

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
EN BANC**

**PHILIPPINE AIR LINES, INC.,
*Petitioner,***

-versus-

**G.R. No. L-21120
February 28, 1967**

**PHILIPPINE AIR LINES EMPLOYEES
ASSOCIATION and COURT OF
INDUSTRIAL RELATIONS,
*Respondents.***

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DECISION

CONCEPCION, C.J.:

Appeal by Certiorari, taken by the Philippine Air Lines, Inc. — hereinafter referred to as the PAL — from an order of the Court of Industrial Relations — hereinafter referred to as the CIR — the dispositive part of which reads:

“WHEREFORE, the Philippine Air Lines is hereby ordered to pay the four claimants, Messrs. Fortunato Biangco, Hernando Guevarra, Bernardino Abarrientos and Onofre Griño the Christmas bonus due them for the year 1950 to 1958; to credit in favor of Fortunato Biangco and Hernando Guevarra 140 days each, sick leave which the two may use or enjoy according to

existing company rules and regulations regarding this privilege, and to allow the four claimants the enjoyment of their earned and accumulated free trip passes both here and abroad subject to the above-mentioned plan the company may adopt. In order to effect early payment of the Christmas bonus, the Chief Examiner of the Court or his duly authorized representatives is hereby directed to examine pertinent records of the company, to compute and determine the Christmas bonus due each of the four claimants and to submit a report thereof immediately upon completion of the same.”

It appears that on May 4, 1950, PAL dismissed its above named four (4) employees, who are members of the Philippine Air Lines Employees Association — hereinafter referred to as PALEA — and that on July 13, 1954, the CIR en banc passed a resolution, in Case No. 465-V thereof, directing the reinstatement of said employees “to their former or equivalent positions in the company, with back wages from the date of their dismissal to the date of their reinstatement, and without prejudice to their seniority or other rights and privileges.” This resolution was affirmed by the Supreme Court, in G. R. No. L-8197, on October 31, 1958.

On January 14, 1959, said employees were reinstated, and subsequently their back wages, computed at the rate of their compensation at the time of the aforementioned dismissal, less the wages and salaries earned by them elsewhere during the lay-off period, were paid to them. The employees objected to this deduction and the CIR sustained them, in a Resolution dated May 22, 1960, which was reversed by the Supreme Court, on July 26, 1960, in G. R. No. L- 15544. Soon later, or on November 10, 1960, the PALEA moved for the execution of the CIR resolution of July 13, 1954, as regards the “other rights and privileges” therein mentioned, referring, more specifically to: (1) Christmas bonus from 1950 to 1958; (2) accumulated sick leave; (3) transportation allowance during the layoff period; and (4) accumulated free trip passes, both domestic and international. By an order dated October 8, 1962, the CIR granted this motion, except as regards the sick leave of Onofre Griño and Bernardino Abarrientos, and the transportation allowance, which were denied. Hence, this appeal.

PAL maintains that the CIR has erred in acting as it did, because: (1) the aforementioned privileges were not specifically mentioned in the CIR resolution of July 13, 1954; (2) the order of the CIR dated October 31, 1962, had, allegedly, the effect of amending said resolution; and (3) the clause therein “without prejudice to their seniority or other rights and privileges” should be construed prospectively, not retroactively.

Insofar as the Christmas bonus, the accumulated sick leave privileges and the transportation allowance during the lay-off period, the PAL’s contention is clearly devoid of merit. The aforementioned clause must be considered in the light of the entire context of the resolution of July 13, 1954 and of its dispositive part. In ordering therein the “reinstatement” of said employees with “back wages from the date of their dismissal to the date of their reinstatement, and without prejudice to their seniority or other rights and privileges”, it is obvious that the resolution intended to restore the employees to their status immediately prior to their dismissal.

Hence, it directed, not only their reinstatement, but, also, the payment of their back wages during the period of their lay-off — thus referring necessarily to a period of time preceding their reinstatement — and the retention of “their seniority or other rights and privileges”. Rights and privileges at what time? Certainly, not after their reinstatement, but at the time of their aforementioned dismissal. In other words, the reinstatement was with back wages for the lay-off period, coupled with the “seniority or other rights and privileges”, attached to the status of the employees when they were dismissed. To put it differently, the CIR treated said employees as if they had not been absent from work and had been uninterruptedly working during the lay-off period.

Thus, in *Republic Steel Corporation vs. NLRB* (114 F. 2d. 820), it was held that, under a decree of the Circuit Court of Appeals and Order of the National Labor Relations Board directing the employer to reinstate the striking employees without prejudice to their seniority or other rights or privileges, it was the intention of the Board and Court to provide that, upon reinstatement the employees were to be treated in matters involving seniority and continuity of employment as though they had not been absent from work, and hence the

reinstated employees were entitled to the benefits of the employer's vacation plan for the year in which they were reinstated and subsequent years upon the basis of continuity of service computed as though they had been actually at work during the entire period from the date of strike to the date of reinstatement.

As a consequence, the employees involved in the case at bar are entitled to the Christmas bonus that PAL had given to all of its employees during said period, for said bonus, having been paid regularly, has become part of the compensation of the employees.^[1] Said employees are, likewise, entitled to transportation allowance and the corresponding sick leave privileges. These sick leave privileges are subject, however, to the following qualifications, namely: (1) that the accumulated sick leave cannot exceed 140 days, pursuant to the collective bargaining agreement between the PAL and the PALEA, effective in 1959; and (2) that, pursuant to the same agreement, which denies sick leave privileges to retired employees, Onofre Griño and Bernardino Abarrientos, who have retired, are not entitled to said privileges.

The PAL'S appeal as regards the free trip passes is, however, well taken, for the employees had no absolute right thereto, even if they had actually rendered services during the lay-off period. The free trip passes were given, neither automatically, nor indiscriminately. The employees had to apply therefor and their applications were subject to PAL'S approval.

WHEREFORE, except as to the free trip passes for the layoff period, which should not be deemed included in the "rights and privileges" awarded in the resolution of July 13, 1954, and subject to the qualification that the accumulated sick leave privileges cannot exceed 140 days, the appealed resolution of October 8, 1962, is hereby affirmed in all other respects, without special pronouncement as to costs. It is so ordered.

**Reyes, Dizon, Regala, Makalintal, Bengzon, Zaldivar,
Sanchez and Ruiz Castro, *JJ.*, concur.**

[1] *Almonte vs. American Drug Co.*, L-14922, August 31, 1959; *Ansay vs. Board of Directors*, L-13667, April 29, 1960.

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