

Title: Philippine Airlines, Inc. vs. Enrique Ligan, et al.

Facts:

Respondents, who were employed by Synergy Services Corporation (Synergy) and assigned to work with Philippine Airlines, Inc. (PAL), filed complaints for regularization and under/non-payment of benefits. The cases were consolidated, and the Labor Arbiter ruled in favor of respondents, declaring them regular employees of PAL. The decisions were appealed to the National Labor Relations Commission (NLRC), which affirmed the Labor Arbiter's findings. PAL then filed motions for reconsideration, which were denied, leading PAL to elevate the case to the Court of Appeals (CA). The CA, in its decision on September 29, 2000, affirmed the NLRC ruling with modification, ordering PAL to regularize and pay back wages and benefits differentials to respondents. PAL elevated the case to the Supreme Court (SC).

While the SC Decision of February 29, 2008, affirmed the CA ruling by directing PAL to recognize the respondents as regular employees with corresponding benefits, motions for reconsideration and clarification were filed by both parties due to the emergence of additional information that had not been earlier presented. Respondents noted that many had been terminated under the guise of retrenchment, and asked for clarification on the reinstatement order. PAL argued against the impracticability of reinstating all respondents and emphasized financial difficulties. Additionally, specific cases of Roque Pilapil and Benedicto Auxtero were highlighted due to prior legal resolutions and settlements, which were not initially considered.

Issues:

1. Whether respondents should be reinstated as regular employees of PAL and awarded back wages, despite the time elapsed and subsequent terminations.
2. Whether the established fact of respondents' terminations due to retrenchment should influence the court's ruling.
3. Whether respondents are entitled to seek attorney's fees despite failing to raise this issue in the lower courts.
4. Whether the final resolution of respondents' regular employee status impacts pending cases on illegal dismissal.

Court's Decision:

1. Reinstatement and Back Wages: The SC modified its initial decision, holding that while respondents are to be recognized as regular employees until June 30, 1998, the issue of

reinstatement with back wages should be resolved in pending illegal dismissal cases. For cases already settled, such as those of Pilapil and Auxtero, they were explicitly excluded from the reinstatement order due to compliance and final judgments.

2. Termination Due to Retrenchment: The SC clarified that the declaration of respondent's regular employee status was without prejudice to resolving the issue of just or authorized causes, such as retrenchment. Accordingly, pending cases may examine the validity of these terminations at the appellate court, ensuring that complete factual data and defenses, including financial woes, can be properly addressed.

3. Attorney's Fees: The SC rejected the respondents' claim for attorney's fees since they did not appeal for such relief in any of the proceedings before. The SC reiterated that parties who have not appealed cannot be granted additional reliefs.

4. Impact on Pending Illegal Dismissal Cases: The SC indicated that its decision does not preempt or frustrate ongoing proceedings regarding illegal dismissal claims, as these must be resolved based on the specific circumstances and merits of each case.

#### Doctrine:

1. Regularization: Employees of a labor-only contractor assigned to the principal are deemed regular employees of the principal.
2. Reinstatement: Reinstatement typically presupposes a finding of illegal dismissal, which must be resolved in the proper venue alongside authorized causes such as retrenchment.
3. Attorney's Fees: Reliefs not sought on appeal cannot be granted.

#### Class Notes:

1. Labor-Only Contracting: A business arrangement where the intermediary has no substantial capital or investments and the workers are performing activities directly related to the main business of the principal.
2. Regularization of Employment: Employees deemed regular by virtue of the nature of services performed and the status of the contracting party.
3. Security of Tenure: Workers declared regular employees are entitled to security of tenure, compelling the principal employer to observe due process for terminations.
4. Procedural Limitations on Relief: Courts limit the grant of relief to those specifically appealed; additional reliefs must be expressly sought at appropriate litigation stages.

#### Historical Background:

This case reflects the dynamics between contractual employment arrangements and labor

practices in the Philippines, illustrating the employee's struggle for regularization against corporate practices of outsourcing to third-party contractors. This judgment underscores the courts' intervention in safeguarding employees' rights, setting precedents for determining regular employment amid evolving labor practices. It also highlights procedural prudence and equity in adjudicating labor disputes.