

Title: Virgilio Callanta vs. Carnation Philippines, Inc., and National Labor Relations Commission

Facts:

Virgilio Callanta was employed by Carnation Philippines, Inc. in 1974 as a salesman. On June 1, 1979, Carnation sought to terminate Callanta's employment on grounds of misconduct and misappropriation of company funds, which was approved by the MOLE Regional Director on June 26, 1979, making the dismissal effective from June 1, 1979. Over three years later, on July 5, 1982, Callanta filed a complaint for illegal dismissal, seeking reinstatement, backwages, and damages. Carnation contested the timeliness of the complaint, citing prescription.

The Labor Arbiter ruled in Callanta's favor, ordering his reinstatement with one-year backwages. Carnation appealed, and the NLRC reversed the Labor Arbiter's decision, declaring the complaint prescribed under Articles 291 and 292 of the Labor Code, hence dismissing the case. This decision prompted Callanta to file a petition for certiorari with the Supreme Court.

Issues:

1. Whether the action for illegal dismissal prescribes in three years under Articles 291 and 292 of the Labor Code.
2. If not, what is the applicable prescriptive period for filing an action for illegal dismissal?

Court's Decision:

The Supreme Court found in favor of Callanta, holding that an action for illegal dismissal does not prescribe in three years as per Articles 291 and 292 of the Labor Code. The Court identified that illegal dismissal constitutes a violation of the Labor Code but does not amount to an "offense". The Court clarified that the principal relief in an illegal dismissal case is reinstatement or backwages, which are not penalties but reparations for the unlawful act committed by the employer. Hence, the Court applied Article 1146 of the New Civil Code, providing a four-year prescriptive period for actions "upon an injury to the rights of the plaintiff". Consequently, Callanta's filing fell within this period. The Court reversed the NLRC's decision, but, citing the takeover of Carnation by FILIPRO, Inc., decreed that reinstatement was no longer feasible and ordered three years of backwages for Callanta without qualifications.

Doctrine:

The Supreme Court clarified that the prescriptive period for an action for illegal dismissal is not the three-year limit under the Labor Code for “offenses” or “money claims”. Instead, it falls under the four-year prescriptive period provided by Article 1146 of the New Civil Code for actions “upon an injury to the rights of the plaintiff”.

Class Notes:

- **Illegal Dismissal**: Not classified as an “offense” under the Labor Code; principal reliefs include reinstatement and backwages.
- **Prescriptive Period**: Article 1146 of the New Civil Code applies, providing a four-year period for actions based on injury to rights.
- **Backwages**: Considered as reparations in furtherance of the Labor Code’s objectives, not simply a money claim.
- **Doctrine of Property Right in Employment**: Employment is viewed as a property right, protected against arbitrary and unjust deprivation.
- **Reinstatement vs. Backwages**: Reinstatement may be ordered independently of backwages, and vice versa.

Historical Background:

This case illustrates the evolving understanding of labor rights and protections under Philippine law, balancing between the enforcement of prescriptive periods for disputes and the fundamental rights of workers. It underscores the Supreme Court’s role in interpreting statutory provisions in light of the Constitution and existing laws to protect employment as a vital aspect of an individual’s livelihood and dignity.