

****Title:****

Cosico Jr. vs. National Labor Relations Commission (NLRC) and Eva Airways Corporation

****Facts:****

Conrado Cosico, Jr. was employed as Assistant Station Manager for Eva Airways Corporation (Eva Air) via its General Sales Agent, Don Tim Air Service, Inc., starting April 4, 1992, with a monthly salary of PHP 30,000. His responsibilities included overseeing the establishment of Eva Air's office at Ninoy Aquino International Airport (NAIA) and achieving a minimum passenger load of 60 passengers per flight.

After five months, a performance audit showed that the Manila office was performing poorly, averaging only 25 passengers per flight. Consequently, Eva Air decided to abolish the position of Assistant Station Manager and Cosico was notified of his termination effective 15 days from receipt of the notice. Eva Air offered Cosico one month's salary as separation pay and proportional 13th month pay for his service duration, but Cosico rejected the offer and filed a complaint with the NLRC, alleging illegal dismissal, underpayment of wages, and claiming moral and exemplary damages.

****Procedural Posture:****

1. ****Initial Complaint:**** Cosico filed a complaint for illegal dismissal, underpayment of wages, and other damages against Eva Air and its officers.
2. ****Labor Arbiter's Decision:**** The Labor Arbiter Ernesto Dinopal found in favor of Cosico, declaring his dismissal illegal and awarding back wages, 13th month pay, moral and exemplary damages, and attorney's fees.
3. ****NLRC Appeal:**** Eva Air and Lewis Chang appealed the decision to the NLRC and filed a supersedeas bond of PHP 270,000. Cosico moved to dismiss the appeal due to the insufficient bond, which did not cover the full monetary award.
4. ****NLRC Resolution:**** The NLRC denied the motion to dismiss, accepted the appeal, and later ruled to set aside the Labor Arbiter's decision on grounds that Cosico's dismissal was legal, ordering only the payment of separation benefits and 13th month pay.
5. ****Motion for Reconsideration:**** Cosico moved for reconsideration, which the NLRC denied.
6. ****Certiorari to Supreme Court:**** Cosico then filed a special civil action for certiorari to the Supreme Court, challenging the NLRC's resolutions.

****Issues:****

1. Did the NLRC abuse its discretion by accepting and giving due course to Eva Air's appeal

despite the arguably insufficient supersedeas bond?

2. Was there grave abuse of discretion by the NLRC in reversing the Labor Arbiter's decision and ruling that Cosico was not illegally dismissed?
3. Did the NLRC err in ruling that the abolition of the petitioner's position was justified?
4. Was Cosico entitled to moral and exemplary damages?

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

1. ****Supersedeas Bond:****

The Supreme Court determined that while the original bond did not cover damages and attorney's fees, the posting of the bond in the amount of PHP 270,000 was sufficient based on the exclusion amendment for moral and exemplary damages and attorney's fees in computing the bond amount. The NLRC's procedural flexibility and substantial justice considerations justified accepting the appeal despite the bond issues.

2. ****Illegal Dismissal:****

The Supreme Court upheld the NLRC's ruling, indicating that the termination resulted from a valid management decision to abolish a position due to its redundancy and economic necessity. There was no evidence that the position was abolished specifically to target Cosico, nor was there malice or arbitrariness involved.

3. ****Position Abolition:****

Confirming management prerogatives, the abolition of Cosico's position was validated by the Court as a legitimate exercise of business judgment to enhance cost-efficiency. The redundancy of the position matched with the company reorganization and restructuring efforts.

4. ****Damages:****

Given the lack of bad faith or oppressive conduct in Cosico's termination, the Court did not grant moral and exemplary damages. The lawful and justified reason behind the position's abolition negated any entitlement to such damages.

****Doctrine:****

The case reinforces the principle that the abolition of a managerial position as part of a cost-efficiency or redundancy measure is a valid exercise of management prerogative, barring evidence of malice or arbitrary conduct. It also reiterates the liberal construction of procedural rules in labor disputes to facilitate a fair, expeditious, and just disposition of cases.

****Class Notes:****

- ****Management Prerogative:**** Employers have the discretion to organize and manage their businesses efficiently, inevitably including abolishing positions deemed redundant.
- ****Supersedeas Bond in Appeals:**** Under NLRC rules, bonds should cover only the basic monetary award excluding moral and exemplary damages and attorney's fees.
- ****Substantial Justice:**** Procedural rules should be liberally construed to further the goals of substantial justice in labor disputes.

****Key Legal Provisions:****

- ****Article 223, Labor Code:**** On appeal and bond requirements.
- ****Section 6, Rule VI, NLRC Rules:**** Relating to the posting of bonds for appealing Labor Arbiter decisions, particularly the exclusion of moral and exemplary damages and attorney's fees.

****Historical Background:****

The case emerged amid evolving legal interpretations of employment security and management rights in the Philippine labor market. The Liberal Construction of procedural rules was emphasized to achieve substantial fairness in labor cases, resonating with broader global movements toward employee rights while maintaining business viability considerations.