

****Title:****

Philippine Airlines, Inc. vs. National Labor Relations Commission and Armando Dolina, G.R. No. L-58219, [Date citation from E-Library]

****Facts:****

Armando Dolina was admitted to the Philippine Airlines (PAL) Aviation School on January 16, 1973, to be trained as a pilot with the promise of regular employment upon course completion. Dolina finished the course on January 25, 1974, and underwent an equipment qualification course until October 4, 1974. He then received a temporary appointment as Limited First Officer for six months from October 9, 1974, upon obtaining his license from the Civil Aeronautics Administration.

By 30 April 1975, Dolina had not met the required 500 flying hours for regularization. His appointment was extended for another six months. By the end of this period, he still had not completed the required flying hours, necessitating another extension until April 30, 1976. Dolina fulfilled the flying hour requirement by March 31, 1976, and applied for regularization. However, his adaptability rating was found to be unacceptable in a psychological examination on August 17, 1976. Subsequently, the Pilot Acceptance Qualifications Board found him unqualified for regular employment based on his past performance and medical exam results.

PAL filed for a clearance to terminate Dolina, and he was preventively suspended on October 1, 1976. Dolina filed a complaint for illegal dismissal on October 6, 1976. The Department of Labor lifted Dolina's suspension on January 26, 1977, ordered his reinstatement with backwages, and referred the termination issue to the Executive Labor Arbiter.

PAL appealed to the Secretary of Labor, but on March 2, 1977, before resolution, an agreement was signed to keep Dolina on payroll pending final resolution. On May 30, 1977, the Acting Secretary of Labor declared the suspension issue moot and referred the case back to arbitration.

On March 23, 1979, the Labor Arbiter approved PAL's application for clearance and upheld Dolina's termination. PAL discontinued Dolina's payroll inclusion from April 1, 1979. Dolina appealed to the National Labor Relations Commission (NLRC) and requested to be reinstated in the payroll pending final resolution.

On February 8, 1980, the NLRC decided to maintain Dolina on the payroll until final case

resolution despite affirming the Labor Arbiter's decision. PAL filed a certiorari with the Supreme Court.

****Issues:****

1. Did the NLRC commit grave abuse of discretion by ordering Dolina's payroll inclusion and salary payment from April 1, 1979, until the final resolution?
2. How should the clause "pending final resolution of the case by arbitration" in the agreement be interpreted?

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

1. ****Interpretation of "Pending Final Resolution by Arbitration":****

- The SC determined that arbitration includes only the proceedings before the Labor Arbiter. The intent behind the agreement was to supersede the reinstatement and backwage order by including Dolina in the payroll temporarily until the initial arbitration process concluded.
- The SC ruled that arbitration terminated with the Labor Arbiter's decision on March 23, 1979, considering subsequent appeals outside the original arbitration scope.

2. ****Validity of Dolina's Dismissal:****

- Upholding the Labor Arbiter's decision, the SC affirmed the dismissal for valid reasons, emphasizing the safety of passengers and property.

3. ****Entitlement to Salaries Post-Dismissal:****

- The SC rejected NLRC's order for the continued payment of Dolina's salaries from April 1, 1979, highlighting the principle that wages are for services rendered. Compensating Dolina without work performed contradicted the rule of "a fair day's wage for a fair day's labor."

The Court found the NLRC's order granting salaries during the appeal as erroneous and beyond its jurisdiction, considering Dolina's dismissal had been adjudicated valid by the Labor Arbiter.

****Doctrine:****

- ****Scope of Arbitration:**** Arbitration in labor disputes ends with the Labor Arbiter's decision; subsequent appeal is not part of arbitration but a review process.
- ****"A Fair Day's Wage for a Fair Day's Labor":**** Wages are compensation for work rendered, illegal to pay wages post-valid dismissal.
- ****Compulsory Arbitration:**** Defined within statutory authorities and processes confined to initial adjudicator and not appeal stages.

****Class Notes:****

1. ****Term "Arbitration" in Labor Disputes:****

- Defined to include only initial compulsory arbitration, excluding subsequent appeals.
- Reference: Labor Code provisions on the powers of Labor Arbiters regarding compulsory arbitration.

2. ****Equity and Backwages:****

- Backwages compensated only when dismissal is illegal. Validly dismissed employees are not entitled to wages beyond termination.
- Citation: Doctrine of a "fair day's wage for a fair day's labor."

3. ****Jurisdiction Limits:****

- NLRC overstepping by ordering continuous payment despite valid dismissal indicates jurisdictional boundaries.
- The statutory interpretation of arbitration processes and appeals as distinct phases.

****Historical Background:****

- ****Context of Increasing Regulatory Oversight:****
 - The case occurred during a period of increasing regulation and meticulous oversight in employee certification and termination, reflecting concerns about safety and employment standards in aviation and other high-stakes industries.
- ****Labor Rights vs. Employer Protection:****
 - Contextualizing the balance between labor rights protections existing under the regime established post-Martial Law in the Philippines, reflecting evolving jurisprudence around employer obligations versus labor protections.