Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

WESLEYAN UNIVERSITY-PHILIPPINES, *Petitioner,*	**G.R. No. 181806**
	Present:
- versus -	CARPIO, *Chairperson,* BRION, DEL CASTILLO, PEREZ, *and* PERLAS-BERNABE, *JJ.*
WESLEYAN UNIVERSITY-PHILIPPINES FACULTY and STAFF ASSOCIATION, *Respondent.*	Promulgated: MAR 12 2014

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DECISION

DEL CASTILLO, *J.*:

A Collective Bargaining Agreement (CBA) is a contract entered into by an employer and a legitimate labor organization concerning the terms and conditions of employment.[1] Like any other contract, it has the force of law between the parties and, thus, should be complied with in good faith.[2] Unilateral changes or suspensions in the implementation of the provisions of the CBA, therefore, cannot be allowed without the consent of both parties.

This Petition for Review on *Certiorari*[3] under Rule 45 of the Rules of Court assails the September 25, 2007 Decision[4] and the February 5, 2008 Resolution[5] of the Court of Appeals (CA) in CA-G.R. SP No. 97053.

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1 *National Federation of Labor v. Court of Appeals*, 483 Phil 626, 639 (2004).
2 *HFS Philippines, Inc. v. Pilar*, G.R. No. 168716, April 16, 2009, 585 SCRA 315, 324.
3 *Rollo*, pp. 14-46.
4 CA *rollo*, pp. 268-288; penned by Associate Justice Vicente S.E. Veloso and concurred in by Associate Justices Juan Q. Enriquez, Jr. and Marlene Gonzales-Sison.
5 Id. at 315.

Factual Antecedents

Petitioner Wesleyan University-Philippines is a non-stock, non-profit educational institution duly organized and existing under the laws of the Philippines.[6] Respondent Wesleyan University-Philippines Faculty and Staff Association, on the other hand, is a duly registered labor organization[7] acting as the sole and exclusive bargaining agent of all rank-and-file faculty and staff employees of petitioner.[8]

In December 2003, the parties signed a 5-year CBA[9] effective June 1, 2003 until May 31, 2008.[10]

On August 16, 2005, petitioner, through its President, Atty. Guillermo T. Maglaya (Atty. Maglaya), issued a Memorandum[11] providing guidelines on the implementation of vacation and sick leave credits as well as vacation leave commutation. The pertinent portions of the Memorandum read:

> 1. VACATION AND SICK LEAVE CREDITS
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> Vacation and sick leave credits are not automatic. They have to be earned. Monthly, a qualified employee earns an equivalent of 1.25 days credit each for VL and SL. Vacation Leave and Sick Leave credits of 15 days become complete at the cut off date of May 31 of each year. (Example, only a total of 5 days credit will be given to an employee for each of sick leave [or] vacation leave, as of month end September, that is, 4 months from June to September multiplied by 1.25 days). An employee, therefore, who takes VL or SL beyond his leave credits as of date will have to file leave without pay for leaves beyond his credit.
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> 2. VACATION LEAVE COMMUTATION
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> Only vacation leave is commuted or monetized to cash. Vacation leave commutation is effected after the second year of continuous service of an employee. Hence, an employee who started working June 1, 2005 will get his commutation on May 31, 2007 or thereabout.[12]

On August 25, 2005, respondent's President, Cynthia L. De Lara (De Lara) wrote a letter[13] to Atty. Maglaya informing him that respondent is not amenable to the unilateral changes made by petitioner.[14] De Lara questioned the guidelines for

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6 Id. at 269.
7 *Rollo*, p. 92.
8 CA *rollo*, p. 269.
9 *Rollo*, pp. 92-106.
10 CA *rollo*, p. 269.
11 *Rollo*, p. 107.
12 Id.
13 CA *rollo*, p.104.
14 Id.

being violative of existing practices and the CBA,[15] specifically Sections 1 and 2, Article XII of the CBA, to wit:

> ARTICLE XII
> VACATION LEAVE AND SICK LEAVE
>
> SECTION 1. VACATION LEAVE - All regular and non-tenured rank-and-file faculty and staff who are entitled to receive shall enjoy fifteen (15) days vacation leave with pay annually.
>
> 1.1 All unused vacation leave after the second year of service shall be converted into cash and be paid to the entitled employee at the end of each school year to be given not later than August 30 of each year.
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> SECTION 2. SICK LEAVE - All regular and non-tenured rank-and-file faculty and staff shall enjoy fifteen (15) days sick leave with pay annually.[16]

On February 8, 2006, a Labor Management Committee (LMC) Meeting was held during which petitioner advised respondent to file a grievance complaint on the implementation of the vacation and sick leave policy.[17] In the same meeting, petitioner announced its plan of implementing a one-retirement policy,[18] which was unacceptable to respondent.

Ruling of the Voluntary Arbitrator

Unable to settle their differences at the grievance level, the parties referred the matter to a Voluntary Arbitrator. During the hearing, respondent submitted affidavits to prove that there is an established practice of giving two retirement benefits, one from the Private Education Retirement Annuity Association (PERAA) Plan and another from the CBA Retirement Plan. Sections 1, 2, 3 and 4 of Article XVI of the CBA provide:

> **ARTICLE XVI**
> **SEPARATION, DISABILITY AND RETIREMENT PAY**
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> SECTION 1. ELIGIBILITY FOR MEMBERSHIP - Membership in the Plan shall be automatic for all full-time, regular staff and tenured faculty of the University, except the University President. Membership in the Plan shall commence on the first day of the month coincident with or next following his statement of Regular/Tenured Employment Status.

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15 Id.
16 *Rollo*, p. 100.
17 CA *rollo*, p. 107.
18 Id. at 108.

SECTION 2. COMPULSORY RETIREMENT DATE - The compulsory retirement date of each Member shall be as follows:

a. Faculty – The last day of the School Year, coincident with his attainment of age sixty (60) with at least five (years) of unbroken, credited service.

b. Staff – Upon reaching the age of sixty (60) with at least five (5) years of unbroken, credited service.

SECTION 3. OPTIONAL RETIREMENT DATE - A Member may opt for an optional retirement prior to his compulsory retirement. His number of years of service in the University shall be the basis of computing x x x his retirement benefits regardless of his chronological age.

SECTION 4. RETIREMENT BENEFIT - The retirement benefit shall be a sum equivalent to 100% of the member's final monthly salary for compulsory retirement.

For optional retirement, the vesting schedule shall be:

x x x x[19]

On November 2, 2006, the Voluntary Arbitrator rendered a Decision[20] declaring the one-retirement policy and the Memorandum dated August 16, 2005 contrary to law. The dispositive portion of the Decision reads:

WHEREFORE, the following award is hereby made:

1. The assailed University guidelines on the availment of vacation and sick leave credits and vacation leave commutation are contrary to law. The University is consequently ordered to reinstate the earlier scheme, practice or policy in effect before the issuance of the said guidelines on August 16, 2005;

2. The "one retirement" policy is contrary to law and is hereby revoked and rescinded. The University is ordered x x x to resume and proceed with the established practice of extending to qualified employees retirement benefits under both the CBA and the PERAA Plan.

3. The other money claims are denied.[21]

Ruling of the Court of Appeals

Aggrieved, petitioner appealed the case to the CA via a Petition for Review under Rule 43 of the Rules of Court.

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19 *Rollo*, pp. 101-102.
20 Id. at 131-145; penned by Voluntary Arbitrator Francis V. Sobreviñas.
21 Id. at 144-145.

On September 25, 2007, the CA rendered a Decision[22] finding the rulings of the Voluntary Arbitrator supported by substantial evidence. It also affirmed the nullification of the one-retirement policy and the Memorandum dated August 16, 2005 on the ground that these unilaterally amended the CBA without the consent of respondent.[23] Thus:

> WHEREFORE, the instant appeal is DISMISSED for lack of merit.
>
> SO ORDERED.[24]

Petitioner moved for reconsideration but the same was denied by the CA in its February 5, 2008 Resolution.[25]

Issues

Hence, this recourse by petitioner raising the following issues:

> a.
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> Whether x x x the [CA] committed grave and palpable error in sustaining the Voluntary Arbitrator's ruling that the Affidavits submitted by Respondent WU-PFSA are substantial evidence as defined by the rules and jurisprudence that would substantiate that Petitioner WU-P has long been in the practice of granting its employees two (2) sets of Retirement Benefits.
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> b.
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> Whether x x x the [CA] committed grave and palpable error in sustaining the Voluntary Arbitrator's ruling that a university practice of granting its employees two (2) sets of Retirement Benefits had already been established as defined by the law and jurisprudence especially in light of the illegality and lack of authority of such alleged grant.
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> c.
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> Whether x x x the [CA] committed grave and palpable error in sustaining the Voluntary Arbitrator's ruling that it is incumbent upon Petitioner WU-P to show proof that no Board Resolution was issued granting two (2) sets of Retirement Benefits.
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> d.
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> Whether x x x the [CA] committed grave and palpable error in revoking the 16 August 2005 Memorandum of Petitioner WU-P for being contrary to extant policy.[26]

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22 CA *rollo*, pp. 268-288.
23 Id. at 284 and 287.
24 Id. at 288.
25 Id. at 315.
26 *Rollo*, pp. 326-327.

Petitioner's Arguments

Petitioner argues that there is only one retirement plan as the CBA Retirement Plan and the PERAA Plan are one and the same.[27] It maintains that there is no established company practice or policy of giving two retirement benefits to its employees.[28] Assuming, without admitting, that two retirement benefits were released,[29] petitioner insists that these were done by mere oversight or mistake as there is no Board Resolution authorizing their release.[30] And since these benefits are unauthorized and irregular, these cannot ripen into a company practice or policy.[31] As to the affidavits submitted by respondent, petitioner claims that these are self-serving declarations,[32] and thus, should not be given weight and credence.[33]

In addition, petitioner claims that the Memorandum dated August 16, 2005, which provides for the guidelines on the implementation of vacation and sick leave credits as well as vacation leave commutation, is valid because it is in full accord with existing policy.[34]

Respondent's Arguments

Respondent belies the claims of petitioner and asserts that there are two retirement plans as the PERAA Retirement Plan, which has been implemented for more than 30 years, is different from the CBA Retirement Plan.[35] Respondent further avers that it has always been a practice of petitioner to give two retirement benefits[36] and that this practice was established by substantial evidence as found by both the Voluntary Arbitrator and the CA.[37]

As to the Memorandum dated August 16, 2005, respondent asserts that it is arbitrary and contrary to the CBA and existing practices as it added qualifications or limitations which were not agreed upon by the parties.[38]

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27 Id. at 341-344.
28 Id. at 327-348.
29 Id. at 335.
30 Id. at 335-341.
31 Id. at 335.
32 Id. at 328.
33 Id. at 327-328.
34 Id. at 348-351.
35 Id. at 368-378.
36 Id. at 378.
37 Id. at 365.
38 Id. at 378-382.

Our Ruling

The Petition is bereft of merit.

The Non-Diminution Rule found in Article 100[39] of the Labor Code explicitly prohibits employers from eliminating or reducing the benefits received by their employees. This rule, however, applies only if the benefit is based on an express policy, a written contract, or has ripened into a practice.[40] To be considered a practice, it must be consistently and deliberately made by the employer over a long period of time.[41]

An exception to the rule is when "the practice is due to error in the construction or application of a doubtful or difficult question of law."[42] The error, however, must be corrected immediately after its discovery;[43] otherwise, the rule on Non-Diminution of Benefits would still apply.

The practice of giving two retirement benefits to petitioner's employees is supported by substantial evidence.

In this case, respondent was able to present substantial evidence in the form of affidavits to support its claim that there are two retirement plans. Based on the affidavits, petitioner has been giving two retirement benefits as early as 1997.[44] Petitioner, on the other hand, failed to present any evidence to refute the veracity of these affidavits. Petitioner's contention that these affidavits are self-serving holds no water. The retired employees of petitioner have nothing to lose or gain in this case as they have already received their retirement benefits. Thus, they have no reason to perjure themselves. Obviously, the only reason they executed those affidavits is to bring out the truth. As we see it then, their affidavits, corroborated by the affidavits of incumbent employees, are more than sufficient to show that the granting of two retirement benefits to retiring employees had already ripened into a consistent and deliberate practice.

Moreover, petitioner's assertion that there is only one retirement plan as the CBA Retirement Plan and the PERAA Plan are one and the same is not supported by any evidence. There is nothing in Article XVI of the CBA to indicate or even

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39 ART. 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.

40 *Central Azucarera De Tarlac v. Central Azucarera De Tarlac Labor Union-NLU*, G.R. No. 188949, July 26, 2010, 625 SCRA 622, 630-631.

41 Id.

42 Id. at 631.

43 Id.

44 CA *rollo*, p. 284.

suggest that the "Plan" referred to in the CBA is the PERAA Plan. Besides, any doubt in the interpretation of the provisions of the CBA should be resolved in favor of respondent. In fact, petitioner's assertion is negated by the announcement it made during the LMC Meeting on February 8, 2006 regarding its plan of implementing a "one-retirement plan." For if it were true that petitioner was already implementing a one-retirement policy, there would have been no need for such announcement. Equally damaging is the letter-memorandum[45] dated May 11, 2006, entitled "Suggestions on the defenses we can introduce to justify the abolition of double retirement policy," prepared by the petitioner's legal counsel. These circumstances, taken together, bolster the finding that the two-retirement policy is a practice. Thus, petitioner cannot, without the consent of respondent, eliminate the two-retirement policy and implement a one-retirement policy as this would violate the rule on non-diminution of benefits.

As a last ditch effort to abolish the two-retirement policy, petitioner contends that such practice is illegal or unauthorized and that the benefits were erroneously given by the previous administration. No evidence, however, was presented by petitioner to substantiate its allegations.

Considering the foregoing disquisition, we agree with the findings of the Voluntary Arbitrator, as affirmed by the CA, that there is substantial evidence to prove that there is an existing practice of giving two retirement benefits, one under the PERAA Plan and another under the CBA Retirement Plan.

The Memorandum dated August 16, 2005 is contrary to the existing CBA.

Neither do we find any reason to disturb the findings of the CA that the Memorandum dated August 16, 2005 is contrary to the existing CBA.

Sections 1 and 2 of Article XII of the CBA provide that all covered employees are entitled to 15 days sick leave and 15 days vacation leave with pay every year and that after the second year of service, all unused vacation leave shall be converted to cash and paid to the employee at the end of each school year, not later than August 30 of each year.

The Memorandum dated August 16, 2005, however, states that vacation and sick leave credits are not automatic as leave credits would be earned on a month-to-month basis. This, in effect, limits the available leave credits of an employee at the start of the school year. For example, for the first four months of the school year or from June to September, an employee is only entitled to five

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[45] Id. at 207-208.

days vacation leave and five days sick leave.[46] Considering that the Memorandum dated August 16, 2005 imposes a limitation not agreed upon by the parties nor stated in the CBA, we agree with the CA that it must be struck down.

In closing, it may not be amiss to mention that when the provision of the CBA is clear, leaving no doubt on the intention of the parties, the literal meaning of the stipulation shall govern.[47] However, if there is doubt in its interpretation, it should be resolved in favor of labor,[48] as this is mandated by no less than the Constitution.[49]

WHEREFORE, the Petition is hereby **DENIED**. The assailed September 25, 2007 Decision and the February 5, 2008 Resolution of the Court of Appeals in CA-G.R. SP No. 97053 are hereby **AFFIRMED**.

SO ORDERED.

MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

ARTURO D. BRION
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

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46 *Rollo*, p. 107.

47 *Supreme Steel Corporation v. Nagkakaisang Manggagawa ng Supreme Independent Union (NMS-IND-APL)*, G.R. No. 185556, March 28, 2011, 646 SCRA 501, 521.

48 Id.

49 Article II, Section 18 of the CONSTITUTION provides:
Section 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.

ATTESTATION

I attest 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.

ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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