

**\*\*Title:\*\***

**\*Songco, Cipres, and Manuel vs. National Labor Relations Commission (NLRC), Labor Arbiter Flavio Aguas, and F.E. Zuellig (M), Inc.\***

**\*\*Facts:\*\***

1. **\*\*Initial Termination\*\***: F.E. Zuellig (M), Inc. filed an application with Department of Labor's Regional Office No. 4 to terminate employees Jose Songco, Romeo Cipres, and Amancio Manuel citing financial losses as reason.
2. **\*\*Opposition\*\***: The petitioners opposed the application, arguing the company wasn't experiencing financial losses. They suggested their termination was due to union membership.
3. **\*\*Resolution of Dismissal\*\***: Petitioners later agreed to not contest their dismissal but discussed the sole issue of separation pay computation.
4. **\*\*Employment Details\*\***: Petitioners, part of Zuellig's sales force, earned a monthly salary of at least P400, plus commissions for sales made.
5. **\*\*CBA Provisions\*\***: The Collective Bargaining Agreement (CBA) between Zuellig and its employees specified separation pay as one month's salary per year of service.
6. **\*\*Labor Code Provisions\*\***: Article 284 of the Labor Code differentiated separation pay based on the reason for dismissal, providing different amounts for retrenchment to prevent losses and installation of labor-saving devices.
7. **\*\*Labor Arbiter's Decision\*\***: On June 26, 1978, Labor Arbiter decided petitioners were entitled to one month's salary per year of service excluding commissions and allowances.
8. **\*\*Appeal\*\***: Petitioners appealed to the NLRC which dismissed their appeal, upholding the Labor Arbiter's decision.
9. **\*\*Partial Withdrawal\*\***: On June 2, 1980, petitioner Cipres withdrew his petition after receiving his separation pay.
10. **\*\*Certiorari Petition\*\***: Petitioners Songco and Manuel filed for certiorari with the Supreme Court challenging exclusion of commissions and allowances from separation pay calculation.

**\*\*Issues:\*\***

1. **\*\*Inclusion of Earned Sales Commissions\*\***: Whether earned sales commissions should be included in the monthly salary for separation pay computation.
2. **\*\*Inclusion of Allowances\*\***: Whether allowances should be included in the monthly salary for separation pay computation.

**Court's Decision:**

The Supreme Court resolved the issues as follows:

1. **Inclusion of Allowances:**

- **Doctrine from Santos Case:** The Court cited the Santos v. NLRC case which ruled that both basic salary and allowances must be included in computing separation pay.
- **Court's Ruling:** The Court reiterated that allowances should be included in the petitioners' separation pay calculations.

2. **Inclusion of Earned Sales Commissions:**

- **Definition of Wage:** According to Article 97(f) of the Labor Code, commissions are included as part of 'wage'.
- **Interchangeability of Terms:** The Court noted that terms like 'salary', 'wage', and 'pay' are interchangeable; thus, earned commissions should be part of the salary.
- **Legal and Logical Rationale:** The Court emphasized that excluding commission from salary computation would not align with the liberal spirit of labor laws.
- **Approach in Other Cases:** Comparison with other cases where commissions directly linked to service output were included supports this inclusion.
- **Conclusion:** The earned sales commissions should be included in the monthly salary when computing separation pay.

**Doctrine:**

- **Liberal Interpretation in Favor of Labor:** In line with Articles 4 and 1702 of the Labor Code, any ambiguity or doubt between law provisions should be resolved favoring labor.
- **Inclusion of All Earnings:** Both allowances and commissions are considered part of an employee's salary for the purposes of separation pay. Article 97(f) which defines 'wage' to include commissions, was emphasized.

**Class Notes:**

1. **Key Elements:**

- **Separation Pay Calculation:** Comprehensive inclusion of basic salary, commissions, and allowances per applicable statutes (Labor Code Art. 284) and precedents.
- **Interpretation Favoring Employees:** All labor laws and contracts should be construed towards benefiting the employee's welfare.
- **Statutory Provisions:**
- **Art. 284 Labor Code:** Defines entitlements for various termination causes (redundancy, financial losses).

- **Art. 97(f) Labor Code**: Includes commission under wage definition.
- **Case Precedents**: Refer to Santos v. NLRC for inclusion of allowances and Planters Products, Inc. v. NLRC regarding general employee compensations.

**Historical Background:**

This case stems from labor disputes prevalent during the late 1970s Philippines, amid labor organization's push for better security of tenure and fair separation allowances. During this period, labor laws underwent significant scrutiny to ensure equitable treatment of workers against possible exploitative practices of employers, reflecting the broader socio-economic and political landscape advocating for labor rights.

The Supreme Court's decision here reflected ongoing adjustments and interpretations in labor laws aiming at more comprehensive coverage and enforcement for the worker's protection consistent with the Labor Code's overarching objectives.