

FIRST DIVISION

[G.R. No. 143686, January 15, 2002]

PHILIPPINE AIRLINES, INC., PETITIONER, VS. AIRLINE PILOTS ASSOCIATION OF THE PHILIPPINES, RESPONDENT.

D E C I S I O N

YNARES-SANTIAGO, J.:

This is a petition for review on certiorari seeking to annul and set aside the March 2, 2000 Decision^[1] and the June 19, 2000 Resolution^[2] of the Court of Appeals^[3] in CA-G.R. SP No. 54403 which affirmed the Order^[4] dated June 13, 1998 and Resolution^[5] dated June 1, 1991 of the Secretary of Labor and Employment in NCMB-NCR-N.S. 12-514-97.

The instant labor dispute between petitioner Philippine Airlines, Inc. (PAL) and respondent Airline Pilots Association of the Philippines (ALPAP), the exclusive bargaining representative of all commercial airline pilots of petitioner, stemmed from petitioner's act of unilaterally retiring airline pilot Captain Albino Collantes under Section 2, Article VII, of the 1967 PAL-ALPAP Retirement Plan. Contending, inter alia, that the retirement of Captain Collantes constituted illegal dismissal and union busting, ALPAP filed a Notice of Strike with the Department of Labor and Employment (DOLE). Pursuant to Article 263 (g) of the Labor Code, the Secretary of the DOLE (hereafter referred to as Secretary) assumed jurisdiction over the labor dispute.

On June 13, 1998, the Secretary issued the assailed order upholding PAL's action of unilaterally retiring Captain Collantes and recognizing the same as a valid exercise of its option under Section 2, Article VII, of the 1967 PAL-ALPAP Retirement Plan. The Secretary further ordered that the basis of the computation of Captain Collantes' retirement benefits should be Article 287 of the Labor Code (as amended by Republic Act No. 7641) and not Section 2, Article VII, of the PAL-ALPAP Retirement Plan. The Secretary added that in the exercise of its option to retire pilots, PAL should first consult the pilot concerned before implementing his retirement. The dispositive portion of the said order reads:

WHEREFORE, premises considered, this Office hereby issues the following resolutions:

- (1) PAL's action on Captain Albino Collantes is hereby recognized as a valid exercise of its option under Sections 1 and 2, Article VII of the 1976 Retirement Plan. However, the retirement benefits provided under Section 2 shall be adjusted to comply with Section 5, of Republic Act No. 7641.
- (2) Said 1967 Retirement Plan which was incorporated as Article XXVII

of the PAL-ALPAP Collective Bargaining Agreement, is hereby sustained. In the interest of justice, however, this Office holds that whenever PAL exercises its option under Section 2, it shall consult the pilot involved before the retirement is implemented.

(3) PAL is not guilty of gross violation of the CBA insofar as the Wet Lease Agreement is concerned; and

(4) The coverage of Section 6, Article 1 of the PAL-ALPAP Collective Bargaining Agreement is limited only to union dues and other fees and assessments which are rightfully remitted to and are due ALPAP.

The above dispositions shall be without prejudice to the parties' arriving at a voluntary settlement of the dispute, especially in connection with employer-employee relations in PAL. Accordingly, the National Conciliation and Mediation Board (NCMB) is hereby directed to continue assisting the parties in arriving at such a settlement.

The department takes notice of the Ex-parte Manifestation filed by PAL on June 10, 1998.

SO ORDERED.^[6]

A motion for reconsideration of the foregoing order was denied by the Secretary on June 1, 1991.

On September 24, 1999, PAL filed with the Court of Appeals a petition for certiorari with prayer for injunction and temporary restraining order. On March 2, 2000, and June 19, 2000, however, the Court of Appeals denied the petition and the motion for reconsideration of petitioner, respectively. Hence, PAL appealed to this Court, contending that:

I

THE QUESTION OF WHETHER OR NOT THE AMOUNT OF RETIREMENT PAY TO BE PAID UNDER SECTION 2, ARTICLE VII OF THE PAL-ALPAP RETIREMENT PLAN OF 1967 SHOULD BE INCREASED WAS NOT IN NCMB-NCR CASE NO. 12514-97.

II

A JUDGMENT THAT GOES BEYOND THE ISSUES AND PURPORTS TO ADJUDICATE SOMETHING UPON WHICH THE PARTIES WERE NOT HEARD IS IRREGULAR AND INVALID SINCE IT AMOUNTS TO A DENIAL OF DUE PROCESS.

III

THE LAW GRANTS TO THE CONTRACTING PARTIES THE EXCLUSIVE RIGHT TO DETERMINE FOR THEMSELVES THE PROVISIONS OF A COLLECTIVE BARGAINING AGREEMENT.

IV

THE SECRETARY OF LABOR AND EMPLOYMENT CANNOT AMEND THE CBA AND THE PAL-ALPAP RETIREMENT PLAN OF 1967 WITHOUT VIOLATING THE PROSCRIPTION AGAINST THE IMPAIRMENT OF CONTRACTS.

V

ON THE ASSUMPTION THAT THE SECRETARY OF LABOR AND EMPLOYMENT MAY AMEND THE CBA AND THE PAL-ALPAP RETIREMENT PLAN OF 1967, IT IS LEGALLY INCORRECT AND INIQUITOUS TO COMPEL PETITIONER TO PAY RETIREMENT PAY IN ACCORDANCE WITH ARTICLE 287 OF THE LABOR CODE.

VI

ON THE ASSUMPTION THAT THE SECRETARY OF LABOR AND EMPLOYMENT MAY AMEND THE CBA AND THE PAL-ALPAP RETIREMENT PLAN OF 1967, IT IS LEGALLY INCORRECT TO COMPEL PETITIONER TO CONSULT THE PILOT CONCERNED BEFORE RETIREMENT IS IMPLEMENTED.^[7]

The Court of Appeals, applying the second paragraph of Article 287 of the Labor Code, held that an employee's retirement benefits under any collective bargaining and other agreement shall not be less than those provided in the Labor Code.^[8] Hence, Article 287 of the Labor Code and not the 1967 PAL-ALPAP Retirement Plan, should govern the computation of the benefits to be awarded to Captain Collantes.

The pertinent provision of the 1967 PAL-ALPAP Retirement Plan states:

SECTION 1. Normal Retirement. (a) Any member who completed twenty (20) years of service as a pilot for PAL or has flown 20,000 hours for PAL shall be eligible for normal retirement. The normal retirement date is the date on which he completes twenty (20) years of service, or on which he logs his 20,000 hours as a pilot for PAL. The member who retires on his normal retirement shall be entitled to either (a) a lump sum payment of P100,000.00 or (b) to such termination pay benefits to which he may be entitled to under existing laws, whichever is the greater amount.

SECTION 2. Late Retirement. Any member who remains in the service of the Company after his normal retirement date may retire either at his option or at the option of the Company and when so retired he shall be entitled either (a) to a lump sum payment of P5,000.00 for each completed year of service rendered as a pilot, or (b) to such termination pay benefits to which he may be entitled under existing laws, whichever is the greater amount.^[9]

A pilot who retires after twenty years of service or after flying 20,000 hours would still be in the prime of his life and at the peak of his career, compared to one who retires at the age of 60 years old. Based on this peculiar circumstance that PAL pilots are in, the parties provided for a special scheme of retirement different from that contemplated in the Labor Code. Conversely, the provisions of Article 287 of