

PHILIPPINE AIRLINES, INCORPORATED, Petitioner, vs. PHILIPPINE AIRLINES EMPLOYEES ASSOCIATION (PALEA), Respondent.

G.R. No. 142399. March 12, 2008

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

This Petition for Review on Certiorari under Rule 45 of the Rules of Court, as amended, seeks 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 appellate court dismissed the petition filed by petitioner Philippine Airlines, Inc. (PAL) and affirmed the 28 January 1998 Decision[3] and 23 June 1998 Resolution,[4] both of the First Division of the National Labor Relations Commission (NLRC) wherein the said Commission reversed and set aside the 12 March 1990 Decision[5] of the Labor Arbiter in NLRC NCR No. 00-03-01134-89 dismissing the labor complaint filed by Philippine Airlines Employees Association (PALEA), the collective bargaining agent of the rank and file employees of petitioner PAL.

The present petition arose from a labor complaint,[6] filed by respondent PALEA against petitioners PAL and one Mary Anne del Rosario, Director of Personnel of petitioner PAL, on 1 March 1989. The labor complaint charged both petitioners with unfair labor practice for the alleged non-payment of the 13th month pay of petitioner PAL’s employees who had not been regularized as of the 30 of April 1988, allegedly in contravention of the Collective Bargaining Agreement (CBA) entered into by petitioner PAL and respondent PALEA.

The facts are undisputed.

On 6 February 1987, petitioner PAL and respondent PALEA entered into a CBA[7] covering the period of 1986-1989, to be applied, thus:

Section 3 – Application

All the terms and conditions of employment of employees within the bargaining unit are embodied in this Agreement, and the same shall govern the relationship between the Company and such employees. On the other hand, all such benefits and/or privileges as are not expressly provided for in this Agreement but which are now being accorded in accordance with the PAL Personnel Policies and Procedures Manual, shall be deemed also part and parcel of the terms and conditions of employment, or of this Agreement.[8]

Part of said agreement required petitioner 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 current 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.[9]

On 22 April 1988, prior to the payment of the 13th month pay (mid-year bonus), petitioner PAL released a guideline[10] implementing the aforequoted provision, to wit:

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.[11]

Respondent PALEA assailed the implementation of the foregoing guideline on the ground that all employees of PAL, regular or non-regular, must be paid their 13th month pay. In fact, in a letter dated 16 December 1988, respondent PALEA, through Herbert C. Baldovino,[12] informed petitioner PAL that the following regular employees failed to receive their 13th Month Pay as of the date of the correspondence. Said letter reads in part:

16 December 1988

To : Ms. Marie Anne E. Del Rosario

Director-Personnel Services

From : PALEA Board Member-Engineering

Subject : 13[th] Month Pay

Please be informed that the following regular employees have not received their 13[th] month pay as of today.

NAME Date Employed Date Regularized

1. Renato C. Buenaventura -Nov. 17, 1987 May 17, 1988

2. Rene Zaragoza -Dec. 1, 1987 June 1, 1988

3. Ronald Lumibao -Dec. 1, 1987 June 1, 1988

4. Ruel Villa-real -Dec. 1, 1987 June 1, 1988

5. Rene Philip Banzon -Dec. 1, 1987 June 1, 1988

We feel that these employees are entitled to the 13th month pay in accordance with the guidelines issued by your office last 22 April 1988. (Copy attached.)

May we request your good office to do the necessary to effect payment of the 13th month pay to the above listed regular employees in the next regular payroll.

Praying for usual prompt attention.

(Sgd.) HERBERT C. BALDOVINO[13]

In response thereto, petitioner PAL informed respondent PALEA that rank and file employees who were regularized after 30 April 1988 were not entitled to the 13[th] month pay as they were already given their Christmas bonuses on 9 December 1988 per the Implementing Rules of Presidential Decree No. 851.[14] Petitioner PAL's response is hereunder quoted in full –

January 2, 1989

Mr. Herbert C. Baldovino
PALEA Board Member and
Mr. George M. Pulido
PALEA President
2nd Floor, Philbanking Bldg.
Baclaran, Parañaque, M.M.

Dear Messrs. Baldovino and Pulido:

This pertains to your letter which we received on December 19, 1988 requesting for payment of 13[th] month pay to employees: Renato Buenaventura, Rene Zaragoza, Ronald Lumibao, Ruel Villareal and Rene Philip Banzon.

We would like to clarify the following:

- The above-mentioned employees and other similarly situated employees were not paid the 13th month pay on May 9, 1988 because they were not qualified regular employees as of April 30, 1988. However, the guidelines provide that they should be granted their 13[th] month pay on or before December 24, 1988.

- The guideline providing for the payment of the 13th month pay on or before December 24, 1988 for those who were not entitled to receive such in May is anchored on the Company's compliance with the Rules and Regulations Implementing PD 851 (pp. 236-237, Labor Code of the Philippines 1988 Edition), to wit:

“Sec. 3. Employees covered – the Decree shall apply to all employees except to: x x x

c)

Employers already paying their employees 13-month pay or more in a calendar year or its equivalent at the time of this issuance; x x x

the term “its equivalent” as used in paragraph (c) hereof shall include Christmas bonus, mid-year bonus, profit-sharing payments and other cash bonuses amounting to not less than 1/12[th] of the basic salary but shall not include cash and stock dividends, cost of living allowances and all other allowances regularly enjoyed by the

employee, as well as non- monetary benefits.”

- In accordance with 1 and 2, the above-mentioned employees were paid the equivalent of their 13th month pay in the form of the Christmas bonus granted by the Company on December 9, 1988. The same was applied to similarly situated employees in compliance with pertinent provisions of the 1986-1989 PAL-PALEA CBA and the Labor Code of the Philippines.

(SGD.) MARIE ANNE E. DEL ROSARIO[15]

Disagreeing with petitioner PAL, respondent PALEA filed a labor complaint[16] for unfair labor practice against petitioner PAL before the NLRC on 1 March 1989. The complaint interposed 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, petitioner 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 formally adopted in previous CBAs’ as early as 1970.

On 12 March 1990, the Labor Arbiter rendered a Decision dismissing the respondent PALEA’s complaint for lack of merit. The Labor Arbiter ruled that petitioner PAL was not guilty of unfair labor practice in withholding the grant of the 13th Month Pay or Mid Year Bonus 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.”[17] The decretal part of said ruling reads:

WHEREFORE, decision is hereby issued ordering the dismissal of the complaint.[18]

Respondent PALEA appealed to the NLRC. In a Decision dated 28 January 1998, the Commission reversed the Decision of the Arbiter. 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 [herein petitioner] PAL to pay the 13th month pay or mid-year bonus of the members as discussed above.[19]

The NLRC held that after going through the documents submitted by respondent PALEA in support of its contention, the Commission is convinced that the 13th month pay or mid-year bonus is distinct from the Christmas Bonus, and although petitioner PAL already paid its employees the latter, it must likewise pay them the former. Petitioner PAL moved for reconsideration of the NLRC Decision but this was denied in a Resolution dated 23 June 1998.

Undaunted, petitioner PAL went directly to this Court via a Petition for Review on Certiorari. In view of this Court’s decision in *St. Martin Funeral Homes v. National Labor Relations Commission*,[20] however, the Petition was referred to the Court of Appeals for proper disposition. The case was docketed therein as CA-G.R. SP No. 50161.

On 30 April 1999, the Court of Appeals promulgated its Decision dismissing the Petition filed by petitioner PAL, hence, affirming the 28 January 1998 Decision of the NLRC. The dismissal reads –

WHEREFORE, premises considered, the instant petition is hereby DISMISSED for lack of merit.[21]

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.”[22] It reasoned that “if the intention is not to include employees regularized beyond 30 April 1988, they would not have placed letter (c).”[23] 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.”[24]

Petitioner PAL seasonably moved for the reconsideration of the aforequoted Court of Appeals Decision, but was also denied in a Resolution dated 10 March 2000.

Hence, the instant Petition for Review on Certiorari under Rule 45 of the Rules of Court, as amended.

In a Resolution[25] dated 19 June 2007, We resolved to suspend the proceedings of the case at bar in view of the on-going rehabilitation of petitioner PAL as mandated by the Securities and Exchange Commission. On 28 September 2007, however, the SEC issued an Order[26] granting petitioner PAL’s request to exit from rehabilitation after successfully stabilizing its financial operations. Hence, the suspension earlier issued by this Court is hereby lifted, making the present Petition ripe for resolution.

In refusing payment of the mid-year bonus, petitioner PAL argues that 1) the CBA does not apply to non-regular employees such that any benefits arising from said agreement cannot be made to apply to them, including the mid- year bonus; and 2) it has always been the company practice not to extend the mid-year bonus to those employees who have not attained regular status prior to the month of May, when payment of the particular bonus accrues.

Respondent PALEA, however, disputes petitioner PAL’s allegations and maintains that “the benefits to all employees in the collective bargaining unit, including those who do not belong to the chosen bargaining labor organization, applies.”[27] Put in another way, “[a]ll employees in PAL are entitled to the same benefit as they are within the same collective bargaining unit and the entitlement to such benefit spills over to even non-union members.”[28] Anent the supposed company practice of petitioner PAL not to extend the payment of the 13[th] month pay or mid-year bonus to non- regular employees, respondent PALEA contends that non-payment of said benefit is considered a diminution of privileges or benefits proscribed by Presidential Decree No. 851; that petitioner PAL misrepresented that the 13[th] month pay or mid-year bonus is the same as the Christmas bonus when, in actuality, the latter is entirely different as it is a benefit paid under the provisions of the CBA, while the former is one mandated by law, Presidential Decree No. 851, in particular.

The sole issue for resolution of this Court is whether or not the Court of Appeals committed reversible error in affirming the order of the NLRC for the payment of the 13[th] month pay or mid-year bonus to its employees regularized after 30 April 1988. We rule in the negative.

Petitioner PAL maintains that in extending the grant of the 13[th] month pay or mid-year bonus to employees who are not covered by the CBA, the Court of Appeals, in effect, “modified or altered the terms of said agreement and expanded its coverage to non-regular employees who are not covered by the bargaining unit.”[29] The issue on modification or alteration of the CBA, however, was raised by petitioner PAL rather belatedly and invoked for the first time on appeal. This being the case, We are barred from taking cognizance of and resolving the issue for it would be violative of the proscription against the presentation of new issues on appeal. To do otherwise would be offensive to the basic rules of fair play, justice and due process.[30]

Be that as it may, a cursory reading of the 1986-1989 CBA of the parties herein will instantly reveal that Art. I, Sec. 3 of said agreement made its provision applicable to all employees in the bargaining unit. The particular section specifically defined the scope of application of the CBA, thus:

Section 3 – Application. All the terms and conditions of employment of employees within the bargaining unit are embodied in this Agreement, and the same shall govern the relationship between the Company and such employees. On the other hand, all such benefits and/or privileges as are not expressly provided for in this Agreement but which are now being accorded in accordance with the PAL Personnel Policies and Procedures Manual, shall be deemed also part and parcel of the terms and conditions of employment, or of this Agreement.

without distinguishing between regular and non-regular employees. As succinctly put by respondent PALEA in its Memorandum:

All employees in (sic) PAL are entitled to the same benefit as they are within the same collective bargaining unit and the entitlement to such benefit spills over to even non-union members.[31]

It is a well-settled doctrine that the benefits of a CBA extend to the laborers and employees in the collective bargaining unit, including those who do not belong to the chosen bargaining labor organization.[32] Otherwise, it would be a clear case of discrimination.

Hence, to be entitled to the benefits under the CBA, the employees must be members of the bargaining unit, but not necessarily of the labor organization designated as the bargaining agent. A “bargaining unit” has been defined as a group of employees of a given employer, comprised of all or less than all of the entire body of employees, which the collective interest of all the employees, consistent with equity to the employer, indicates to be the best suited to serve the reciprocal rights and duties of the parties under the collective bargaining provisions of the law.[33] At this point, the allegation of petitioner PAL that the non-regular employees do not belong to the collective bargaining unit and are thus not covered by the CBA is unjustified and unsubstantiated. It is apparent to us that petitioner PAL excludes certain employees from the benefits of the CBA only because they have not yet achieved regular status by the cut-off date, 30 April 1988. There is no showing that the non-regular status of the concerned employees by said cut-off date sufficiently distinguishes their interests from those of the regular employees so as to exclude them from the collective bargaining unit and the benefits of the CBA.

Having ruled that the benefits provided by the subject CBA are applicable even to non-regular employees who belong to the bargaining unit concerned, the next and crucial query to be addressed is whether the 13[th] month pay or mid- year bonus can be equated to the Christmas bonus.

Petitioner PAL equates the 13[th] month pay, also referred to as the mid-year bonus in the CBA, to the Christmas bonus. It insists that “[u]nder the 13[th] Month Pay Law (P.D. 851, as amended), the 13th Month Pay is due on or before December 24[th] of the year. Therefore, non-regular employees are entitled to their 13[th] Month Pay, not in the month of May, but in the month of December when the Christmas Bonus becomes due. The Christmas bonus becomes their 13[th] Month Pay, by express provision of Section 2, Presidential Decree 851.”[34] Simply put, as far as non-regular employees are concerned, petitioner PAL alleges that their 13[th] month pay shall be the same as their Christmas bonus and will be paid according to the terms governing the latter.

We do not agree. From the facts of the present Petition, it is crystal clear that petitioner PAL is claiming an exemption from payment of the 13[th] month pay or mid-year bonus provided in the CBA under the guise of paying the Christmas bonus which it claims to be the equivalent of the 13[th] month pay under Presidential Decree No. 851.

Presidential Decree No. 851 mandates that all employers must pay all their employees receiving a basic salary of

not more than P1,000.00 a month, regardless of the nature of the employment, a 13th month pay not later than 24 December of every year. Memorandum Order No. 28,[35] dated 13 August 1986, removed the salary ceiling, generally making all employees entitled to the 13[th] month pay regardless of the amount of their basic salary, designation or employment status, and irrespective of the method by which their wages are paid, provided that they have worked for at least one (1) month during a calendar year.[36] Presidential Decree No. 851, as amended, does admit of certain exceptions or exclusions from its coverage, among which is:

Sec. 3(c). Employers already paying their employees 13-month pay or more in a calendar year or its equivalent at the time of this issuance.

While employers already paying their employees a 13[th] month pay or more in a calendar year or its equivalent at the time of the issuance of Presidential Decree No. 851 are already exempted from the mandatory coverage of said law, petitioner PAL cannot escape liability in this case by virtue thereof.

It must be stressed that in the 1986-1989 CBA, petitioner PAL agreed to pay its employees 1) the 13[th] month pay or the mid-year bonus, and 2) the Christmas bonus. The 13[th] month pay, guaranteed by Presidential Decree No. 851, is explicitly covered or provided for as the mid-year bonus in the CBA, while the Christmas bonus is evidently and distinctly a separate benefit. Petitioner PAL may not be allowed to brush off said distinction, and unilaterally and arbitrarily declare that for non-regular employees, their Christmas bonus is the same as or equivalent to the 13th month pay.

Presidential Decree No. 851 mandates the payment of the 13[th] month pay to uniformly provide the low-paid employees with additional income. It but sets a minimum requirement that employers must comply with. It does not intend, however, to preclude the employers from voluntarily granting additional bonuses that will benefit their employees. A bonus is an amount granted and paid to an employee for his industry and loyalty which contributed to the success of the employer's business and made possible the realization of profits. It is an act of generosity of the employer for which the employee ought to be thankful and grateful. It is also granted by an enlightened employer to spur the employee to greater efforts for the success of the business and realization of bigger profits.[37] We deem that the Christmas bonus in this case is of this nature, although, by virtue of its incorporation into the CBA, it has become more than just an act of generosity on the part of petitioner PAL, but a contractual obligation it has undertaken.

The inclusion of a provision for the continued payment of the Christmas bonus in the 1986-1989 CBA between respondent PALEA and petitioner PAL contradicts the company's claim that the grant of such benefit was intended to be credited as compliance with the statutory mandate to give the 13[th] month pay. Memorandum Order No. 28, extending Presidential Decree No. 851 to all employees regardless of the amount of their monthly salaries, was issued on 13 August 1986. As early as said date, therefore, petitioner PAL was already fully aware that it was lawfully compelled to accord all its employees a 13[th] month pay. Accordingly, if petitioner PAL truly intended that the Christmas bonus be treated as the "equivalent" of the 13[th] month pay required by law, then said intention should have been expressly declared in their 1986-1989 CBA, or the separate provision therein on the Christmas bonus should have been removed because it would only be superfluous.[38]

In *United CMC Textile Workers Union v. The Labor Arbiter*,[39] one of the issues passed upon by the Court was whether or not an employer who was already paying Christmas bonus pursuant to a CBA, was still bound to pay the 13[th] month pay pursuant to Presidential Decree No. 851. Finding that the intention of the parties to the CBA was that the Christmas bonus was meant to be on top of the 13[th] month pay, the Court ordered the employer to pay the employees both. The Court ratiocinated:

If the Christmas bonus was included in the 13[th] month pay, then there would be no need for having a specific

provision on Christmas bonus in the CBA. But it did provide for a bonus in graduated amounts depending on the length of service of the employee. The intention is clear therefore that the bonus provided in the CBA was meant to be in addition to the legal requirement. x x x A bonus under the CBA is an obligation created by the contract between the management and workers while the 13th month pay is mandated by the law (P.D. 851).

In the case under consideration, the provision for the payment of the Christmas bonus, apart from the 13th month pay, was incorporated into the 1986-1989 CBA between respondent PALEA and petitioner PAL without any condition. The Christmas bonus, payable in December of every year, is distinguished from the 13th month pay, due yearly in May, for which reason it was denominated as the mid-year bonus. Such being the case, the only logical inference that could be derived therefrom is that petitioner PAL intended to give the members of the bargaining unit, represented by respondent PALEA, a Christmas bonus over and above its legally mandated obligation to grant the 13th month pay.

The non-regular rank and file employees of petitioner PAL as of 30 April 1988, are not actually seeking more benefits than what the other member-employees of the same bargaining unit are already enjoying. They are only requesting that all members of the bargaining unit be treated equally and afforded the same privileges and benefits as agreed upon between respondent PALEA and petitioner PAL in the CBA. Petitioner PAL is committing a patent act of inequity that is grossly prejudicial to the non-regular rank and file employees there being no rational basis for withholding from the latter the benefit of a Christmas bonus besides the 13th month pay or mid-year bonus, while the same is being granted to the other rank and file employees of petitioner PAL who have been regularized as of 30 April 1988, although both types of employees are members of the same bargaining unit. As it had willfully and intentionally agreed to under the terms of the CBA, petitioner PAL must pay its regular and non-regular employees who are members of the bargaining unit represented by respondent PALEA their 13th month pay or mid-year bonus separately from and in addition to their Christmas bonus.

A collective bargaining agreement refers to a negotiated contract between a legitimate labor organization and the employer concerning wages, hours of work and all other terms and conditions of employment in a bargaining unit.^[40] As in all other contracts, the parties to a CBA may establish such stipulations, clauses, terms and conditions as they may deem convenient, provided these are not contrary to law, morals, good customs, public order or public policy.^[41] Thus, where the CBA is clear and unambiguous, it becomes the law between the parties, and compliance therewith is mandated by the express policy of the law.^[42]

WHEREFORE, premises considered, the petition is hereby DENIED. The Decision of the Court of Appeals promulgated on 30 April 1999, and its Resolution dated 10 March 2000, are hereby AFFIRMED. Costs against petitioner Philippine Airlines, Inc.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Nachura, and Reyes, JJ., concur.

[1] Penned by Court of Appeals Associate Justice Eugenio S. Labitoria with Associate Justices Jesus M. Elbinias and Marina L. Buzon, concurring; Annex “A” of the Petition; rollo, pp. 20-25.

[2] Annex “L” of the Petition; id. at 121.

[3] Penned by NLRC Commissioner Alberto R. Quimpo with Commissioner Vicente S. E. Veloso, concurring; Presiding Commissioner Rogelio I. Rayala was on leave; Annex “G” of the Petition; id. at 81 – 90.

[4] Annex “I” of the Petition; id. at 96 – 97.

[5] Annex “E” of the Petition; id. at 59 – 62.

[6] Annex “B” of the Petition; id. at 27.

[7] Exhibit “A” for respondent PALEA and Exhibit “2” for petitioner PAL, both in NLRC-NCR Case No. 00-03-01134-89; records, p. 145.

[8] 1986-1989 Agreement between Philippine Airlines and Philippine Airlines Employees’ Association (PALEA), Art. I, Sec. 3 – Scope of the Agreement, CBA, p. 2; id.

[9] Id., Art. V, Secs. 4 and 5 – Pay Scale, CBA, p. 19.

[10] In the form of a Memorandum dated 22 April 1988.

[11] Rollo, pp. 82-83.

[12] Then Board Member of respondent PALEA.

[13] Annex B; Records, Vol. 2, p. 20.

[14] Entitled “REQUIRING ALL EMPLOYERS TO PAY THEIR EMPLOYEES A 13[TH] MONTH PAY.”

[15] Annex C; Records, Vol. 2, pp. 21-22.

[16] Rollo, p. 27.

[17] Id. at 60.

[18] Id. at 62.

[19] Id. at 89.

[20] G.R. No. 142351, 22 November 2006, 507 SCRA 500, 504.

[21] Rollo, p. 24.

[22] Id.; the guideline of 1987 states:

1) Eligibility: a) Ground staff employees, including all supervisory personnel in the general payroll who are regular as of April 30, 1987; b) Part-time employees who are regular as of April 30, 1987; c) Other ground staff employees in the general payroll not falling within categories a) and b) above, shall received their 13[th] Month Pay on or before December 24, 1987.

2) Amount: a) For category a) above, one month basic salary as of April 30, 1987; b) The equivalent monthly salary for part-time employees shall be computed as follows:

Monthly Salary = AHR x 4 yrs./day
x 314 days/yrs.
12 months/year

c) Employees covered under c) above shall be paid not less than 1/12 of their basic salary within the calendar year.

3) Payment Date: May 8, 1987 for categories 1 a) and 1 b) above.

[23] Id.

[24] Id.

[25] Id. at 210-221.

[26] Id. at 229-234.

[27] Id. at 200.

[28] Id.

[29] Id. at 171.

[30] Cruz v. Court of Appeals, G.R. No. 108738, 17 June 1994, 233 SCRA 301, 309.

[31] Rollo, p. 200.

[32] Rivera v. San Miguel Brewery Corporation, Inc., 133 Phil. 89, 94 (1968), citing Leyte Land Transportation, Co. v. Leyte Farmer's and Laborer's Union, 80 Phil. 842, 847-848 (1948).

[33] University of the Philippines v. Ferrer-Calleja, G.R. No. 96189, 14 July 1992, 211 SCRA 451, 464-465.

[34] Rollo, p. 176.

[35] Memorandum Order No. 28 provided that: "Section 1 of Presidential Decree No. 851 is hereby modified to the extent that all employers are hereby required to pay all their rank-and-file employees a 13[th] month pay not later than December 24 of every year."

[36] See the Revised Guidelines on the Implementation of the 13th Month Pay Law, issued by then Secretary of Labor Franklin M. Drilon, on 16 November 1987.

[37] Philippine Education Co., Inc. (PECO) v. Court of Industrial Relations, 92 Phil. 381, 385 (1952).

[38] Philippine Airlines v. National Labor Relations Commission, 328 Phil. 814, 829 (1996).

[39] G.R. No. L-70763, 30 April 1987, 149 SCRA 424, 431.

[40] University of the Immaculate Concepcion, Inc. v. Secretary of Labor and Employment, 425 Phil. 311, 324 (2002).

[41] Article 1306 of the Civil Code; Manila Fashions, Inc. v. National Labor Relations Commission, 332 Phil. 121, 125-126 (1996).

[42] Vivero v. Court of Appeals, 398 Phil. 158, 164 (2000), citing E. Razon, Inc. v. Secretary of Labor and Employment, G.R. No. 85867, 13 May 1993, 222 SCRA 1, 8.

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