SUPREME COURT
SECOND DIVISION

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

-versus-

G.R. No. L-24626
June 28, 1974

PHILIPPINE AIR LINES EMPLOYEES ASSOCIATION (PALEA), PHILIPPINE AIR LINES SUPERVISORS ASSOCIATION (PALSA) and COURT OF INDUSTRIAL RELATIONS,
***Respondents*.**
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D E C I S I O N

FERNANDO, *J.*:

This appeal by *certiorari* from a Resolution of Court of Industrial Relations, if typical, yields the impression that in the realm of management there is not too-marked an appreciation for the quality

of mercy. What is sought is a reversal of an order of respondent Court reinstating one Fidel Gotangco dismissed by his employer, petitioner Philippine Air Lines, for having been found guilty of the breach of trust and violation of the rules and regulations of the company. So it was decreed, considering what was felt to be the severity of dismissal. Petitioner, however, is firm and unyielding in its insistence that this was an appropriate case for terminating employment. It would support its stand by an invocation of Manila Trading and Supply Company vs. Zulueta.[1] As will hereinafter be shown, such a reliance is misplaced not only in terms of the opinion therein rendered but likewise in the light of the trend of later rulings of this Tribunal. What poses an even more insurmountable obstacle is that such an attitude of firm and unyielding insistence on the traditional concept of management rights is at war with the new provision on security of tenure in the present Constitution.[2] There is no occasion for reversal then.

There is no dispute as to the facts. The order now sought to be reviewed started with the nature of the case as one seeking authority for the dismissal of Fidel Gotangco, with the employer, petitioner Philippine Air Lines, presenting in evidence an exhibit referring to the confiscation of a piece of lead material from his parson at one of the gates of the PAL Airfield compound and a signed statement by him, taken at an investigation, wherein he admitted his apprehension by a company security guard with a lead material he intended to take home for his personal use. Then the order continues: “On the whole, the evidence of respondent is uncontroverted. And no question, Fidel Gotango is guilty of breach of trust and violation of the rules and regulations of his employer. But respondent seeks authority to dismiss him on the basis of such guilt. It is believed, however, that in this particular case dismissal is too severe a penalty to impose on Fidel Gotangco for trying to slip out a lead material belonging to respondent. Because (1) it is his first time to commit the charge in question for the duration of his 17 years of service with respondent; (2) the cost of said material, considering its size, is negligible (8” x 10” x 1/2”); (3) respondent did not lose anything after all as the lead material was retrieved in time; (4) the ignominy and mental torture undergone by Gotangco is practically punishment in itself; and (6) he has been under preventive suspension to date. For which reason, it would seem more equitable to retain than dismiss him.”[3]

Petitioner was therefore ordered "to reinstate Fidel Gotangco immediately, without backwages."[4] So it decided the matter. There appears to be nothing unreasonable. An offense was committed. It was not condoned. A penalty was imposed, but one proportionate to the gravity of the misdeed. Petitioner, as indicated by his appeal, appears to be unsatisfied. It insists on dismissal. We do not see it that way.

So rigid an approach must find its justification in a statute, of which there is none, or in a pronouncement of this Court that speaks unequivocally. Petitioner is hopeful that Manila Trading and Supply Company vs. Zulueta did so. It is laboring under a misapprehension. A more careful analysis ought to have made that clear. There is nothing in it that requires us to hold that on the matter of termination of employment, management must have its way and respondent Court ignored. Our later decisions, especially so those penned by the same illustrious Justice Laurel, indicate the contrary. The pith of the matter is then simply this, that when respondent Court after a conscientious appraisal of the facts did reach a conclusion that was far from arbitrary and was impressed with an element of generosity to which the law should not be a stranger, there is no valid ground for Us to hold otherwise. Even on the assumption that it were not thus before, it is so now. There is, as noted, in the Constitution the guarantee of security of tenure. The appeal must fail then.

1. The sole error assigned by petitioner is that respondent Court should not order the reinstatement of Fidel Gotangco in the light of its undisputed finding that he "is guilty of breach of trust and violation of the rules and regulations of his employer."[5] It sought to lend plausibility to such a contention by asserting in its brief: "The principle that the Court of Industrial Relations cannot arrogate upon itself the authority to order an employer to reinstate a dismissed employee who admittedly has breached the trust of his employer is now so well woven in our jurisprudence that only a grave abuse of judicial discretion can unsettle the rule. This principle was 90 clearly articulated in one case (Manila Trading & Supply Co. vs. Zulueta, 69 Phil. 486) where this Honorable Court, through the late J. Laurel, declared – 'The whole controversy is centered around the right of the Court of Industrial Relations to order the readmission of a laborer

who, it is admitted, had been found derelict in the performance of his duties towards his employer. We concede that the right of an employer to freely select or discharge his employees, is subject to regulation by the State basically in the exercise of its paramount police power. (Com. Act Nos. 103 and 213). But much as we should expand beyond economic orthodoxy, we hold that an employer cannot legally be compelled to continue with the employment of a person who admittedly was guilty of misfeasance or malfeasance towards his employer, and whose continuance in the service of the latter is patently inimical to his interests.'"[6] Its tone of certitude is unwarranted. The very excerpt cited speaks of the paramount police power as a limitation on the right of an employer to freely select or discharge his employees. Moreover, while there was an admission that misfeasance or malfeasance could be a ground for dismissal, the last sentence thereof reads: "The law, in protecting the rights of the laborer, authorizes neither oppression nor self-destruction of the employer."[7] Where, therefore, it could be shown that the result would be neither oppressive nor self-destructive, it cannot he asserted dogmatically that an outright termination of employment is justified.

The Manila Trading decision was promulgated on January 30, 1940. Before the end of the year, in another Manila Trading Company case, Manila Trading Supply Co. vs. Philippine Labor Union,[8] the same Justice Laurel made clear that the earlier doctrine did not call for automatic application. Thus: "It is admitted, however, that an employer cannot legally be compelled to continue an employee or laborer in the service when a justifiable cause for his discharge exists, but since under section 19 of Commonwealth Act No. 103 the authority of the Court of Industrial Relations to require his continuance in the service is incidental to the pendency of an industrial dispute before it, it necessarily follows that the said court has the power to determine whether such cause exists. In the instant case, the Court of Industrial Relations having reached the conclusion that the dismissal of Andres Dimapiles is groundless and unjustified, the doctrine in Manila Trading & Supply Co. vs. Zulueta, et al., G.R. No. 46853, promulgated January 30, 1940, is not applicable. Upon the other hand, and as was observed in the case of Ang Tibay vs. The Court of Industrial Relations, G.R. No. 46496, promulgated May 29, 1939, `the policy of laissez faire has to some extent given way to the assumption by the Government of the right of intervention even in

contractual relations affected with public interest.'"[9] What is more, three other cases before the end of the year,[10] the opinions in which were penned by the same distinguished jurist, left no doubt as to the flexibility of the approach to be followed whenever the first Manila Trading Supply decision was invoked. For each and every one of them, he sustained respondent Court of Industrial Relations in its conclusion that dismissal was not warranted. After liberation, in a 1948 decision, Manila Hotel Co. vs. Court of Industrial Relations,[11] one of his equally discerning colleagues, likewise a former delegate to the 1934 Constitutional Convention, Justice Briones, did announce in unmistakable language, that the first Manila Trading Company decision should not lend itself as a justification for outright dismissal independently of the circumstances of each case. For him, speaking as ponente, *"es, gin embargo, tambin cierto que hay casos en que la destitucion o suspension de un empleado resulta caprichosa, o injustificada, o de otro modo ilegal, en cuyo caso el obrero debe ser protegido por el Estado mediante la agencia o instrumento que tenga para ello que en nuestro caso es la Corte de Relaciones Industriales."*[12] A host of later decisions attests to the acceptance by this Court of the conclusion reached by the Court of Industrial Relations in the discharge of the task assigned to it to protect the rights of labor.[13] Nor is this all. As pointed out in Phil. Educational Institution vs. MLQSEA Faculty Association:[14] "It was Justice Laurel who, in the first decision, promulgated in 1939, concerning the scope of the power of this Court to alter factual conclusions reached by the Court of Industrial Relations, expressed the view that we should not disturb 'the findings of facts made by the Court of Industrial Relations.' A year and two months later on November, 1940, he was much more definite. Such findings 'are conclusive and will not be disturbed in the absence of a showing [of abuse of] discretion.'"[15] Such a formulation was followed in twenty-nine later decisions, the latest of which, prior to Philippine Educational Institution, was Laguna College vs. Court of Industrial Relations,[16] the ponente being the present Chief Justice.

Greater familiarity therefore with the approach consistently followed by Justice Laurel in labor controversies ought to have cautioned petitioner against the misplaced reliance on the excerpt from the first Manila Trading case, which as made clear in the foregoing, was not

even subjected to an accurate appraisal. The sole assigned error is therefore without merit.

2. The futility of this appeal becomes even more apparent considering the express provision in the Constitution already noted, requiring the State to assure workers "security of tenure."[17] It was not that specific in the 1935 Charter. The mandate was limited to the State affording "protection to labor, especially to working women and minors."[18] If by virtue of the above, it would not be legally justifiable to reverse the order of reinstatement, it becomes even more readily apparent that such a conclusion is even more unwarranted now. To reach it would be to show lack of fealty to a constitutional command. This is not to say that dismissal for cause is now outlawed. No such thing is intimated in this opinion. It is merely no stress that where respondent Court of Industrial Relations, in the light of all the circumstances disclosed, particularly that it was a first offense after seventeen years of service, reached the conclusion, neither arbitrary nor oppressive, that dismissal was too severe a penalty, this Court should not view the matter differently. That is to conform to the ideal of the New Society, the establishment of which was so felicitously referred to by the First Lady as the Compassionate Society.[19]

3. Much less should the result reached by this Court lend itself to the interpretation that there has been a condonation of theft. From the facts as found by respondent Court accepted by petitioner, the offense was "breach of trust and violation of the rules and regulations of the company." A lead material of negligible size, in the opinion of respondent Court, its measurement being eight inches by ten inches, with thickness of one-half inch, not shown to be of any use to the company, hardly of any pecuniary worth, was picked up by the employee in question, but thereafter taken from him by a security guard.

That was all that transpired. It would be too harsh an appraisal to view it as constituting theft. So the parties have considered the matter. It stress is laid on this aspect of the case, it is only to ward off any unwarranted inference that this Court was not properly mindful of the more serious consequences that should ordinarily follow a dishonest act amounting to a crime.

WHEREFORE, the appealed Order of respondent Court of April 12, 1965, reinstating Fidel Gotangco without backwages, as sustained in a Resolution of May 19, 1965, is affirmed. Costs against Philippine Air Lines.

Zaldivar, *J., (Chairman)*, Barredo, Antonio, Fernandez and Aquino, *JJ.*, concur.

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[1] 69 Phil. 485 (1940).
[2] According to Article II, Section 9 of the Constitution: "The State shall assure the rights of workers to self-organization, collective bargaining security of tenure, and just and humane conditions of work."
[3] Order, Annex C of Petition, 2-3.
[4] Ibid.
[5] Brief for the Petitioner, 4.
[6] Ibid, 5-6.
[7] Ibid, 6.
[8] 70 Phil. 539 (1940).
[9] Ibid, 549.
[10] Manila Electric Co. vs. National Labor Union, 70 Phil. 617 (1940); Manila Trading Supply Co. vs. Philippine-Labor Union, 70 Phil. 539 (1940); Mindanao Bus Co. vs. Mindanao Bus Co. Employees Association, 71 Phil. 168 (1940).
[11] 80 Phil. 145 (1948).
[12] Ibid, 147.
[13] Cf. National Waterworks and Sewerage Authority vs. NWSA Consolidated Union, L-26894-96, February 28, 1969, 27 SCRA 227; Alhambra Industries, Inc. vs. Court of Industrial Relations, L-22219, August 28, 1969, 29 SCRA 138; Cruz vs. Philippine Association of Free Labor Unions, L-25619, October 29, 1971, 42 SCRA 68; National Power Corporation vs. NPC Employees and Workers Association, L-33472, December 29, 1971, 42 SCRA 692; Compania Maritima vs. Compania Maritima Labor Union, L-29504, February 29, 1972, 43 SCRA 464; Bulakeña Restaurant and Caterer vs. Court of Industrial Relations, L-26796, May 25, 1972, 45 SCRA 87; Philippine American Management Co., Inc. vs. Philippine American Management Employees Association, L-35254, January 29, 1973, 49 SCRA 194; B. F. Goodrich Philippines vs. B. F. Goodrich Confidential and Salaried Employees Union, L-34069, February 28, 1973, 49 SCRA 532.
[14] L-24019, November 29, 1968, 26 SCRA 272.
[15] Ibid, 276.
[16] L-28927, September 25, 1968, 25 SCRA 167.
[17] Article II, Section 9 of the Constitution.
[18] According to Article XIV, Section 6 of the 1935 Constitution: "The State shall afford protection to labor, especially to working women and minors, and

shall regulate the relations between landowner and tenant, and between labor and capital in industry and in agriculture. The State may provide for compulsory arbitration."

[19] Cf. Imelda Romualdez-Marcos, The Compassionate Society, 1-7 (1973).