

Title: Fernandez v. Grolier International, Inc.

Facts:

The petitioner, Manuel L. Fernandez, was employed by Grolier International, Inc. in the Philippines beginning July 1, 1964, eventually rising to the role of Comptroller and Executive Administrator. On June 27, 1974, he was transferred to Grolier Society, Ltd. of Australia, purportedly to attend a series of conferences. He continued to work for the Australian branch until February 3, 1975, when he returned to the Philippines to follow up on his immigration papers after his bid for immigration status was denied on February 19, 1975. The denial of immigration status became final in May 1976.

Fernandez claimed that his reassignment to Australia was a continuation of his Philippine employment, as indicated by a lack of resignation or termination papers. However, Grolier International Inc. considered Fernandez to have resigned to pursue immigration in Australia, and thus, did not reinstate him upon the finalization of his immigration denial.

Issues:

1. Whether Fernandez's employment in Australia constituted a resignation from his Philippine employment, thereby relinquishing his right to reinstatement and/or separation benefits.
2. Whether the defense of prescription was waived by the respondent's failure to specifically plead it in the position paper.
3. Jurisdiction of the National Labor Relations Commission over a contractual dispute involving the Australian branch of an international company.

Court's Decision:

The Supreme Court granted Fernandez's motion for reconsideration, reversing the public respondents' order and resolution that dismissed his complaint on the grounds of prescription and lack of jurisdiction. The Court held that Fernandez did not resign when he was transferred to Australia or upon his return to Manila but rather was terminated when his transfer as an immigrant worker to the respondent's Sydney office was not approved.

The Supreme Judicial Court held:

- The efforts made by Mr. Besaw, the Managing Director of both the Philippine and the Australian offices, to facilitate Fernandez's immigration did not support a voluntary resignation by Fernandez.
- The Philippine and Australian entities being separate juridical entities did not affect the

continuity of Fernandez's employment with the parent company.

- The defense of prescription was not insurmountable, and substantial justice required looking at the merits of the case.
- The details surrounding Fernandez's assignment abroad demonstrated that it was not a voluntary resignation but a continuation of his existing employment contract with the Philippine office.

#### Doctrine:

The Court reiterated the doctrine that a defense of prescription must be specifically pleaded to be invoked, and if it is not, it may be deemed waived. Furthermore, the Court underscored that the separate incorporation of international company branches does not disrupt the continuity of employment contracts under the central management and operation of the same parent company.

#### Historical Background:

The case examines the treatment of international employment transfers within the branches of one multinational corporation and how they intersect with Philippine labor laws and jurisdiction. The resolution of this case took into account the multinational nature of companies and the impact of such corporate structures on employee rights under Philippine law, an important aspect considering the increasing globalization of business operations during that period. The emphasis on substantial justice over strict adherence to procedural defenses (like prescription) when such defenses were not properly raised reflects the court's commitment to equitable resolutions that reflect the true merit of a case.