

Title:

****Pakistan International Airlines Corporation vs. Hon. Blas F. Ople, et al.****

Facts:

On December 2, 1978, Pakistan International Airlines Corporation (PIA), a foreign corporation licensed to do business in the Philippines, entered into two separate employment contracts in Manila with Ethelynne B. Farrales and Maria Moonyeen Mamasig. These contracts, set to commence on January 9, 1979, specified a three-year duration, provided terms for termination, and declared Pakistani law and the Jurisdiction of Karachi courts as governing. After completing their training in Pakistan, Farrales and Mamasig worked as flight attendants with assignments across the Middle East and Europe.

On August 2, 1980, PIA, through a local branch official, advised Farrales and Mamasig of the termination of their services effective September 1, 1980, referencing a clause in their employment agreement. Subsequently, on September 9, 1980, Farrales and Mamasig filed a complaint for illegal dismissal and non-payment of benefits with the Ministry of Labor and Employment (MOLE), which led to an order by Regional Director Francisco L. Estrella on January 22, 1981, for their reinstatement with full backwages or payment for the unexpired contract term. PIA's appeal to Deputy Minister Vicente Leogardo, Jr. resulted in the affirmation of Estrella's award, excluding alternative payment in lieu of reinstatement.

Issues:

1. Whether the Regional Director of MOLE had jurisdiction over the complaint for illegal dismissal filed by Farrales and Mamasig.
2. Whether the proceedings violated PIA's rights to procedural due process.
3. The applicability of the employment contract's stipulations regarding Pakistani law, and termination clauses under Philippine Labor Laws.

Court's Decision:

1. ****Jurisdiction:**** The Supreme Court found that the Regional Director of MOLE had jurisdiction over the case based on the provisions of the Labor Code and its implementing rules at the time the complaint was initiated, affirming the authority to deal with termination cases without prior clearance.
2. ****Procedural Due Process:**** The Court dismissed PIA's claim of denial of due process,

noting PIA had ample opportunity to present its case, and that regulations at the time directly addressed dismissals without prior clearance as terminations without just cause, mandating reinstatement with wages.

3. ****Applicability of Contract Provisions:**** The Court ruled that the contractual provisions specifying Pakistani law and jurisdiction did not preclude the application of Philippine labor laws due to the public interest inherent in employment relations. It further held that the employment agreement's stipulations allowing PIA to terminate the contracts at any time effectively deprived Farrales and Mamasig of the protection of Philippine labor laws, rendering such provisions invalid in favor of labor statutes ensuring security of tenure.

Doctrine:

The Court reiterated the principle that the autonomy of contracting parties is not absolute and is subject to the provisions of applicable law, especially those relating to matters of public interest such as labor laws. It underscored that employment contracts cannot insulate parties from the jurisdiction and application of Philippine labor laws and regulations.

Class Notes:

- ****Security of Tenure:**** Employees have the right to security of tenure under Articles 280 and 281 of the Labor Code. Employers cannot terminate employees who are considered regular, except for just cause or when authorized under the Labor Code.
- ****Jurisdiction over Labor Cases:**** The Regional Director of MOLE (now DOLE) has jurisdiction over cases related to termination without prior clearance, confirming security of tenure.
- ****Freedom of Contract and Labor Laws:**** Employment contracts cannot contravene laws, morals, good customs, public order, or public policy. Specifically, parties cannot contract away the applicability of labor laws and regulations.
- ****International Employment Contracts:**** Where an employment contract is executed in the Philippines and involved Filipino citizens as parties, Philippine labor laws apply despite any agreement to the contrary regarding the applicability of foreign laws or jurisdiction.

Historical Background:

The era during which this decision was rendered saw the Philippine Supreme Court emphasizing the protection of the rights and welfare of workers, showcasing the labor law's

evolution towards enhancing security of tenure and ensuring the jurisdiction of local courts and administrative bodies in labor disputes. This decision emphasizes the precedence of Philippine labor laws over foreign law stipulations in employment contracts, underscoring the principle of labor protection in the context of the increasing globalization of employment practices.