

PHILIPPINE AIR LINES INC., PETITIONER, VS. PHILIPPINE AIR LINES EMPLOYEES ASSOCIATION, RESPONDENT.

G.R. No. L-15544. July 26, 1960

Ponente: MONTEMAYOR, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/bd92bffb7098/>

MONTEMAYOR, J.:

Petitioner Philippine Air Lines, later referred to as PAL, through certiorari, is appealing the order of the Court of Industrial Relations (CIR) dated February 12, 1959, the dispositive part of which reads thus:

"In View of the Foregoing, let the Clerk of Court issue the corresponding writ of execution after a computation of the back wages (without any deduction of salaries and/or income earned elsewhere) by the examining Division of this Court, to determine the correct amount or amounts." (Annex C, Petition),

as well as the resolution of the CIR en banc, dated May 22, 1959, denying petitioner's motion for reconsideration of the aforementioned order.

The facts in this case are not disputed. On July 22, 1954, the CIR in Case No. 465-V issued a resolution, the dispositive part of which reads:

"In view of the foregoing, the decision of February 22, 1954 is hereby reversed, and the petitioner Philippine Air Lines, Inc. is hereby ordered to reinstate Fortunato Biangco, Hernando Guevarra, Bernardino Abarrientos and Onofre Griño to their former or substantially equivalent positions in the company, with back pay from the date of their dismissal to the date of their reinstatement, without prejudice to their seniority or other rights and privileges. So Ordered."

On appeal by certiorari to this Tribunal by PAL under G. R. No. L-8197, the above resolution was affirmed in a decision promulgated on October 31, 1958. After said decision had become final, respondent Philippine Air Lines Employees Association, later referred to as Association, filed a motion with the CIR for partial execution, asking that petitioner PAL be ordered among other things to deliver to the four dismissed employees back wages for 8 years and 7 months, from May 5, 1950, date of dismissal, to December 5, 1958, on the basis of their respective monthly wages. Because the employees had actually been reinstated on January 14, 1959, respondent Association in a sworn manifestation, filed on February 14, 1959, stated that the period of dismissal was from May 5, 1950 to January 13, 1959 (inclusive), a total of 8 years 8 months and 8 days; consequently, the amount of wages payable to Bernardino Abarrientos, Onofre Griño, Hernando Guevarra, and Fortunato Biangco, were P45,356.00, P45,356.00, P35,972.00, and P31,801.33, respectively, or a total of P158,485.33. The motion for partial execution was opposed by petitioner PAL, claiming that all the salaries and/or wages which the said four dismissed employees may have received during the period of their dismissal should be deducted from their respective back wages and it asked that a date be set for hearing of the said claim.

On February 12, 1959, the CIR, through Judge Martinez, issued the order already reproduced above. Acting upon a motion for reconsideration of the said order, the CIR en banc, on May 22, 1959, denied the said motion.

It is the contention of the petitioner that all wages and pay earned by the four dismissed employees from the time that they were separated from the service until they were actually reinstated on January 14, 1959, should be deducted from their back wages, citing several decisions and rulings of this Tribunal. Respondent counters with the allegation that it is now too late to raise this question; that it should have been taken up before the resolution of the CIR en banc of July 22, 1954, ordering the payment of backpay, became final by its confirmation by this Tribunal; that as a matter of fact, this point was raised by petitioner in a motion for reconsideration of the decision of the Supreme Court affirming the resolution in question, but that said motion for reconsideration was denied, and finally, because according to Judge Martinez, in his order of February 12, 1959, to allow this deduction would be to amend or modify the judgment which had become final.

In this connection, it should be borne in mind that the only issue involved in the appeal to this Court in G. R. No. L-8197, *Philippine Air Lines, Inc. vs. Philippine Air Lines Employees Association*, which resulted in the affirmance of the resolution of the CIR en banc, was the legality or illegality of the dismissal of the employees in question and whether or not they were entitled to backpay. The question of deduction from their back wages of any pay or income received by them during the period of their dismissal was not the subject of appeal. Moreover, this question of deduction could not have properly been raised either in the CIR or in this Tribunal in connection with the legality or illegality of the dismissal for the reason that the question of deduction would be relevant and material only in case that the dismissal is finally decided to have been illegal. For the petitioner to introduce evidence on the amount of wages and pay received by the dismissed employees elsewhere would be premature and anticipating the result of the appeal, besides possibly weakening its position because the moment that it raised this question of deduction and offered to prove the amount of deductions to be made, it might be regarded as indirectly acknowledging the illegality of the dismissal and the necessity of paying back wages minus the deductions.

It should further be remembered that when the present petition for certiorari was filed before this Tribunal, respondent Association filed a motion to dismiss the same, alleging that the issue of deduction raised in the petition had already been passed upon by this Tribunal when it denied the motion for reconsideration of its decision. And yet, said motion to dismiss was by resolution of July 13, 1959 denied by Us. Respondent's motion for reconsideration of said resolution was equally denied. Not only this, but when the petition was given due course, there was an implication that it had made out a prima facie case and that the question of deduction was still open for discussion and determination.

In the past, we have had occasion to rule upon the question of deducting from back wages accruing to an employee due for reinstatement, any amount that he may have received in the meantime. On the principle that one should not be allowed to enrich himself at the expense of another, we almost invariably granted the deduction. In the case of *Macleod & Co. vs. Progressive Federation of Labor*, 97 Phil., 205; 51 Off. Gaz. (6)2907, this Court, through Mr. Justice Bautista, said:

"Since it appears that the walkout of said employees is not of their own volition, but in spite of it, it is only fair that they be reinstated with the payment of their back wages. However, as it appears that the thirty-eight laborers had been out of the service of the company for more than two years during which they may have found another employment or means of livelihood, it is the sense of the Court that whatever they may have earned during that period may be deducted from their back wages to mitigate somewhat the liability of the company. This is under the principle that no one should be allowed to enrich himself at the expense of another."

In the case of *Western Mindanao Lumber Co. vs. Mindanao Federation of Labor*, 101 Phil., 200, through Mr. Justice J. B. L. Reyes, We said that the fact that the claimant laborers obtained employment elsewhere was no

ground for denying their reinstatement, but we also held that the CIR acted correctly in ordering that the amounts earned by the laborers during the lay-off should be deducted from their back salaries.

In the case of *Durable Shoe Factory vs. Court of Industrial Relations*, G. R. No. L-7783, May 31, 1956, through Mr. Justice Alex Reyes, we reiterated this doctrine of deduction, citing the cases of *Macleod & Co. vs. Progressive Federation of Labor*, supra, *Potenciano vs. Estafani*, G. R. No. L-7690, July 27, 1955, *Garcia Palomar vs. Hotel de France*, 42 Phil., 660, quoted in *Sotelo vs. Behn, Meyer & Co.* 57 Phil., 775, as well as *Aldaz vs. Gay*, 7 Phil., 268. This case of deduction was applied even in a case of an agricultural tenant illegally dismissed by his landlord, in the case of *Felix Potenciano vs. Andres Estafani*, supra, where through Mr. Justice Bautista, we said the following:

"But there is merit in the contention that the income which the tenant had earned during the period of his ejectment should at least be deducted from his claim for damages if we are to equalize the equities of both parties in the determination of their rights and liabilities. It is true that there is nothing in the special law (Act No. 4054) on which we may predicate the right of a landlord to deduct the income which a dismissed tenant may have earned during his ejectment from the damages he may be liable to pay as a result of the ejectment, but in such a case the general principles of law should apply. This is a matter of equity. Thus, the new Civil Code provides that 'The party suffering loss or injury must exercise the diligence of a good father of a family to minimize the damages resulting from the act or omission in question' (Article 2203). And this Court has held that 'an employee who is improperly discharged is under an obligation to use reasonable diligence to obtain other suitable employment and that in assessing the damages for the period which is still to run after the breach, the court may properly take into account the probability that the discharged employee will be able to earn money in other employment.' (*Garcia Palomar vs. Hotel de France Co.*, 42 Phil., 660, quoted in *Sotelo vs. Behn, Meyer & Co.*, 57 Phil., 775). Since there is evidence to show that during his ejectment the tenant was able to cultivate the ricelands of Regino Cano and Paula Arce containing an area of almost two hectares and that during the two agricultural years of 1951 and 1952 he received a share of at least 8 cavans of palay for each year, or a total of 16 cavans, it is the sense of this Tribunal that this earning should be deducted from the cavans of palay awarded to him in the decision appealed from."

The rule in the United States is similar:

"In awarding backpay the Board, in making its computation, must deduct from the contemplated amount such money as the employee has earned or could have earned in the period for which the back pay is granted. With respect to actual earnings, such deductions are predicated on the law's abhorrence for double payment. In so far as deductions of money which the employee might and could have earned at available employment which the employee, however, failed or refused to accept, such deductions are founded on the employee's duty to mitigate and diminish his loss." (*Rothenberg On Labor Relations*, p. 580).

In the present case, we feel that there is more reason to apply this rule of mitigating the damage caused by deducting from the back wages of the dismissed employees the amount which they may have earned during the period of their lay-off, because for one reason or another, and not exactly imputable to herein petitioner, the reinstatement of the four dismissed employees had taken so much time for the courts to decide. They were dismissed in 1950 and were reinstated only at the beginning of 1959, a period of almost nine years, and as already stated, the back wages payable to each of these four employees range from almost P46,000 to nearly P32,000, or a total of P158,485.33. It is not fair, neither is it just, that an employee who has not rendered any service whatsoever to a company who apparently in good faith dismissed him on the ground that according to the very decision of the CIR itself, penned by the Presiding Judge Roldan, he not only actively participated in an illegal strike but masterminded the same, and so insinuated in that decision that they could validly be dismissed, should receive this relatively considerable amount and at the same time keep the pay and wages which he had earned elsewhere and which he could not have earned had he continued rendering service to the company. And it is to be

remembered that petitioner is not asking for the deduction from the backwages what the employees might have earned had they employed the diligence of a good father of a family to seek employment, but only what they actually earned during the interval of their lay-off.

In view of the foregoing, the order and resolution appealed from are hereby modified and the CIR is directed in connection with its order for execution, to hold a hearing and give the parties an opportunity to prove any wages and pay which the four dismissed employees had actually earned elsewhere and to deduct the same from their respective backpay. Respondent will pay the costs.

Paras, C. J., Padilla, Bautista Angelo, Labrador, Concepcion, Reyes, Endencia, Barrera, and Gutierrez David, JJ., concur.

Bengzon, J., took no part.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.