

****Case Title:**** Froilan M. Bergonio, Jr., et al. vs. South East Asian Airlines and Irene Dornier

****Facts:****

This case commenced on April 30, 2004, when petitioners Froilan M. Bergonio, Jr., Dean G. Pelaez, and others filed a complaint against South East Asian Airlines (SEAIR) and Irene Dornier, alleging illegal dismissal and illegal suspension, and seeking reinstatement. The Labor Arbiter (LA) ruled in favor of the petitioners on May 31, 2005, ordering their immediate reinstatement with full backwages. Due to SEAIR's failure to comply with the reinstatement order, several motions for execution and a writ of execution were filed and issued respectively.

Despite SEAIR expressing intentions to reinstate the petitioners in the payroll, actual reinstatement did not proceed leading to further legal maneuvers including oppositions to motions for execution, issuance of alias writ of execution, and appeals to the National Labor Relations Commission (NLRC) by SEAIR. Following the appeals, the NLRC dismissed SEAIR's appeal for non-perfection and denied subsequent motions for reconsideration, cementing the LA's decision.

Subsequently, upon the NLRC's resolution becoming final and executory, the petitioners moved for, and the LA issued, another writ of execution and garnishment of SEAIR's bank accounts to satisfy the claims for accrued wages. However, the Court of Appeals (CA) later partially granted SEAIR's petition, declaring the dismissal valid but awarding nominal damages to petitioners for lack of due process. This CA decision was upheld by the Supreme Court upon finality.

Despite this, the petitioners motioned for the immediate release of the garnished amount citing SEAIR's continued refusal to reinstate them as per the initial LA's decision. The LA granted this motion which resulted in the release of P1,900,000.00 garnished from SEAIR's bank accounts. SEAIR, not satisfied, proceeded to challenge the LA's and NLRC's decisions in the CA which led to the CA ruling in favor of SEAIR and ordering a recomputation of the petitioners' accrued wages up until the point the petitioners were supposed to report back for work as directed by a memorandum from SEAIR.

****Issues:****

1. Whether the CA erred in limiting the computation of petitioners' accrued wages to the

date when they were directed by a memorandum to report back for work.

2. Whether the delay in the enforcement of the reinstatement order pending appeal can be attributed to the fault of SEAIR, thus making them liable for the accrued wages until the issuance of the CA's decision reversing the LA's ruling on illegal dismissal.

****Court's Decision:****

The Supreme Court granted the petition, finding the CA committed legal errors in its decision. Firstly, it affirmed the immediately executory nature of a reinstatement order from a Labor Arbiter, highlighting that an employer must either physically reinstate the employee or include them in the payroll. Failure to do so necessitates the payment of the employee's wages.

The Court applied a two-fold test determining that there was indeed a delay in reinstatement and that the delay was attributed to SEAIR's unjustified actions, including attempts to suspend the execution of the reinstatement order and failing to properly notify the petitioners or give them ample opportunity to comply with the return-to-work directive. Consequently, the Court found that SEAIR's actions were aimed at preventing the reinstatement of the petitioners, thus making them liable for accrued salaries up to the date the CA reversed the LA's decision.

****Doctrine:****

1. The reinstatement aspect of a Labor Arbiter's decision finding illegal dismissal is immediately executory, even pending appeal, obligating the employer to reinstate the employee either physically or in the payroll, failing which the employer must pay the employee's wages.

2. An employee may recover accrued wages up to and despite the reversal of the LA's finding of illegal dismissal by a higher court, provided the delay in reinstatement was due to the employer's fault.

****Class Notes:****

- An LA's decision for reinstatement due to illegal dismissal is immediately executory.
- An employer's failure to comply with an immediate reinstatement order obligates them to pay the employee's salaries.
- Accrued wages may be claimed up to the higher court's reversal of the LA's decision if the

delay in reinstatement was the employer's fault.

- Employers are required to either physically reinstate the employee under the same conditions or opt for payroll reinstatement.

****Historical Background:****

This case illustrates the challenges in enforcing immediate reinstatement orders in illegal dismissal cases and sets significant precedents on the employer's obligations and employee's rights regarding accrued wages and reinstatement. It underscores the Philippine labor law principle aimed at protecting employee's security of tenure and ensuring swift remedy against wrongful dismissal.