

### Title:

East Asiatic Company, Ltd., et al. v. Court of Industrial Relations et al.

### Facts:

Soledad A. Dizon, employed by East Asiatic Co. Ltd. from February 8, 1951, to August 31, 1958, was dismissed on September 1, 1958. Claiming unfair labor practice, Dizon filed Case No. 1796-ULP against the company and its officials. The Court of Industrial Relations (CIR) found the company guilty, ordering Dizon's reinstatement with back wages from her dismissal date until actual reinstatement. This decision was affirmed by the Supreme Court on April 30, 1966.

Post affirmation, the company expressed willingness to reinstate Dizon with her last salary, whereas Dizon demanded reinstatement with salary increments given during her lay-off. The Supreme Court directed both parties to discuss the matter in the lower court for implementation of its decision. Dizon then moved to compute back wages due to her on June 8, 1966, which the CIR subsequently ordered. The computation report by the CIR's Examiner, dated March 2, 1967, suggested Dizon earned more elsewhere during the layoff period than her back wages total, resulting in no back wages due. However, Judge Emiliano C. Tabigne's May 12, 1967 order approved the back wages computed but disapproved the deduction of outside earnings. This order was contested en banc, with a resolution on June 27, 1967, leading to a divided opinion regarding Dizon's entitlement to reinstatement and back wages based on her absence and employment abroad.

### Issues:

1. Whether or not the outside earnings of Soledad A. Dizon during her lay-off period should be deducted from her computed back wages.
2. Whether Soledad A. Dizon waived her right to reinstatement by her acts and conduct following her dismissal and during the pendency of her case.
3. The correct computation of back wages and the entitlement or inclusion of salary increments and regular employee benefits during the lay-off period.

### Court's Decision:

The Supreme Court modified the CIR's en banc resolution, holding that:

- Dizon is entitled to back wages only until her return to the United States to resume her teaching job, the exact date of which she must provide.
- Dizon is entitled to general increases and bonuses as if she had not been dismissed, the amount of which the company must disclose.

- Earnings of Dizon during the lay-off, whether in the Philippines or abroad, must be deducted from the total back wages due, but not exceeding the amount she would have earned from the company, with overseas earnings computed on a 1 to 1 basis.

### Doctrine:

The decision reiterated the principle that in computing back wages due to an illegally dismissed employee, any earning by the employee during the period of lay-off must be deducted from the back wages payable by the employer, provided such deduction does not exceed what the employee would have earned from the original employer. Earnings from employment outside the jurisdiction of the Philippines are not to be converted at the exchange rate but considered on a 1 to 1 basis.

### Class Notes:

- The case illustrates the process of computing back wages for an illegally dismissed employee, considering outside earnings and benefits that would have been accrued during the period of dismissal.
- It reaffirms the duty of both parties and the court to act transparently and expediently in the resolution of labor disputes, focusing on fair restitution and the avoidance of unjust enrichment.
- Legal doctrines emphasized include the principle against unjust enrichment in labor law disputes and the application of equitable considerations in computing back wages.

### Historical Background:

This case reflects the evolving jurisprudence on labor rights and employer obligations in the Philippines. It underscores the emphasis on substantiating claims for back wages and reinstatement rights following wrongful termination, and the balance courts must strike to ensure fairness to both employers and employees in labor disputes.