

PHILIPPINE AIR LINES, INC., PETITIONER, VS. PHILIPPINE AIR LINES EMPLOYEES ASSOCIATION (PALEA) AND THE COURT OF INDUSTRIAL RELATIONS, RESPONDENTS.

G.R. No. L-27378. March 31, 1976

Ponente: MAKASIAR, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/d08e8102520a/>

MAKASIAR, J.:

On August 1, 1966, PALEA filed a petition with respondent Court of Industrial Relations praying that PAL be directed to renew plane tickets previously issued to Mr. & Mrs. Paul Holganza, Sr. (p. 25, rec.).

It is admitted that on August 13, 1964, PAL issued trans-Pacific plane tickets in favor of Paul Holganza's wife and children as part of Holganza's trip pass privilege, which he earned in 1964 under the existing PAL-PALEA collective bargaining agreement. Said plane tickets, pursuant to the terms of the trip pass, should be used by the wife and children of Paul Holganza not later than March 9, 1965. Only one daughter was able to utilize the ticket as Holganza could not go abroad with his wife and family because he had to attend to the strike of PALEA which was declared on January 25, 1965. However, petitioner alleged that "no plane ticket was issued to Holganza himself because he did not apply for a trip pass for himself although it would be easy for him to do so." (p. 8, rec.).

PALEA's petition was an incident of Case No. 43-IPA(6), a petition previously filed by herein petitioner PAL seeking to declare the strike staged by PALEA on January 25, 1965 illegal. On this main case (43-IPA[6]), respondent CIR, on February 16, 1965, rendered a Partial Decision, the dispositive portion of which reads:

"WHEREFORE, the Urgent Petition to Declare Strike Illegal, dated January 25, 1965, is hereby dismissed insofar as the 1,279 employees are concerned.

"Reiterating the pertinent provisions of Section 19 of Commonwealth Act 103, as amended, PALEA is hereby directed to lift its picket lines in the strike-bound PAL. The 1,279 employees, whose names appear in Exhibits '00 43IPA(6) through '00-34 43IPA(6)' are hereby directed to return to work and PAL is hereby directed to admit them back to work, under the same terms and conditions of employment as were obtaining immediately before the strike was declared on January 25, 1965.

"With respect to the case of the union officials and shop stewards who are out on strike and should not return to work in the meantime that the instant petition is being heard on the merits, the Clerk of Court is directed to set the hearings of said petition daily and continuously until submitted for decision.

"To do away with an irritant that strained the relationship between PALEA and PAL the latter is hereby directed to deposit with the Court the amount of Thirty Thousand (P30,000.00) Pesos in cash * * * *.

"The parties are hereby enjoined with their mutual agreement with respect to the unpaid salaries and wages for January 16 to 25, 1965.

"The Court hereby reiterates and renews, with full force and effect, all the dispositive portion of the Order of

September 6, 1963, with special emphasis on the direction that PALEA members shall not strike under pain of replacement, and PAL officials shall not lockout its employees under pain of contempt, until the main case, No. 43-IPA, including all the incidents thereto, including 43-IAP(6) and 43-IPA(6)-(a), shall have been fully and finally terminated and decided" (pp. 33-34, rec.).

On August 18, 1966, PAL, in an opposition to PALEA's August 1, 1966 petition, alleged that:

"1. The plane tickets issued in favor of Mr. Paul Holganza, Sr. and his wife could have been used by them before the expiry date thereof and there was no valid reason for them, the declaration of the strike on January 25, 1965 by PALEA notwithstanding, not to have used the same.

"2. Under company policy, unused trip passes are forfeited, and, therefore, respondent cannot issue another trip pass in lieu thereof.

"3. No new trip pass can be issued in favor of Mr. Paul Holganza, Sr. and his wife because Mr. Holganza's present status under the partial decision of this Honorable Court dated February 16, 1965 is that he shall not return to work, and since he has not returned to work pursuant to said decision, he has no earned trip pass that he can use." (P. 36, rec.).

At the hearing of the petition, both parties adopted as their common exhibit a copy of the existing collective bargaining agreement between PAL and PALEA, in Article XVI of which are provided the following:

"1) That the trip pass privilege to which PAL employees are entitled thereunder is non-cumulative [Section 2] (Exhibits 'A-1-PALEA,' '1-A' & '1-A-1-PAL');

"2) That the trip pass and plane tickets issued in exchange therefor will not be honored after the date limit indicated thereon [Section 4(b)] (Exhibit '1-A-2-PAL'); and

"3) That employees laid off for cause shall cease to enjoy trip pass and reduced fare privileges, effective on the date of termination [Section 4(e)] (Exhibit '1-A-3-PAL').

After trial, respondent CIR issued an order dated December 9, 1966 (pp. 37-42, rec.) with a directive to PAL to comply with its obligations under Article XVI of its existing collective bargaining agreement with PALEA. Specifically, PAL was directed to issue Trans-Pacific round-trip plane tickets in favor of Paul Holganza, Sr. and his wife.

On December 14, 1966, PAL, thru a seasonable petition (p. 43, rec.), moved for the reconsideration of said order on the ground that the same was repugnant to elicited evidence and that the CIR is without jurisdiction over PALEA's petition.

On December 19, 1966, PALEA opposed PAL's motion for reconsideration (p. 52, rec.).

On January 17, 1967, respondent CIR, in a resolution en banc, denied PAL's motion for reconsideration (p. 57, rec.).

On March 30, 1967, PAL filed with respondent Court of Industrial Relations its notice of appeal to the Supreme Court (p. 61, rec.).

PAL argues

(A) That the CIR's finding that Paul Holganza, Sr. is entitled to enjoy his trip pass privilege while Case No. 43-IPA(6) is still pending decision by the CIR, is contrary to evidence; and

(B) That the CIR has no jurisdiction over PALEA's petition which is an action for enforcement of a provision of the PAL-PALEA collective bargaining agreement.

I

In its first argument, petitioner PAL submits that the CIR order dated February 16, 1965 specifically directing some PAL workers – among them being respondent Paul Holganza, Sr. – not to return to work, had the effect of automatically dissolving the force and effect of Holganza's trip pass privilege, by reason of Section 4(e), Article XVI, of the existing collective bargaining agreement between PAL and PALEA.

Said Section 4(e) of Article XVI, reads:

"An employee separated from the COMPANY for reasons other than for cause may take advantage of his earned trip pass or reduced rate privileges for himself and immediate family within ninety (90) days from date of termination. Employees laid off for cause shall cease to enjoy trip pass and reduced rate privileges effective on the date of termination, except to return to point nearest his home of point of employment provided this privilege is used within ninety (90) days."

It is true that Holganza, with some others, were directed not to return to work. However, this directive is only "in the meantime that the instant petition (main case) is being heard on the merits * * *" (p. 5, CIR Partial Decision; p. 33, rec.). Definitely, this directive does not mean severance from employment, for precisely the case is still to be heard on the merits to determine whether, among others, Holganza and company, are really guilty of the charge against them, and therefore deserve ouster. Pending final resolution of the main case, therefore, it is error to consider Holganza as already severed from office. While the main case is being studied by respondent Court of Industrial Relations, it is but proper that the status quo between the parties be preserved.

It should be emphasized that Holganza earned a trip pass privilege in 1964. The other members of his family were not able to enjoy the same before March 9, 1965 because of the strike of January 25, 1965 which PAL sought to be declared illegal. It was found by respondent CIR that PAL previously allowed a PAL employee to enjoy his trip pass privilege which he failed to enjoy because of sickness and because of leave of absence. The pendency of the said petition to declare the strike illegal required Holganza's presence in the country since he is one of the officials of the striking union. Hence, his inability to enjoy the trip pass privilege should be considered a forced leave of absence.

As correctly ruled by the respondent Court of Industrial Relations, the fact that the trip pass privilege was non-cumulative does not negate his right to the re-issuance of the trip ticket as the term does not signify forfeiture of the privilege.

PAL likewise believes that pending resolution of the case, Holganza's right "to enjoy or make use of such trip pass is subject to the final outcome of the decision in said case. For, if and when PAL's petition to dismiss Holganza for cause is granted by the CIR, he would automatically lose or forfeit his earned trip pass privilege * * *" (p. 12, rec.).

To lend sympathy to the above contention is not only counter to the idea of maintaining the parties' status quo pending final resolution of the case, but will likewise wreck the fundamental principle involved in interpretation of contracts.

There is nothing in the collective bargaining agreement between PAL and PALEA that sanctions the suspension of the trip pass privilege of an employee who is entitled to and is granted the same once he is on leave. The language of the collective bargaining agreement between the litigants is crystal clear. They are not susceptible of different interpretations. In a good number of cases, particularly the cases of *Philippine American General Insurance Company, Inc. vs. Mutuc* (61 SCRA 22), *Piczon vs. Piczon* (61 SCRA 67), and *Cebu Portland Cement Co. vs. Dumon* (61 SCRA 218), WE held that:

"* * * if the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its interpretation should control." (Italics supplied).

II

Respondent CIR's jurisdiction over Holganza's case cannot be disputed. Holganza's petition seeks the enforcement of a provision of the collective bargaining agreement of 1959-1961, modified by respondent Court in its order in Case No. 43-IPA. This case, which is the main case, is still pending adjudication. Because it has jurisdiction over the main case, it necessarily must exercise jurisdiction over all incidents therein. Holganza's petition is merely an incident of the main case.

Holganza's petition shows a situation where a party to a collective bargaining agreement, herein petitioner PAL, refuses to comply with the terms of the collective bargaining agreement it inked with respondent PALEA. In *Majestic and Republic Theaters Employees Association (PAFLU) vs. CIR, et al.* (L-1260, Feb. 26, 1962, 4 SCRA 457, 462), and in the more recent case of *National Development Company vs. NDC Employees and Workers' Union and Court of Industrial Relations* (L-32387, Aug. 19, 1975), WE emphasized that

"* * * a refusal to comply with the terms of a collective bargaining agreement constitutes bargaining in bad faith and an unfair labor practice."

Therefore, it squarely falls within the jurisdiction of the industrial court.

WHEREFORE, PETITION IS HEREBY DENIED, WITH COSTS AGAINST PETITIONER.

Teehankee, (Chairman), Esguerra, Muñoz Palma, and Martin, JJ., concur.

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.