SUPREME COURT
THIRD DIVISION

BABCOCK-HITACHI (PHILS.), INC.,
Petitioner,

-versus-

G.R. No. 156260
March 10, 2005

BABCOCK-HITACHI (PHILS.), INC., MAKATI EMPLOYEES UNION (BHPIMEU),
Respondent.
x----------x

D E C I S I O N

SANDOVAL-GUTIERREZ, *J.*:

At bar is a Petition for Review on Certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision[1] dated May 14, 2002 and Resolution[2] dated November 26, 2002 rendered by the Court of Appeals in CA-G.R. SP. No. 65260, entitled "*Babcock-Hitachi (Phils.), Inc. vs. Babcock-Hitachi (Phils.), Inc., Makati Employees Union (BHPIMEU).*"

The facts as borne by the records are:

Babcock-Hitachi (Phils.), Inc., petitioner, is a manufacturing corporation, with branches at Makati City and Bauan, Batangas.

Sometime in December 1997, petitioner, to improve the operating efficiency and coordination among its various departments, formulated a plan to transfer the Design Department from its Makati office to Bauan, Batangas.

With this development, petitioner, on February 24, 1999, sent separate notices to Justiniano G. Iniego, Xavier Aguila and Bonifacio B. Vergara, who occupied Engineer 1 positions at the Design Department, of their re-assignment and transfer to Bauan, Batangas effective April 1, 1999. This prompted them to claim for their relocation allowance provided by Sections 1 and 2, Article XXI of the collective bargaining agreement (CBA).[3]

However, petitioner refused to implement the CBA, claiming that the affected employees are not entitled to relocation allowance under Policy Statement No. BHPI-G-044A dated October 1, 1996[4] considering that they are residents of Bauan or its adjacent towns.[5]

Thus, the affected union members (Justiniano Iniego, et al.), represented by Babcock-Hitachi (Phils.), Inc., Makati Employees Union, *respondent*, filed with the National Conciliation and Mediation Board (NCMB) a complaint for payment of relocation allowance against petitioner. In a Submission Agreement dated March 18, 1999, the parties stipulated to submit the case for voluntary arbitration.

On July 25, 2000, after the parties submitted their pleadings and position papers, the Voluntary Arbitrator rendered a Decision ordering petitioner to pay respondent's concerned members their relocation allowances. Petitioner then filed a motion for reconsideration but was denied in a Resolution dated May 30, 2001.

Thereafter, petitioner filed with the Court of Appeals a petition for review with prayer for issuance of a temporary restraining order and/or writ of preliminary injunction.

On May 14, 2002, the Appellate Court promulgated its Decision affirming the Voluntary Arbitrator's assailed Decision. The Court of Appeals ratiocinated as follows:

"After a thorough study of the case at hand, we are convinced that the affected employees are entitled to the relocation allowance provided for in the Collective Bargaining Agreement (CBA) entered into and signed by both the Union and petitioner Company on July 18, 1997. We share the posture adopted by the Voluntary Arbitrator in rejecting petitioner's arguments that the affected employees are not entitled to relocation allowance. Pursuant to the basic and irrefragable rule that in carrying out and interpreting the provisions of the Labor Code and its implementing rules and regulations, the workingman's welfare should be the primordial and paramount consideration. Undoubtedly, this rule must likewise find application in the interpretation and meaning of the CBA entered into by both the parties, for the same is the law between the parties.

x x x

In the case before this Court, petitioner Company's contention that the policy statement they issued still finds application in the present CBA is misplaced. With the advent of the new CBA dated July 18, 1997, the policy statement, which previously finds application can no longer be controlling in the present situation. Had it been the intent of the proponents of the CBA, then it could have been incorporated in the agreement or contract, otherwise, it contravenes the very essence and purpose of the CBA. Obviously, the purpose of collective bargaining agreement is the reaching of an agreement resulting in a contract binding on the parties.

Moreover, the policy statement being invoked by petitioner Company is not a part of the contract or CBA, thus, it cannot remain in full force and effect even beyond the stipulated term, especially, in the light of the present CBA. Under the circumstances, the policy statement issued by the petitioner company is a unilateral policy, which is contrary to the provisions of the CBA. The CBA operates as the law that governs the employer-employee relationship of herein petitioner Company and the Union.

> Second. Petitioner Company contends that the rationale behind the CBA provision on relocation allowance is clearly spelled out in the company policy on relocation allowance.
>
> Under the circumstances obtaining in this case, petitioner Company's argument falters. The benefits available in the present CBA (dated July 18, 1997) does not provide for any qualification, it was written in straight and unequivocal terms, not susceptible to any other interpretation.
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> x x x
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> WHEREFORE, in view of the foregoing, the instant petition is hereby DISMISSED for lack of merit.
>
> SO ORDERED."

On November 26, 2002, the Court of Appeals issued a Resolution denying petitioner's motion for reconsideration.

Hence, this petition for review on *certiorari*.

Petitioner contends that the Court of Appeals, in affirming the Voluntary Arbitrator's Decision, erred in relying solely upon the parties' CBA providing that employees transferred from Makati to Bauan, Batangas are entitled to relocation allowance equivalent to ₱1,500.00. Petitioner invokes Policy Statement No. BHPI-G-044A (earlier quoted) expressly providing that employees, who are "residents of Bauan or adjacent Batangas towns and assigned permanently back to the Bauan Plant," are not entitled to relocation allowance.

Petitioner's contention lacks merit.

The basic issue for our resolution is whether union members are entitled to relocation allowance in light of the CBA between the parties.

To begin with, any doubt or ambiguity in the contract between management and the union members should be resolved in favor of

the latter. This is pursuant to Article 1702 of the Civil Code which provides: "(I)n case of doubt, all labor legislation and all labor contracts shall be construed in favor of the safety and decent living for the laborer." *(Babcock-Hitachi [Phils.], Inc. vs. Babcock-Hitachi [Phils.], Inc. Makati Employees Union [BHPIMEU], G. R. No. 156260, March 10, 2005; Plastic Town Center Corporation vs. NLRC, G.R. No. 81176, April 19, 1989, 172 SCRA 580, 587, cited in Mindanao Steel Corporation vs. Minsteel Free Workers Organization [MINFREWO-NFL] Cagayan de Oro, G.R. No. 130693, March 4, 2004 at 6).*

Pertinent are Sections 1 and 2, Article XXI of the CBA which provide:

> "Section 1. The COMPANY shall provide a relocation allowance of ONE THOUSAND EIGHT HUNDRED PESOS (₱1,800.00) per month for employees who will be transferred from Bauan to Makati. For employees who will be transferred from Makati to Bauan, the relocation assistance shall be ONE THOUSAND FIVE HUNDRED PESOS (₱1,500.00).
>
> Section 2. Employees can avail this provision provided their transfer is on a permanent basis or for a duration exceeding one (1) month."

The above provisions state that employees transferred from Makati City to Bauan, Batangas are entitled to a monthly relocation allowance of ₱1,500.00, provided their transfer is permanent or for a period exceeding one month. Such provisions need no interpretation for they are clear. Contracts which are not ambiguous are to be interpreted according to their literal meaning and not beyond their obvious intendment. *(Babcock-Hitachi [Phils.], Inc. vs. Babcock-Hitachi [Phils.], Inc. Makati Employees Union [BHPIMEU], G. R. No. 156260, March 10, 2005; Mindanao Steel Corporation vs. Minsteel Free Workers Organization [MINFREWO-NFL] Cagayan de Oro, G.R. No. 130693, March 4, 2004; Herrera vs. Petrophil Corp., 146 SCRA 385 [1986]).*

In *Mactan Workers Union vs. Aboitiz*, [G.R. No. L-30241, June 30, 1972, 45 SCRA 577, 581] citing *Shell Oil Workers Union vs. Shell Company of the Philippines,* [39 SCRA 276 (1971)], we held that "the

terms and conditions of a collective bargaining contract constitute the law between the parties. Those who are entitled to its benefits can invoke its provisions. In the event that an obligation therein imposed is not fulfilled, the aggrieved party has the right to go to court for redress."

Thus, the Court of Appeals did not commit any error when it rendered the assailed Decision and Resolution, the same being consistent with law and jurisprudence.

WHEREFORE, the petition is **DENIED**. The assailed Decision dated May 14, 2002 and Resolution dated November 26, 2002 rendered by the Court of Appeals in CA-G.R. SP No. 65260 are **AFFIRMED**. Costs against petitioner.

SO ORDERED.

PANGANIBAN, *J.*, *(Chairman)*, CORONA, CARPIO MORALES, and GARCIA, *JJ.*, concur.

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[1] Penned by Justice Perlita J. Tria Tirona, and concurred in by Justices Buenaventura J. Guerrero (retired) and Rodrigo V. Cosico, Annex "A" of the Petition, Rollo at 31-43.

[2] Annex "B", id. at 44-45.

[3] "ARTICLE XXI RELOCATION ASSISTANCE

Section 1. The COMPANY shall provide a relocation allowance of ONE THOUSAND EIGHT HUNDRED PESOS (P 1,800.00) per month for employees who will be transferred from Bauan to Makati. For employees who will be transferred from Makati to Bauan, the relocation assistance shall be ONE THOUSAND FIVE HUNDRED PESOS (P 1,500.00).

Section 2. Employees can avail this provision provided their transfer is on a permanent basis or for a duration exceeding one (1) month."

[4] "The RELOCATION ASSISTANCE is, therefore, created to cover what is considered a reasonable, safe, comfortable and presentable means of transportation, from Batangas to Manila and vice versa. Furthermore, the assistance is intended to help defray the relatively higher meal expenses after the relocation takes effect.

COVERAGE AND ELIGIBILITY

1. Those employees whose residence or birthplace is situated in Bauan or any adjacent town, who applied and were hired for employment in the Bauan Plant, but transferred to Makati Office.
2. Those who live in Metro Manila whose family is also based in Metro Manila, but assigned to work at the Bauan plant.

x x x

EXCEPTIONS

x x x

2. Enjoyment shall cease upon permanent transfer back to the original place of employment (Makati Office or Bauan Plant) where the residence is proximate.

x x x

4. Resident of Bauan or adjacent Batangas town and assigned permanently back to the Bauan Plant.

x x x."

[5] Xavier Aguila, Bonifacio B. Vergara and Justiniano G. Iniego are permanent residents of Bayanan, San Pascual, Batangas; Tubigan, Lemery, Batangas and Cuenca, Batangas, respectively.

[6] (Plastic Town Center Corporation vs. NLRC, G.R. No. 81176, April 19, 1989, 172 SCRA 580, 587, cited in Mindanao Steel Corporation vs. Minsteel Free Workers Organization [MINFREWO-NFL] Cagayan de Oro, G.R. No. 130693, March 4, 2004 at 6).

[7] See Id., citing (Mindanao Steel Corporation vs. Minsteel Free Workers Organization [MINFREWO-NFL] Cagayan de Oro, G.R. No. 130693, March 4, 2004Herrera vs. Petrophil Corp., 146 SCRA 385 [1986]).

[8] [G.R. No. L-30241, June 30, 1972, 45 SCRA 577, 581, citing Shell Oil Workers Union vs. Shell Company of the Philippines, 39 SCRA 276 (1971)].