

**\*\*Title:** Bisig ng Manggagawa ng Philippine Refining Co., Inc. vs. Philippine Refining Co., Inc. (194 Phil. 608)\*\*

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

1. On April 15, 1966, Bisig ng Manggagawa ng Philippine Refining Company, Inc. (Plaintiff) filed a petition for declaratory relief with the Court of First Instance (CFI) of Manila (Civil Case No. 65082).
2. The petition sought to clarify whether Christmas bonuses and other fringe benefits should be included in the calculation of overtime pay under the 1965 Collective Bargaining Agreement (CBA) with Philippine Refining Co., Inc. (Defendant).
3. The 1965 CBA stated: "Overtime pay at the rate of regular base pay plus 50% thereof shall be paid for all work performed in excess of eight hours on ordinary days within the work week (Monday to Friday)."
4. The Plaintiff argued that these additional benefits should be factored into overtime pay calculations, referencing a decision from the Supreme Court (NAWASA vs. NAWASA Consolidated Unions, G.R. No. L-18938).
5. The Defendant opposed, asserting the intention behind "regular base pay" explicitly excluded bonuses and fringe benefits, pointing to an agreed overtime rate of 50%, higher than legally required 25%.
6. On May 3, 1966, the Defendant filed an answer, arguing their interpretation was consistent with prior CBAs and that NAWASA's precedent should not bind private corporations.
7. CFI of Manila conducted a pre-trial on September 16, 1966, to define issues: the interpretation of "regular base pay" and the applicability of NAWASA to the case.
8. Witnesses from both sides testified, emphasizing past practices where overtime was computed based only on the basic monthly salary.
9. Defendant agreed to higher overtime pay excluding bonuses with acknowledgment that the issue's judicial resolution was acceptable.
10. The CFI decided on December 8, 1966, to exclude Christmas bonuses and fringe benefits from "regular base pay" in overtime computation based on mutual agreement under current and prior agreements.

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

1. Whether the phrase "regular base pay" in the 1965 CBA includes Christmas bonuses and other fringe benefits.
2. Whether the stipulation on overtime pay in the CBA violates the NAWASA doctrine if it does not include these additional benefits.

**\*\*Court's Decision:\*\***

**\*\*1. Interpretation of "Regular Base Pay"\*\***

- The Court affirmed that "regular base pay" is clear and unambiguous, referring exclusively to the basic monthly salary.
- The historical context from previous CBAs and enforcement practices supported this exclusion.
- The Plaintiff's attempts to renegotiate did not lead to any substantive change in understanding or wording of the term within the CBA.

**\*\*2. Applicability of the NAWASA Ruling\*\***

- The NAWASA ruling stipulates that for overtime computation, the "regular wage" includes all agreed payments, encompassing additional perks received during the workweek.
- However, the Court contended that contractual agreements could adopt different formulas as long as the output is not inferior to statutory minimums.
- The CBA formula (regular base pay plus 50%) was calculated to yield higher compensation than the statutory requirement (regular salary plus 25%).
- Consequently, the Court upheld the validity of the CBA's formula as it did not undercut the legal standard.

**\*\*Doctrine:\*\***

- The legal principle established is that the term "regular base pay" is confined to basic salary exclusive of bonuses and fringe benefits.
- Contractual agreements providing for higher overtime rates than statutory minimums are valid, allowed provided they meet or exceed statutory compensation levels.

**\*\*Class Notes:\*\***

- **\*\*Key Concepts:\*\***

- "Regular base pay" vs. "Regular wage or salary"
- Statutory minimum requirements for overtime compensation
- Validity of contractual agreements that exceed statutory benefits

- **\*\*Relevant Statutory Provisions:\*\***

- Commonwealth Act No. 444, as amended:
- Sec. 3: Overtime pay minimum of 25%
- Sec. 4: Additional 25% remuneration for Sunday and legal holidays

**\*\*Historical Background:\*\***

- The dispute arose during a period of labor activism in the 1960s, as worker unions

increasingly demanded clearer, fairer terms in CBAs.

- NAWASA vs. NAWASA Consolidated Unions set a precedent on including various benefits in wage calculations, which plaintiffs tried to extend to private sector agreements.