

Title:

Nippon Paint Philippines, Inc. vs. Nippon Paint Philippines Employees Association, G.R. No. [Details Omitted]

Facts:

1. **2007 CBA Agreement**: Nippon Paint Philippines, Inc. (Petitioner) and Nippon Paint Philippines Employees Association (Respondent) entered a Collective Bargaining Agreement (CBA) from January 1, 2007, to December 31, 2011. This CBA included provisions for premium holiday pay.
2. **2009 Enactment**: Republic Act No. 9849 declared Eidul Adha as a regular national holiday.
3. **2010-2011 Payments**: Despite Eidul Adha not being listed in the 2007 CBA as a holiday, the petitioner paid employees an additional holiday pay for this event in 2010 and 2011.
4. **2012 CBA**: A new CBA was executed on March 21, 2012, without mentioning Eidul Adha as a regular holiday, thus no holiday pay for Eidul Adha was given in the year 2012.
5. **Dispute**: Respondent contended that additional holiday pay for Eidul Adha had become a company practice, arguing for entitlement based on the past payments.
6. **Petitioner's Stand**: The payments in 2010 and 2011 were termed by the petitioner as payroll system errors corrected by 2012.
7. **Voluntary Arbitration**: The dispute led to a decision by Voluntary Arbitrator Delia T. Uy denying any arbitrated long-term benefit but did not require refunding of past overpayments.
8. **Appeal to CA**: The respondent filed a Petition for Review under Rule 43 before the Court of Appeals (CA), which reversed the Voluntary Arbitrator's decision, remanding the case for computation of benefits.
9. **Supreme Court Petition**: Petitioner filed a Petition for Review on Certiorari under Rule 45 to challenge the CA's decision.

Issues:

1. **Primary Issue**: Whether the employees are entitled to an additional 100% holiday pay for Eidul Adha as recognized company practice.
2. **Secondary Issue**: Whether the petitioner is entitled to a refund of payments made due to the alleged system error in 2010 and 2011.

Court's Decision:

1. **Diminution of Benefits**: The Supreme Court ruled that payments made from 2010 to

2011 indeed ripened into a company practice, regardless of the claim it was an error.

2. **Company Practice**: The court rejected the petitioner's assertion of system error, underscoring the absence of substantial proof that these payments were anything but deliberate and consistent practice.

3. **Entitlement to Additional Pay**: Eidul Adha's inclusion in holiday pay became a vested right for employees, protected under the non-diminution principle of benefits.

4. **Payment of Refund**: The court did not support the argument for repayment by employees as the payments were not erroneously made but became binding company practice.

Doctrine:

1. **Non-Diminution of Benefits**: Employees have a vested right over existing benefits voluntarily granted by the employer. These benefits cannot be reduced, diminished, discontinued, or eliminated unilaterally.

2. **Company Practice**: For a benefit to be considered a company practice, it must have been consistently and deliberately extended over a meaningful length of time (which could be as short as two years) and done knowingly despite it not being required by any law or agreement.

Class Notes:

- **Key Legal Principles**:

- **Non-diminution of Benefits (Article 100, Labor Code)**: Prevents reduction or discontinuation of employee benefits once established.

- **Company Practice Doctrine**: A benefit given consistently and intentionally over time becomes an entitlement.

- **Statutory Provisions**:

- **Article 94 & 100, Labor Code**: Regular holiday pay and protection against the elimination of established benefits.

- **Application in the Case**:

- A company practice established over two years for holiday pay was binding.

- Payroll errors, when unsubstantiated, don't negate granted benefits.

Historical Background:

Republic Act No. 9849, enacted in 2009, declared Eidul Adha a regular holiday, expanding the scope of recognized public holidays in the Philippines. This legislative amendment prompted discussions and disputes in labor compensation that the judiciary had to address, notably, in the context of private agreements and company practices outside explicit

legislative mandates. This specific case highlights the judicial system's role in mediating between labor rights and administrative practices within private enterprises.