

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
SECOND DIVISION**

**MONTE DE PIEDAD & SAVINGS BANK,  
*Petitioner,***

***-versus-***

**G.R. No. L-69372  
July 11, 1985**

**THE MINISTER OF LABOR AND  
EMPLOYMENT and MONTE DE  
PIEDAD AND SAVINGS BANK  
EMPLOYEES ASSOCIATION,  
*Respondents.***

**X-----X**

**DECISION**

**ABAD SANTOS, J.:**

Sought to be reviewed in this Petition for *Certiorari* are two orders dated October 24, 1984 and December 11, 1984 of the public respondent. The enforcement of the orders was temporarily restrained in Our order of January 7, 1985.

The order of October 24, 1984 of respondent Leogardo revived and directed the execution of a judgment rendered by Regional Director Severo M. Pucan dated July 27, 1983 which reads as follows:

“WHEREFORE, premises considered, respondent Monte de Piedad and Savings Bank is hereby ordered to pay to all covered employees the P60.00 emergency cost of living allowance under PD 1614 for the period from April 1, 1979 up to the present. Thereafter, respondent is hereby directed to pay monthly to the covered employees the said P60.00 allowance.” (Rollo, pp. 29 and 70.)

The order of December 11, 1984 denied a motion to quash the writ to execute the judgment and re-affirmed the order of October 24, 1984. (Id., p. 93.)

The factual background is as follows:

In March of 1979, petitioner Monte de Piedad and Savings Bank was giving its employees, aside from their regular wages, a living allowance of P230.00 a month for single employees but P260.00 for married ones plus P110.00 for emergency cost of living allowance (ECOLA) provided in P.D. Nos. 525 (P50.00) and 1123 (P60.00).

P.D. No. 1614 was promulgated on March 14, 1979. It increased the minimum wage from P11.00 to P13.00 a day and the ECOLA by P60.00, effective April 1, 1979.

Monte de Piedad complied with the minimum wage provisions of P.D. No. 1614 but it did not grant the P60.00 increase for ECOLA. Its reason was that it was already paying its employees a living allowance of P230.00 plus ECOLA in the amount of P110.00 for a total of P340.00 which is more than the ECOLAs provided in P.D. Nos. 525, 1123 and 1614 for a total only of P170.00.

On April 20, 1979, Monte de Piedad and the private respondent entered into a collective bargaining agreement (CBA) providing for increases in basic pay and allowances retroactive to May 1, 1978. The CBA increased the monthly living allowance by P20.00, namely: P250.00 for single employees and P280.00 for married ones. This was in addition to the ECOLA of P110.00.

On July 10, 1981, or more than two years after the effectivity of the CBA, the union filed a complaint with the Ministry of Labor and Employment (MOLE) alleging non-payment of the P60.00 ECOLA provided in P.D. No. 1614, The issues were joined but the case was pending resolution when the union struck on March 27, 1982.

On April 7, 1982, the parties, through the mediation of the MOLE, entered into a new CBA retroactive to May 1, 1981. Among the provisions of the new CBA are the following:

- “4. The 13<sup>th</sup> month pay case decided by Director Estrella which is now on appeal before the Minister of Labor shall be withdrawn by the Association. Similarly, the cases on the implementation of P.D. 1614 and on the claim of the Association that the Bank should still contribute to the profit accrual fund over and above the profit sharing, and the urgent complaint for salaries of employees for days worked in the second half of March 1982 shall also be withdrawn by the Association.

X X X

- “11. This Agreement represents a full settlement of all issues between the parties and except for the reservation made in par. 5 above, the parties have no further claim against each other and the Association agrees that during the life the CBA up to May 1, 1984 it shall not present further demands on the Bank.”

(Paragraph 5 of the CBA reads: “The above agreement notwithstanding the parties herein are not barred to file suit against each other for what they believe constitute unfair labor practices committed by one against the other.”) (Id., pp. 21-22.)

Contrary to the CBA of April 7, 1982, the union did not withdraw its complaint with MOLE for alleged non-payment of the P60.00 ECOLA

provided in P.D. No. 1614. On July 27, 1983, the Pucan judgment quoted above was issued. The petition states:

“Pursuant to the conspiracy between the officers of the respondent union and some crooked officials of herein petitioner Bank, the Board of Directors of petitioner, which had its regular meeting on August 9, 1983, was not informed of this Order, which appears to have been served on the Legal and Secretarial Dept. of the Bank on August 1, 1983; neither was the Board’s Executive Committee, which met on August 2 and 16, 1983, informed of this Order. It was only on or about August 18, 1983 that undersigned counsel, who is a member of petitioner’s Board of Directors and Executive Committee, learned of this filthy plot when some employees showed him certain union leaflets and circulars on the subject on that date, of course, the Order had technically become ‘final,’ since more than ten (10) working days had elapsed from service of the Order.” (Id., pp. 7-8.)

On September 30, 1983, petitioner filed a petition for relief from judgment invoking fraud, accident, mistake or excusable negligence. Full relief was not granted; instead the judgment was modified by requiring the payment of the ECOLA only from April 8, 1982 instead of April 1, 1979. Both the bank and the union appealed to the Minister of Labor and Employment.

On October 24, 1984, respondent Leogardo set aside the modified judgment and revived the original judgment on the ground that it had become final and executory. He also rejected the petition for relief from judgment on the ground that no affidavit of merit was attached to it. Parenthetically, the petition for relief was verified and it contains recitals to support the petition.

Monte de Piedad filed a manifestation on November 19, 1984 with the public respondent which reads in part:

- “1. On November 2, 1984 it received a copy of the ‘Order’ of Mr. Vicente Leogardo, Jr. on behalf of Mr. Blas Ople dismissing the appeals in this case because the decision of

Mr. Severo Pucan dated July 27, 1983 had become final and executory.

- “2. Mr. Pucan’s decision, following the ‘reasoning’ of Mr. Leogardo, became final and executory on August 11, 1983.
- “3. As already disclosed in respondent’s motion to dismiss of March 9, 1984, all 223 employees of respondent, including all the officers of respondent union, ratified in writing the CBA of April 7, 1982 in the following tenor:

‘I am claiming my additional one month bonus based on basic pay, as provided in the CBA of April 7, 1982, which the officers of my union signed with the assistance of the Union’s Legal Counsel, and I will abide by such CBA in all respects, including the withdrawal of the case on P.D. 1614.’

- “4. These written waivers were all signed by the employees in December 1983 and January 1984, long after the decision of Mr. Pucan, which according to Mr. Leogardo became ‘final and executory’ on August 11, 1983.

“It is therefore patent and obvious that these written waivers, signed by all the 223 employees of respondent, including all the union officers, constitute a novation of judgment of the so-called Pucan decision.” (Id., p. 71.)

Notwithstanding the manifestation, the public respondent issued the questioned order of December 11, 1984 wherein he ordered the execution of the Pucan judgment and re-affirmed his own order of October 24, 1984.

The issue is whether or not the union is bound by its promise contained in the CBA to withdraw its claim for alleged non-payment of the ECOLA provided in P.D. No. 1614. Irrelevant to this issue are respondent’s arguments that (a) We have no jurisdiction to entertain the instant appeal because the Pucan decision had become final and executory, and (b) that the bank’s petition for relief from judgment had no merit.

The petition is highly impressed with merit.

The finality of the Pucan decision is assumed by reason of the bank's petition for relief from judgment. But the finality of the Pucan decision as well as the bank's petition for relief are not material to this case because the present petition is anchored on the claim that the final judgment had been novated by the waivers executed by the rank and file employees including the officers of the respondent union. The bank points to the fact that the employees and officers in ratifying the CBA of April 7, 1982 said that they "will abide by such CBA in all respects, including the withdrawal of the case on P.D. 1614."

The CBA which includes a withdrawal of the union's complaint in respect of P.D. No. 1614 is valid. There is nothing in it which contravenes the law, morals, good customs, public order, or public policy. In fact the provision on withdrawal of the complaint is encouraged by law for it is a compromise to put an end to litigation already commenced. And the Labor Code itself directs:

"ART. 227. Compromise agreements. — Any compromise agreement, including those involving labor standard laws, voluntarily agreed upon by the parties with the assistance of the Bureau or the regional office of the Department of Labor, shall be final and binding upon the parties. The National Labor Relations Commission or any court shall not assume jurisdiction over issues involved therein except in case of non-compliance thereof or if there is prima facie evidence that the settlement was obtained through fraud, misrepresentation, or coercion."

Considering then that the terms and conditions of a collective bargaining contract constitutes the law between the parties and an employer, such as the herein petitioner, who bargains in good faith has a right to rely on the agreement, the petition should be granted.

**WHEREFORE**, the petition is hereby granted; the questioned orders of the public respondent are hereby set aside; and the case against the petitioner for alleged non-compliance with P.D. No. 1614 is dismissed. Costs against the private respondent.

**SO ORDERED.**

**Aquino, Concepcion, Jr., Escolin and Cuevas, JJ., concur.  
Makasiar, J., (Chairman), took no part.**

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