance of established practices and the adherence to procedural remedies, the Court reinforces both the stability of employment contracts and the meticulous nature of legal recourse in employment disputes.