



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

PHILIPPINE JOURNALISTS, INC., **G.R. No. 192601**
Petitioner,

Present:

-versus-

SERENO, C.J.,
LEONARDO-DE CASTRO,
BERSAMIN,
VILLARAMA, JR., and
REYES, JJ.

JOURNAL EMPLOYEES UNION
(JEU), FOR ITS UNION MEMBER,
MICHAEL ALFANTE,
Respondents.

Promulgated:

JUN 03 2013

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DECISION

BERSAMIN, J.:

The coverage of the term *legal dependent* as used in a stipulation in a collective bargaining agreement (CBA) granting funeral or bereavement benefit to a regular employee for the death of a legal dependent, if the CBA is silent about it, is to be construed as similar to the meaning that contemporaneous social legislations have set. This is because the terms of such social legislations are deemed incorporated in or adopted by the CBA.

The decision of the Court of Appeals (CA) under review summarizes the factual and procedural antecedents, as follows:

Complainant Judith Pulido alleged that she was hired by respondent as proofreader on 10 January 1991; that she was receiving a monthly basic salary of ₱15,493.66 plus ₱155.00 longevity pay plus other benefits provided by law and their Collective Bargaining Agreement; that on 21 February 2003, as union president, she sent two letters to President Gloria Arroyo, regarding their complaint of mismanagement being committed by PIJ executive; that sometime in May 2003, the union was furnished with a letter by Secretary Silvestre Afable, Jr. head of Presidential Management Staff (PMS), endorsing their letter-complaint to Ombudsman Simeon V. Marcelo; that respondents took offense and started harassments to complainant union president; that on 30 May 2003, complainant received

a letter from respondent Fundador Soriano, International Edition managing editor, regarding complainant's attendance record; that complainant submitted her reply to said memo on 02 June 2003; that on 06 June 2003, complainant received a memorandum of reprimand; that on 04 July 2003, complainant received another memo from Mr. Soriano, for not wearing her company ID, which she replied the next day 05 July 2003; that on 04 August 2003, complainant again received a memo regarding complainant's tardiness; that on 05 August 2003, complainant received another memorandum asking her to explain why she should not be accused of fraud, which she replied to on 07 August 2003; and that on the same day between 3:00 to 4:00 P.M., Mr. Ernesto "Estong" San Agustin, a staff of HRD handed her termination paper.

Complainant added that in her thirteen (13) years with the company and after so many changes in its management and executives, she had never done anything that will cause them to issue a memorandum against her or her work attitude, more so, reasons to terminate her services; that she got dismissed because she was the Union President who was very active in defending and pursuing the rights of her union members, and in fighting against the abuses of respondent Corporate Officers; and that she got the ire of respondents when the employees filed a complaint against the Corporate Officers before Malacañang and which was later indorsed to the Office of the Ombudsman.

The second complainant Michael L. Alfante alleged that he started to work with respondents as computer technician at Management Information System under manager Neri Torrecampo on 16 May 2000; that on 15 July 2001, he was regularized receiving a monthly salary of ₱9,070.00 plus other monetary benefits; that sometime in 2001, Rico Pagkalinawan replaced Torrecampo, which was opposed by complainant and three other co-employees; that Pagkalinawan took offense of their objection; that on 22 October 2002, complainant Alfante received a memorandum from Pagkalinawan regarding his excessive tardiness; that on 10 June 2003, complainant Alfante received a memorandum from Executive Vice-President Arnold Banares, requiring him to explain his side on the evaluation of his performance submitted by manager Pagkalinawan; that one week after complainant submitted his explanation, he was handed his notice of dismissal on the ground of "poor performance"; and that complainant was dismissed effective 28 July 2003.

Complainant Alfante submitted that he was dismissed without just cause.

Respondents, in their position paper, averred that complainants Pulido and Alfante were dismissed for cause and with due process.

With regard to complainant Pulido, respondents averred that in a memorandum dated 30 May 2003, directed complainant to explain her habitual tardiness, at least 75 times from January to May of 2003. In a memorandum, dated 06 June 2003, directed complainant to observe the 3 p.m. rule to avoid grammatical lapses, use of stale stories just to beat the 10:00 p.m. deadline. In the same memorandum complainant was given the warning that any repeated violation of the rules shall be dealt with more severely. Once again, in a memorandum, dated 04 August 2003, complainant Pulido was required to explain why no disciplinary action should be taken against her for habitual tardiness – 18 times out of the 23

reporting days during the period from 27 June – 27 July 2003 and on 05 August 2003, complainant was directed to explain in writing why complainant should not be administratively sanctioned for committing fraud or attempting to commit fraud against respondents. Respondents found complainant's explanations unsatisfactory. On 07 August 2003, respondents dismissed complainant Pulido for habitual tardiness, gross insubordination, utter disrespect for superiors, and committing fraud or attempting to commit fraud which led to the respondents' loss of confidence upon complainant Pulido.

In case of complainant Alfante, respondents averred in defense that complainant was dismissed for "poor performance" after an evaluation by his superior, and after being forewarned that complainant may be removed if there was no showing of improvement in his skills and knowledge on current technology.

In both instances, respondents maintained that they did not commit any act of unfair labor practices; that they did not commit acts tantamount to interfering, restraining, or coercing employees in the exercise of their right to self-organization.

Respondents deny liabilities as far as complainants' monetary claims are concerned. Concerning violations of the provision on wage distortion under Wage Order No. 9, respondents stressed that complainants were not affected since their salary is way over the minimum wage.

With respect to the alleged non-adjustment of longevity pay and burial aid, respondent PJI pointed out that it complies with the provisions of the CBA and that both complainants have not claimed for the burial aid.

Respondents put forward the information that the alleged non-payment of rest days – every Monday for the past three (3) years is a matter that is still at issue in NLRC Case No. 02-0402973-93, which case is still pending before this Commission.

Respondents asserted that the respondents Arturo Dela Cruz, Bobby Capco, Arnold Banares, Ruby Ruiz-Bruno and Fundador Soriano should not be held liable on account of complainants' dismissal as they merely acted as agents of respondent PJI.¹

Upon the foregoing backdrop, Labor Arbiter Corazon C. Borbolla rendered her decision on March 29, 2006, disposing thusly:

WHEREFORE, foregoing premises considered, judgment is hereby rendered, finding complainant Judith Pulido to have been illegally dismissed. As such, she is entitled to reinstatement and backwages from 07 August 2003 up to her actual or payroll reinstatement. To date, complainant's backwages is ₱294,379.54.

Respondent Philippine Journalist, Inc. is hereby ordered to pay complainant Judith Pulido her backwages from 07 August 2003 up to her

¹ *Rollo*, pp. 243-248.

actual or payroll reinstatement and to reinstate her to her former position without loss of seniority right.

Respondent is further ordered to submit a report to this Office on complainant's reinstatement ten (10) days from receipt of this decision.

The charge of illegal dismissal by Michael Alfante is hereby dismissed for lack of merit.

The charge of unfair labor practice is dismissed for lack of basis.

SO ORDERED.²

Complainant Michael Alfante (Alfante), joined by his labor organization, Journal Employees Union (JEU), filed a partial appeal in the National Labor Relations Commission (NLRC).³

In the meantime, on May 10, 2006, petitioner and Judith Pulido (Pulido), the other complainant, jointly manifested to the NLRC that the decision of March 29, 2006 had been fully satisfied as to Pulido under the following terms, namely: (a) she would be reinstated to her former position as editorial staffmember, or an equivalent position, without loss of seniority rights, effective May 15, 2006; (b) she would go on maternity leave, and report to work after giving birth; (c) she would be entitled to backwages of ₱130,000.00; and (d) she would execute the quitclaim and release on May 11, 2006 in favor of petitioner.⁴ This left Alfante as the remaining complainant.

On January 31, 2007, the NLRC rendered its decision dismissing the partial appeal for lack of merit.⁵

JEU and Alfante moved for the reconsideration of the decision, but the NLRC denied their motion on April 24, 2007.⁶

Thereafter, JEU and Alfante assailed the decision of the NLRC before the CA on *certiorari* (C.A.-G.R. SP No. 99407).

On February 5, 2010, the CA promulgated its decision in C.A.-G.R. SP No. 99407,⁷ decreeing:

² Id. at 252.

³ Id. at 253-276.

⁴ Id. at 292-294.

⁵ Id. at 295-301.

⁶ Id. at 321-322.

⁷ Id. at 54-65; penned by Associate Justice Franchito N. Diamante, with the concurrence of Associate Justice Mario L. Guariña III (retired) and Associate Justice Sesinando E. Villon.

WHEREFORE, premises considered, the instant petition is PARTLY GRANTED.

The twin Resolutions dated January 31, 2007 and April 24, 2007, respectively, of the Third Division of the National Labor Relations Commission (NLRC), in NLRC NCR CA No. 048785-06 (NLRC NCR Case No. 00-10-11413-04), are MODIFIED insofar as the funeral or bereavement aid is concerned, which is hereby GRANTED, but only after submission of conclusive proofs that the deceased is a parent, either father or mother, of the employees concerned, as well as the death certificate to establish the fact of death of the deceased legal dependent.

The rest of the findings of fact and law in the assailed Resolutions are hereby AFFIRMED.

SO ORDERED.

Both parties moved for reconsideration, but the CA denied their respective motions for reconsideration on June 2, 2010.⁸

JEU and Alfante appealed to the Court (G.R. No. 192478) to challenge the CA's dispositions regarding the legality of: (a) Alfante's dismissal; (b) the non-compliance with Minimum Wage Order No. 9; and (c) the non-payment of the rest day.⁹

On August 18, 2010, the Court denied due course to the petition in G.R. No. 192478 for failure of petitioners to sufficiently show that the CA had committed any reversible error to warrant the Court's exercise of its discretionary appellate jurisdiction.¹⁰

The Court denied with finality JEU and Alfante's ensuing motion for reconsideration through the resolution of December 8, 2010.¹¹ The entry of judgment in G.R. No. 192478 issued in due course on February 1, 2011.¹²

On its part, petitioner likewise appealed (G.R. No. 192601), seeking the review of the CA's disposition in the decision of February 5, 2010 on the granting of the funeral and bereavement aid stipulated in the CBA.

In its petition for review, petitioner maintained that under Section 4, Article XIII of the CBA, funeral and bereavement aid should be granted upon the death of a legal dependent of a regular employee; that consistent with the definition provided by the Social Security System (SSS), the term *legal dependent* referred to the spouse and children of a married regular

⁸ Id. at 66-68.

⁹ *Rollo* (G.R. No. 192478), p. 13.

¹⁰ Id. at 390.

¹¹ Id. at 405.

¹² Id. at 406.

employee, and to the parents and siblings, 18 years old and below, of a single regular employee;¹³ that the CBA considered the term *dependents* to have the same meaning as *beneficiaries*, as provided in Section 5, Article XIII of the CBA on the payment of death benefits;¹⁴ that its earlier granting of claims for funeral and bereavement aid without regard to the foregoing definition of the *legal dependents* of married or single regular employees did not ripen into a company policy whose unilateral withdrawal would constitute a violation of Article 100 of the *Labor Code*,¹⁵ the law disallowing the non-diminution of benefits;¹⁶ that it had approved only four claims from 1999 to 2003 based on its mistaken interpretation of the term *legal dependents*, but later corrected the same in 2000;¹⁷ that the grant of funeral and bereavement aid for the death of an employee's legal dependent, regardless of the employee's civil status, did not occur over a long period of time, was not consistent and deliberate, and was partly due to its mistake in appreciating a doubtful question of law; and that its denial of subsequent claims did not amount to a violation of the law against the non-diminution of benefits.¹⁸

In their comment,¹⁹ JEU and Alfante countered that the CBA was a bilateral contractual agreement that could not be unilaterally changed by any party during its lifetime; and that the grant of burial benefits had already become a company practice favorable to the employees, and could not anymore be reduced, diminished, discontinued or eliminated by petitioner.

Issue

In view of the entry of judgment issued in G.R. No. 192478, JEU and Alfante's submissions on the illegality of his dismissal, the non-payment of his rest days, and the violation of Minimum Wage Order No. 9 shall no longer be considered and passed upon.

The sole remaining issue is whether or not petitioner's denial of respondents' claims for funeral and bereavement aid granted under Section 4, Article XIII of their CBA constituted a diminution of benefits in violation of Article 100 of the *Labor Code*.

¹³ *Rollo*, p. 41.

¹⁴ *Id.* at 41-42.

¹⁵ Article 100. *Prohibition against elimination or diminution of benefits*. – Nothing in this Book shall be construed to eliminate or in any way diminish supplements, or other employee benefits being enjoyed at the time of promulgation of this Code.

¹⁶ *Rollo*, p. 43.

¹⁷ *Id.* at 43-44.

¹⁸ *Id.* at 45.

¹⁹ *Id.* at 473-490.

Ruling

The petition for review lacks merit.

The nature and force of a CBA are delineated in *Honda Phils., Inc. v. Samahan ng Malayang Manggagawa sa Honda*,²⁰ thuswise:

A collective bargaining agreement (or CBA) refers to the 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. As in all contracts, the parties in 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. 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.

Accordingly, the stipulations, clauses, terms and conditions of the CBA, being the law between the parties, must be complied with by them.²¹ The literal meaning of the stipulations of the CBA, as with every other contract, control if they are clear and leave no doubt upon the intention of the contracting parties.²²

Here, a conflict has arisen regarding the interpretation of the term *legal dependent* in connection with the grant of funeral and bereavement aid to a regular employee under Section 4, Article XIII of the CBA,²³ which stipulates as follows:

SECTION 4. Funeral/Bereavement Aid. The COMPANY agrees to grant a funeral/bereavement aid in the following instances:

- a. Death of a regular employee in line of duty – ₱50,000
- b. Death of a regular employee not in line of duty – ₱40,000
- c. **Death of legal dependent of a regular employee – ₱15,000.**
(Emphasis supplied)

Petitioner insists that notwithstanding the silence of the CBA, the term *legal dependent* should follow the definition of it under Republic Act (R.A.)

²⁰ G.R. No. 145561, June 15, 2005, 460 SCRA 186, 190-191.

²¹ *TSPIC Corporation v. TSPIC Employees Union (FFW)*, G.R. No. 163419, February 13, 2008, 545 SCRA 215, citing *Centro Escolar University Faculty and Allied Workers Union-Independent v. Court of Appeals*, G.R. No. 165486, May 31, 2006, 490 SCRA 61, 72.

²² Article 1370, *Civil Code*.

²³ *Rollo*, p. 134.

No. 8282 (*Social Security Law*),²⁴ so that in the case of a married regular employee, his or her legal dependents include only his or her spouse and children, and in the case of a single regular employee, his or her legal dependents include only his or her parents and siblings, 18 years old and below; and that the term *dependents* has the same meaning as *beneficiaries* as used in Section 5, Article XIII of the CBA.

We cannot agree with petitioner's insistence.

Social legislations contemporaneous with the execution of the CBA have given a meaning to the term *legal dependent*. First of all, Section 8(e) of the *Social Security Law* provides that a dependent shall be the following, namely: (a) the legal spouse entitled by law to receive support from the member; (b) the legitimate, legitimated, or legally adopted, and illegitimate child who is unmarried, not gainfully employed and has not reached 21 of age, or, if over 21 years of age, is congenitally or while still a minor has been permanently incapacitated and incapable of self-support, physically or mentally; and (c) the parent who is receiving regular support from the member. Secondly, Section 4(f) of R.A. No. 7875, as amended by R.A. No. 9241,²⁵ enumerates who are the legal dependents, to wit: (a) the legitimate spouse who is not a member; (b) the unmarried and unemployed legitimate, legitimated, illegitimate, acknowledged children as appearing in the birth certificate; legally adopted or step-children below 21 years of age; (c) children who are 21 years old and over but suffering from congenital disability, either physical or mental, or any disability acquired that renders them totally dependent on the member of our support; and (d) the parents who are 60 years old or older whose monthly income is below an amount to be determined by the Philippine Health Insurance Corporation in accordance with the guiding principles set forth in Article I of R.A. No. 7875. And, thirdly, Section 2(f) of Presidential Decree No. 1146, as amended by R.A. No. 8291,²⁶ states that dependents shall include: (a) the legitimate spouse dependent for support upon the member or pensioner; (b) the legitimate, legitimated, legally adopted child, including the illegitimate child, who is unmarried, not gainfully employed, not over the age of majority, or is over the age of majority but incapacitated and incapable of self-support due to a mental or physical defect acquired prior to age of majority; and (c) the parents dependent upon the member for support.

It is clear from these statutory definitions of *dependent* that the civil status of the employee as either married or single is not the controlling

²⁴ An Act Further Strengthening the Social Security System Thereby Amending for this Purpose Republic Act No. 1161, As Amended, Otherwise Known as the Social Security Law.

²⁵ An Act Instituting a National Health Insurance Program for All Filipinos and Establishing the Philippine Health Insurance Corporation for the Purpose.

²⁶ An Act Amending Presidential Decree No. 1146, as amended, Expanding and Increasing the Coverage and Benefits of the Government Service Insurance System, Instituting Reforms Therein and for Other Purposes

consideration in order that a person may qualify as the employee's legal dependent. What is rather decidedly controlling is the fact that the spouse, child, or parent is actually dependent for support upon the employee. Indeed, the Court has adopted this understanding of the term *dependent* in *Social Security System v. De Los Santos*,²⁷ viz:

Social Security System v. Aguas is instructive in determining the extent of the required "dependency" under the SS Law. In *Aguas*, the Court ruled that although a husband and wife are obliged to support each other, whether one is actually dependent for support upon the other cannot be presumed from the fact of marriage alone.

Further, *Aguas* pointed out that a wife who left her family until her husband died and lived with other men, was **not** dependent upon her husband for support, financial or otherwise, during the entire period.

Said the Court:

In a parallel case involving a claim for benefits under the GSIS law, the Court defined a *dependent* as "one who derives his or her main support from another. Meaning, relying on, or subject to, someone else for support; not able to exist or sustain oneself, or to perform anything without the will, power, or aid of someone else." It should be noted that the GSIS law likewise defines a *dependent spouse* as "the legitimate spouse dependent for support upon the member or pensioner." In that case, the Court found it obvious that a wife who abandoned the family for more than 17 years until her husband died, and lived with other men, was not dependent on her husband for support, financial or otherwise, during that entire period. Hence, the Court denied her claim for death benefits.

The obvious conclusion then is that a wife who is already separated *de facto* from her husband cannot be said to be "dependent for support" upon the husband, absent any showing to the contrary. Conversely, if it is proved that the husband and wife were still living together at the time of his death, it would be safe to presume that she was dependent on the husband for support, unless it is shown that she is capable of providing for herself.

Considering that existing laws always form part of any contract, and are deemed incorporated in each and every contract,²⁸ the definition of *legal dependents* under the aforecited social legislations applies herein in the absence of a contrary or different definition mutually intended and adopted by the parties in the CBA. Accordingly, the concurrence of a legitimate spouse does not disqualify a child or a parent of the employee from being a legal dependent provided substantial evidence is adduced to prove the actual dependency of the child or parent on the support of the employee.

²⁷ G.R. No. 164790, August 29, 2008, 563 SCRA 693, 703-704.

²⁸ *Sulo sa Nayon, Inc. v. Nayong Pilipino Foundation*, G.R. No. 170923, January 20, 2009, 576 SCRA 655, 666.

In this regard, the differentiation among the legal dependents is significant only in the event the CBA has prescribed a hierarchy among them for the granting of a benefit; hence, the use of the terms *primary beneficiaries* and *secondary beneficiaries* for that purpose. But considering that Section 4, Article XIII of the CBA has not included that differentiation, petitioner had no basis to deny the claim for funeral and bereavement aid of Alfante for the death of his parent whose death and fact of legal dependency on him could be substantially proved.

Pursuant to Article 100 of the *Labor Code*, petitioner as the employer could not reduce, diminish, discontinue or eliminate any benefit and supplement being enjoyed by or granted to its employees. This prohibition against the diminution of benefits is founded on the constitutional mandate to protect the rights of workers and to promote their welfare and to afford labor full protection.²⁹ The application of the prohibition against the diminution of benefits presupposes that a company practice, policy or tradition favorable to the employees has been clearly established; and that the payments made by the employer pursuant to the practice, policy, or tradition have ripened into benefits enjoyed by them.³⁰ To be considered as a practice, policy or tradition, however, the giving of the benefits should have been done over a long period of time, and must be shown to have been consistent and deliberate.³¹ It is relevant to mention that we have not yet settled on the specific minimum number of years as the length of time sufficient to ripen the practice, policy or tradition into a benefit that the employer cannot unilaterally withdraw.³²

The argument of petitioner that the grant of the funeral and bereavement benefit was not voluntary but resulted from its mistaken interpretation as to who was considered a legal dependent of a regular employee deserves scant consideration. To be sure, no doubtful or difficult question of law was involved inasmuch as the several cogent statutes existing at the time the CBA was entered into already defined who were qualified as the legal dependents of another. Moreover, the voluntariness of the grant of the benefit became even manifest from petitioner's admission that, despite the memorandum it issued in 2000³³ in order to "correct" the interpretation of the term *legal dependent*, it still approved in 2003 the claims for funeral and bereavement aid of two employees, namely: (a) Cecille Bulacan, for the death of her father; and (b) Charito Cartel, for the death of her mother, based on its supposedly mistaken interpretation.³⁴

²⁹ *Eastern Telecommunications Philippines, Inc. v. Eastern Telecoms Employees Union*, G.R. No. 185665, February 8, 2012, 665 SCRA 516, 533.

³⁰ *Boncodin v. National Power Corporation Employees Consolidated Union (NECU)*, G.R. No. 162716, September 27, 2006, 503 SCRA 611, 628.

³¹ *Metropolitan Bank and Trust Company v. National Labor Relations Commission*, G.R. No. 152928, June 18, 2009, 589 SCRA 376, 384.

³² *Sevilla Trading Company v. Semana*, G.R. No. 152456, April 28, 2004, 428 SCRA 239, 249.

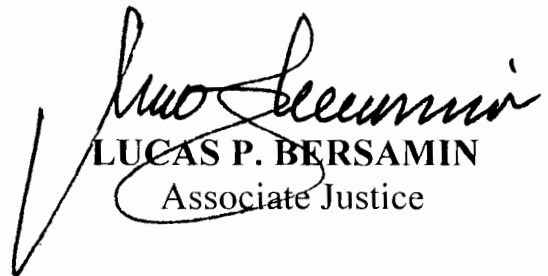
³³ *Rollo*, p. 41

³⁴ *Id.* at 40.

It is further worthy to note that petitioner granted claims for funeral and bereavement aid as early as 1999, then issued a memorandum in 2000 to correct its erroneous interpretation of *legal dependent* under Section 4, Article XIII of the CBA. This notwithstanding, the 2001-2004 CBA³⁵ still contained the same provision granting funeral or bereavement aid in case of the death of a legal dependent of a regular employee without differentiating the legal dependents according to the employee's civil status as married or single. The continuity in the grant of the funeral and bereavement aid to regular employees for the death of their legal dependents has undoubtedly ripened into a company policy. With that, the denial of Alfante's qualified claim for such benefit pursuant to Section 4, Article XIII of the CBA violated the law prohibiting the diminution of benefits.


WHEREFORE, the Court **AFFIRMS** the decision promulgated on February 5, 2010; and **ORDERS** petitioner to pay the costs of suit.

SO ORDERED.



LUCAS P. BERSAMIN
Associate Justice

WE CONCUR:



MARIA LOURDES P. A. SERENO
Chief Justice



TERESITA J. LEONARDO-DE CASTRO
Associate Justice



MARTIN S. VILLARAMA, JR.
Associate Justice



BIENVENIDO L. REYES
Associate Justice

³⁵ Id. at 121-140.

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO

Chief Justice