

**PHILIPPINE APPLIANCE CORPORATION (PHILACOR), PETITIONER,
VS. THE COURT OF APPEALS, THE HONORABLE SECRETARY OF
LABOR BIENVENIDO E. LAGUESMA AND UNITED PHILACOR
WORKERS UNION-NAFL...**

G.R. No. 149434. June 03, 2004

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

Before us is an appeal by certiorari under Rule 45 of the Rules of Court which seeks to set aside the decision[1] of the Court of Appeals in CA-G.R. SP No. 59011, denying due course to petitioner Philippine Appliance Corporation's partial appeal, as well as the Resolution[2] of the same court, dated August 10, 2001, denying the motion for reconsideration.

Petitioner is a domestic corporation engaged in the business of manufacturing refrigerators, freezers and washing machines. Respondent United Philacor Workers Union-NAFLU is the duly elected collective bargaining representative of the rank-and-file employees of petitioner. During the collective bargaining negotiations between petitioner and respondent union in 1997 (for the last two years of the collective bargaining agreement covering the period of July 1, 1997 to August 31, 1999), petitioner offered the amount of four thousand pesos (P4,000.00) to each employee as an "early conclusion bonus". Petitioner claims that this bonus was promised as a unilateral incentive for the speeding up of negotiations between the parties and to encourage respondent union to exert their best efforts to conclude a CBA. Upon conclusion of the CBA negotiations, petitioner accordingly gave this early signing bonus.[3]

In view of the expiration of this CBA, respondent union sent notice to petitioner of its desire to negotiate a new CBA. Petitioner and respondent union began their negotiations. On October 22, 1999, after eleven meetings, respondent union expressed dissatisfaction at the outcome of the negotiations and declared a deadlock. A few days later, on October 26, 1999, respondent union filed a Notice of Strike with the National Conciliation and Mediation Board (NCMB), Region IV in Calamba, Laguna, due to the bargaining deadlock.[4]

A conciliation and mediation conference was held on October 30, 1999 at the NCMB in Imus, Cavite, before Conciliator Jose L. Velasco. The conciliation meetings started with eighteen unresolved items between petitioner and respondent union. At the meeting on November 20, 1999, respondent union accepted petitioner's proposals on fourteen items,[5] leaving the following items unresolved: wages, rice subsidy, signing, and retroactive bonus.[6]

Petitioner and respondent union failed to arrive at an agreement concerning these four remaining items. On January 18, 2000, respondent union went on strike at the petitioner's plant at Barangay Maunong, Calamba, Laguna and at its washing plant at Parañaque, Metro Manila. The strike lasted for eleven days and resulted in the stoppage of manufacturing operations as well as losses for petitioner, which constrained it to file a petition before the Department of Labor and Employment (DOLE). Labor Secretary Bienvenido Laguesma assumed jurisdiction

over the dispute and, on January 28, 2000, ordered the striking workers to return to work within twenty-four hours from notice and directed petitioner to accept back the said employees.[7]

On April 14, 2000, Secretary Laguesma issued the following Order:[8]

In view of the foregoing, we fix the wage increases at P30 per day for the first year and P25 for the second year.

The rice subsidy and retroactive pay base are maintained at their existing levels and rates.

Finally, this Office rules in favor of Company's proposal on signing bonus. We believe that a P3,000 bonus is fair and reasonable under the circumstances.

WHEREFORE, premises considered, Philippine Appliance Corporation and United Philacor Workers Union-NAFLU are hereby directed to conclude a Collective Bargaining Agreement for the period July 1, 1999 to June 30, 2001. The agreement is to incorporate the disposition set forth above and includes other items already agreed upon in the course of negotiation and conciliation.

SO ORDERED. (Emphasis supplied)

On April 27, 2000, petitioner filed a Partial Motion for Reconsideration[9] stating that while it accepted the decision of Secretary Laguesma, it took exception to the award of the signing bonus. Petitioner argued that the award of the signing bonus was patently erroneous since it was not part of the employees' salaries or benefits or of the collective bargaining agreement. It is not demandable or enforceable since it is in the nature of an incentive. As no CBA was concluded through the mutual efforts of the parties, the purpose for the signing bonus was not served. On May 22, 2000, Secretary Laguesma issued an Order[10] denying petitioner's motion. He ruled that while the bargaining negotiations might have failed and the signing of the agreement was delayed, this cannot be attributed solely to respondent union. Moreover, the Secretary noted that the signing bonus was granted in the previous CBA.

On June 2, 2000, petitioner filed a Petition for Certiorari with the Court of Appeals docketed as CA-G.R. SP No. 59011 which was dismissed. The Labor Secretary's award of the signing bonus was affirmed since petitioner itself offered the same as an incentive to expedite the CBA negotiations. This offer was not withdrawn and was still outstanding when the dispute reached the DOLE. As such, petitioner can no longer adopt a contrary stand and dispute its own offer.

Petitioner filed a Motion for Reconsideration but the same was denied. Hence this petition for review raising a lone issue, to wit:

THE HONORABLE RESPONDENT COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION WHEN IT RENDERED A DECISION NOT IN ACCORD WITH THE APPLICABLE DECISIONS OF THE SUPREME COURT, SPECIFICALLY THE CALTEX DOCTRINE OF 1997.

The petition is meritorious.

Petitioner invokes the doctrine laid down in the case of *Caltex v. Brillantes*,[11] where it was held that the award of the signing bonus by the Secretary of Labor was erroneous. The said case involved similar facts concerning the CBA negotiations between Caltex (Philippines), Inc. and the Caltex Refinery Employees Association (CREA). Upon referral of the dispute to the DOLE, then Labor Secretary Brillantes ruled, *inter alia*:

Fifth, specifically on the issue of whether the signing bonus is covered under the "maintenance of existing benefits" clause, we find that a clarification is indeed imperative. Despite the expressed provision for a signing bonus in the previous CBA, we uphold the principle that the award for a signing bonus should partake the

nature of an incentive and premium for peaceful negotiations and amicable resolution of disputes which apparently are not present in the instant case. Thus, we are constrained to rule that the award of signing bonus is not covered by the “maintenance of existing benefits” clause.

On appeal to this Court, it was held:

Although proposed by [CREA], the signing bonus was not accepted by [Caltex Philippines, Inc.]. Besides, a signing bonus is not a benefit which may be demanded under the law. Rather, it is now claimed by petitioner under the principle of “maintenance of existing benefits” of the old CBA. However, as clearly explained by [Caltex], a signing bonus may not be demanded as a matter of right. If it is not agreed upon by the parties or unilaterally offered as an additional incentive by [Caltex], the condition for awarding it must be duly satisfied. In the present case, the condition sine qua non for its grant—a non-strike— was not complied with.

In the case at bar, two things militate against the grant of the signing bonus: first, the non-fulfillment of the condition for which it was offered, i.e., the speedy and amicable conclusion of the CBA negotiations; and second, the failure of respondent union to prove that the grant of the said bonus is a long established tradition or a “regular practice” on the part of petitioner. Petitioner admits, and respondent union does not dispute, that it offered an “early conclusion bonus” or an incentive for a swift finish to the CBA negotiations. The offer was first made during the 1997 CBA negotiations and then again at the start of the 1999 negotiations. The bonus offered is consistent with the very concept of a signing bonus.

In the case of *MERALCO v. The Honorable Secretary of Labor*,^[12] we stated that the signing bonus is a grant motivated by the goodwill generated when a CBA is successfully negotiated and signed between the employer and the union. In that case, we sustained the argument of the Solicitor General, viz:

When negotiations for the last two years of the 1992-1997 CBA broke down and the parties sought the assistance of the NCMB, but which failed to reconcile their differences, and when petitioner MERALCO bluntly invoked the jurisdiction of the Secretary of Labor in the resolution of the labor dispute, whatever goodwill existed between petitioner MERALCO and respondent union disappeared. . . .

Verily, a signing bonus is justified by and is the consideration paid for the goodwill that existed in the negotiations that culminated in the signing of a CBA.^[13]

In the case at bar, the CBA negotiation between petitioner and respondent union failed notwithstanding the intervention of the NCMB. Respondent union went on strike for eleven days and blocked the ingress to and egress from petitioner’s two work plants. The labor dispute had to be referred to the Secretary of Labor and Employment because neither of the parties was willing to compromise their respective positions regarding the four remaining items which stood unresolved. While we do not fault any one party for the failure of the negotiations, it is apparent that there was no more goodwill between the parties and that the CBA was clearly not signed through their mutual efforts alone. Hence, the payment of the signing bonus is no longer justified and to order such payment would be unfair and unreasonable for petitioner.

Furthermore, we have consistently ruled that a bonus is not a demandable and enforceable obligation.^[14] True, it may nevertheless be granted on equitable considerations as when the giving of such bonus has been the company’s long and regular practice.^[15] To be considered a “regular practice,” however, the giving of the bonus should have been done over a long period of time, and must be shown to have been consistent and deliberate.^[16] The test or rationale of this rule on long practice requires an indubitable showing that the employer agreed to continue giving the benefits knowing fully well that said employees are not covered by the law requiring payment thereof.^[17] Respondent does not contest the fact that petitioner initially offered a signing bonus only during the previous CBA negotiation. Previous to that, there is no evidence on record that petitioner ever offered the same or

that the parties included a signing bonus among the items to be resolved in the CBA negotiation. Hence, the giving of such bonus cannot be deemed as an established practice considering that the same was given only once, that is, during the 1997 CBA negotiation.

WHEREFORE, premises considered, the instant petition is GRANTED. The decision of the Court of Appeals in CA-G.R. SP No. 59011 affirming the Order of the Secretary of Labor and Employment, directing petitioner Philippine Appliance Corporation to pay each of its employees a signing bonus in the amount of Three Thousand Pesos (P3,000.00), is hereby REVERSED and SET ASIDE. No pronouncement as to costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Carpio, and Azcuna, JJ., concur.
Panganiban, J., in the result.

[1] Penned by Justice Portia Aliño-Hormachuelos, as concurred in by Justices Fermin A. Martin and Mercedes Gozo-Dadole.

[2] Penned by Justice Portia Aliño-Hormachuelos, as concurred in by Justices Mercedes Gozo-Dadole and Eliezer Delos Santos.

[3] Petition for Review on Certiorari, Rollo, pp. 11-17.

[4] Id.

[5] Id.

[6] Rollo, p. 28.

[7] Supra, note 3.

[8] Rollo, pp. 50-53.

[9] Id., pp. 84-88.

[10] Id., p. 49.

[11] G.R. No. 123782, 16 September 1997, 279 SCRA 218.

[12] G.R. No. 127598, 27 January 1999, 302 SCRA 173.

[13] Id.

[14] Producers Bank of the Philippines v. NLRC, G.R. No. 100701, 28 March 2001, 355 SCRA 489; Philippine National Construction Corporation, G.R. No. 117240, 2 October 1992, 280 SCRA 109.

[15] Manila Banking Corporation v. NLRC, G.R. No. 83588, 27 September 1997, 279 SCRA 602.

[16] Globe Mackay Cable and Radio Corporation v. NLRC, G.R. No. L-74156, 163 SCRA 71.

[17] National Sugar Refineries Corporation v. NLRC, G.R. No. 101761, 220 SCRA 452.

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