SUPREME COURT
SECOND DIVISION

UNIVERSAL CORN PRODUCTS (A DIVISION OF UNIVERSAL ROBINA CORPORATION),
***Petitioner*,**

-versus-

G.R. No. L-60337
August 21, 1987

THE NATIONAL LABOR RELATIONS COMMISSION and JOSE ARMAS, ENGRACIO ASIS, AUSTERINAO, ELEUTERIO, FAUSTINO ATIENZA, MARIO ALTARES, JAIME ALTARES, ISIDRO ARANO, LEONILO ARANO, ALFREDO ANCHETA, DOMINGO ANCHETA, RIZALITO, ABANTO, RIZALITO, CRESENCIO ASCUTIA, JESUS ASCUTIA, FELICIANO ABORQUE, WILFREDO ARMENIO, ALEJANDRO ABAGAT, PABLO ADLAWAN, FILEMON ABADINES, ROMEO AREVALO, PABLO BUTIAL, BANAAG REMIGIO, LUCIO BERDIJO, ANTONIO BIONSON, ABELARDO BRACAMONTE, SAMSON BORDEOS, TEODORO, BARBIANA, FRANCISCO BABOR, HERCULANO BARRAMEDA, RODRIGO BONGAIS, JAIME BERANA, EDUARDO, BUENAVENTURA, RODRIGO BAUTISTA, FELEMON

BAUTISTA, DIONISIO BERNALES, MARIANO BALAGTAS, ALFREDO BERNADAS, EPIGENIO BORDEOS, BRIGIDO BAER, OSCAR BONDOC, JOSE BONDOC, ROMEO BUCAYAN, VITALIANO BATOBATO, DOMINGO BALLON, JOSE BORLEO, JOSE BORJA, RUFINO CLEMENTE, JUAN CABALLERO, TRANQUILINA, CAUSON, AUGORIO CALNEA, LEOPOLDO CUARTERO, ALBERTO CATBAGAN, ROMEO CALIVO, ANDRES CUNTAPAY, ALBERTO CASTRO, CASTOR RODRIGO, SIMPLICIO CACATIAN, NILO DALANON, BIENVENIDO DUMAGAT, SR., BIENVENIDO DUMAGAT, JR., DOMINADOR DUMANTAY, TEODORO DULOMBAL, RODOLFO DANDAN, SALVADOR DASIGO, ELIAS DASIGO, FRANCISCO ESTOLANO, LEOPOLDO ESTIOCO, ROGELIO ESTANISLAO, MONTANO ESTANISLAO, ELIAS ESTRADA, ERNESTO ESTABALLIO, FERNANDO FERNANDEZ, PEDRO GETEZO, ALFONSO DE GUZMAN, LORENZO DE GUZMAN, MODESTO DE GUZMAN, ARELLANO GARCIA, ALFREDO GARCIA, MANUEL GOROSPE, RAYMUNDO GELLIDO, RODOLFO GALEON, ROMEO GONZALES, GERARDO GERMEDIA, BENITO GALE, ROBERTO HASAL, EDILBERTO HERNANDEZ, RAFAEL IGUIZ, MARGARITO, JAVIER, PABLO, JOSE, PEDRO JOVE, CELEDONIO JACA, REYNALDO JALLA, EDUARDO JUMAQUIO, DOMINGO JUANO, AGUSTIN KHO, ANTONIO LAMERA, RODOLFO LINEZO, MANUEL

LAMBATIN, MANUEL LOPEZ, BENEDICTO LOPEZ, MARIANO LARA, ELINO MISA, FRANCISCO MINA, RODOLFO MIRABEL, ROGER MIRABEL, ROLANDO MIRABEL, OSCAR MARTINEZ, MIGUEL MANACIO, PEDRO MANALO, LEOPOLDO MARQUEZ, ANTONIO, MEDINA, SALVADOR MARAINAN, NAPOLEON MAGAYA, ALFREDO MAQUI, EDUARDO MILLET, PABLO MENDEZ, DULCISIMO NATIVIDAD, ROMEO NAGTALON, ALFONSO NOQUEZ, ALEJANDRO NOQUEZ, ANASTACIO NIVAL, EMILIO ORTIZ, PONCIANO ORLANDA, GERARDO POSADAS, ATICO PEDRIGOZA, ALFREDO PASCUA, LEONARDO PATRON, MIGUEL PACHECO, DOMINGO PACHECO, FELIMON POLICARPIO, ERNESTO QUIJANO, EFREN QUIBOTE, SIMEON RESCO, FERNANDO REYNOSO, EMILIO RIVERA, GRACIANO RAMOS, REYNALDO RAMIREZ, PAQUITO RAMIREZ, THOMAS ROSARIO, JR., ROMULO REYES, REYNALDO RAPSING, ALFREDO DEL ROSARIO, FLORENCIO SASAN, ALFONSO SAMSON, LUIS SUAREZ, GREGORIO SOMODO, FRANCISCO SAPLAN, LUCIANO SARNO, RICARDO SOREL, CRESENCIO SANTOS, ARSENIO SERGA, JR., BALTAZAR TALATO, DIOSDADO TULANG, EUGENIO TOLENTINO, AMADOR TABULOG, LAZARO TORRES, JAIME TRAJANO, GENEROSO TANTE, SERGIO TABUAC, ANASTACIO TIMOG, DANIEL UDAN, HERMENIGILDO VITO, VICENTE

VITO, BENJAMIN VILLAMOR, ARTURO VALIENTE, ERNESTO VALIENTE, FELICISIMO VERA,
Respondents.
x----------x

D E C I S I O N

SARMIENTO, *J.*:

The petitioner invokes National Federation of Sugar Workers (NFSW) v. Ovejera,[1] in which we held that Presidential Decree No. 851,[2] the 13th-month pay law, does not cover employers already paying their employees an "equivalent" to the 13th month pay.

There is no dispute as to the facts.

Sometime in May, 1972, the petitioner and the Universal Corn Products Workers Union entered into a collective bargaining agreement in which it was provided, among other things, that:

x x x

> The COMPANY agrees to grant all regular workers within the bargaining unit, with at least one (1) year of continuous service, a Christmas bonus equivalent to the regular wages for seven (7) working days, effective December, 1972. The bonus shall be given to the workers on the second week of December.
>
> In the event that the service of a worker is not continuous due to factory shutdown, machine breakdown or prolonged absences or leaves, the Christmas bonus shall be prorated in accordance with the length of services that worker concerned has served during the year.[3]

x x x

The agreement had a duration of three years, effective June 1, 1971, or until June 1, 1974.

On account however of differences between the parties with respect to certain economic issues, the collective bargaining agreement in question expired without being renewed. On June 1, 1979, the parties entered into an "addendum" stipulating certain wage increases covering the years from 1974 to 1977. Simultaneously, they entered into a collective bargaining agreement for the years from 1979 to 1981. Like the "addendum," the new collective bargaining agreement did not refer to the "Christmas bonus" theretofore paid but dealt only with salary adjustments. According to the petitioner, the new agreements deliberately excluded the grant of Christmas bonus with the enactment of Presidential Decree No. 851[4] on December 16, 1975. It further claims that since 1975, it had been paying its employees 13th-month pay pursuant to the Decree.[5]

For failure of the petitioner to pay the seven-day Christmas bonus for 1975 to 1978 inclusive, in accordance with the 1972 CBA, the union went to the labor arbiter for relief. In his decision,[6] the labor arbiter ruled that the payment of the 13th month pay precluded the payment of further Christmas bonus. The union appealed to the National Labor Relations Commission (NLRC). The NLRC set aside the decision of the labor arbiter appealed from and entered another one, "directing respondent company [now the petitioner] to pay the members concerned of complainants [sic] union their 7-day wage bonus in accordance with the 1972 CBA from 1975 to 1978." Justifying its reversal of the arbiter's decision, the NLRC held:

x x x

> It is clear that the company implemented the aforequoted provision of the CBA in 1972, 1973 and 1974. In view thereof it is our considered opinion that the crediting of said benefit to the 13th month pay cannot be sanctioned on the ground that it is contrary to Section 10 of the Rules and Regulations Implementing Presidential Decree No. 851, which provides, to wit:

> "Section 10. Prohibition against reduction or elimination of benefits. — Nothing herein shall be construed to authorize any employer to eliminate, or diminish in any way, supplements, or other employee benefits or favorable practice being enjoyed by the employee at the time of promulgation of this issuance."

More so because the benefit involved was not magnanimously extended by the company to its employees but was obtained by the latter thru bargaining negotiations. The aforementioned CBA was the law between the parties and the provisions thereof must be faithfully observed by them during its effectivity. In this connection, it should be noted that the same parties entered into another 3-year CBA on June 11, 1979, which no longer provides for a 7-day wage Christmas bonus. In effect, therefore, the parties agreed to discontinue the privilege, which agreement should also be respected.[7]

x x x

We hold that in the case at bar, Ovejera (La Carlota) case does not apply.

We apply instead, United CMC Textile Workers Union v. Valenzuela,[8] a recent decision. In that case this Court, speaking through Mr. Justice Edgardo Paras, held:

x x x

If the Christmas bonus was included in the 13th month pay, then there would be no need for having a specific provision on Christmas bonus in the CBA. But it did not 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. Moreover, why exclude the payment of the 1978 Christmas bonus and pay only the 1979-1980 bonus. The classification of the company's workers in the CBA according to their years of service supports the allegation that the reason for the payment of bonus was to give bigger award to the senior

> employees — a purpose which is not found by P.D. 851. 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).[9]
>
> x x x
>
> In the same vein, we consider the seven-day bonus here demanded "to be in addition to the legal requirement." Although unlike the Valenzuela CBA, which took effect after the promulgation of Presidential Decree No. 851 in 1975, the subject agreement was entered into as early as 1972, that is no bar to our application of Valenzuela. What is significant for us is the fact that, like the Valenzuela agreement, the Christmas bonus provided in the collective bargaining agreement accords a reward, in this case, for loyalty, to certain employees. This is evident from the stipulation granting the bonus in question to workers "with at least one (1) year of continuous service." As we said in Valenzuela, this is "a purpose not found in P.D. 851."[10]

It is claimed, however, that as a consequence of the impasse between the parties beginning 1974 through 1979, no collective bargaining agreement was in force during those intervening years. Hence, there is allegedly no basis for the money award granted by the respondent labor body. But it is not disputed that under the 1972 collective bargaining agreement, "[i]f no agreement and negotiations are continued, all the provisions of this Agreement shall remain in full force up to the time a new agreement is executed."[11] The fact, therefore, that the new agreements are silent on the seven-day bonus demanded should not preclude the private respondents' claims thereon. The 1972 agreement is basis enough for such claims for the whole writing is "'instinct with an obligation,' imperfectly expressed."[12]

WHEREFORE, premises considered, the petition is hereby **DISMISSED**. The Decision of the public respondent NLRC promulgated on February 11, 1982, and its Resolution dated March 23, 1982, are hereby **AFFIRMED**. The temporary restraining order issued on May 19, 1982 is **LIFTED.**

This Decision is **IMMEDIATELY EXECUTORY**.

No pronouncement as to costs.

SO ORDERED.

Yap, Paras and Padilla, *JJ*., concur.
Melencio-Herrera, *J*., is on leave.

---

[1] No. L-59743, May 31, 1982, 114 SCRA 354 (1982), per Plana, J.
[2] As amended by Memo. Order No. 28 (1986).
[3] Rollo, 6, 22.
[4] Id., 7.
[5] Id., 98, also, 12.
[6] Id., 11-15.
[7] Id., 23.
[8] G.R. No. 70763, April 30, 1987.
[9] At 7.
[10] Supra.
[11] Rollo, id., 73, 92.
[12] Justice Cardozo, Wood v. Duff-Gordon, 222 Wy. 88, 118 NE 214 (1917), citing Scott, J., in McCall v. Wright, 133 App. Div. 62, 117 N.Y. Supp. 775; Moran v. Standard-Dil Co., 211 N.Y. 187, 198, 105 N.E. 217), and quoted by Chief Justice Fernando in his opinion concurring with qualifications on the questions of the legality of the strike and dissenting on the interpretation to be accorded Presidential Decree No. 851 on the thirteenth-month additional pay, in National Federation of Sugar Workers (NFSW) vs. Ovejera, supra, 372, 378.
