

**\*\*Title:\*\*** Pepsi Cola Bottling Company of the Philippines vs. Job Guanzon and National Labor Relations Commission

**\*\*Facts:\*\***

Job Guanzon was hired by Pepsi Cola Bottling Company of the Philippines (PEPSI) as a route salesman on September 12, 1965. In June 1979, PEPSI suspended him for alleged violations of company rules and regulations, specifically misappropriation of collected money and the falsification of invoices and reports. Following an administrative investigation, Guanzon was officially terminated from employment on July 17, 1979, with prior notification given to him on July 6, 1979. Subsequently, a criminal complaint for Estafa Through Falsification of Commercial Documents was filed against Guanzon, which was dismissed on May 25, 1984, for lack of basis.

On November 14, 1984, Guanzon filed a complaint for reinstatement, backwages, and damages with the Labor Arbiter in Bacolod City, alleging unlawful dismissal. The Labor Arbiter dismissed his complaint based on the three-year prescriptive period for money claims arising from employer-employee relationships under the Labor Code. The National Labor Relations Commission (NLRC), upon Guanzon's appeal, overturned this decision, ordered PEPSI to pay three years' backwages and separation pay. PEPSI then appealed this decision to the Supreme Court.

**\*\*Issues:\*\***

1. Whether Guanzon's action for illegal dismissal prescribed.
2. Whether the NLRC erred in ordering PEPSI to pay backwages and separation pay.
3. The relevance of the dismissal of the criminal case against Guanzon on the prescription period of his illegal dismissal case.
4. Whether PEPSI was estopped from asserting the defense of prescription.

**\*\*Court's Decision:\*\***

The Supreme Court reversed the NLRC's decision, reinstating the Labor Arbiter's dismissal of Guanzon's complaint on the grounds of prescription. The Court clarified that Guanzon's cause of action for illegal dismissal accrued on July 17, 1979, thereby making the filing of his complaint in November 1984 beyond the applicable prescriptive period. It dismissed the NLRC's contention that Guanzon's dismissal was not finalized until after the resolution of the criminal case against him. The Supreme Court further held that the defense of prescription had not been waived by PEPSI despite arguments to the contrary.

**\*\*Doctrine:\*\***

The doctrine established pertains to the prescriptive period for actions concerning illegal dismissal. An action for illegal dismissal accrues from the time the employee is unjustly terminated, and this period is not suspended or interrupted by the pendency of a criminal case against the employee for acts related to the dismissal.

**\*\*Class Notes:\*\***

- Prescription Period for Illegal Dismissal: An action for illegal dismissal must be filed within three years from the date of termination.
- Separation of Administrative and Criminal Proceedings: The outcome of a criminal case does not affect the prescriptive period for filing a complaint for illegal dismissal.
- Accrual of Cause of Action: In illegal dismissal cases, the cause of action accrues from the time of the employee's termination.
- Defense of Prescription: A complaint can be dismissed based on prescription if filed beyond the prescriptive period, even if the defense of prescription is raised after the initial response period.

**\*\*Historical Background:\*\***

This case underscores the strict observance of prescriptive periods in labor disputes and delineates the separation between criminal liability and administrative labor actions in Philippine jurisprudence. It reflects the Philippine Supreme Court's stance on upholding procedural rules within the context of employment law to ensure timely resolution of labor disputes.