

****Title:**** Duncan Association of Detailman-PTGWO and Pedro A. Tecson vs. Glaxo Wellcome Philippines, Inc.

****Facts:****

Pedro A. Tecson was employed by Glaxo Wellcome Philippines, Inc. (Glaxo) as a medical representative starting October 24, 1995. His employment contract required him to abide by company rules, including disclosing any existing or future relationships with employees of competing drug companies, with an understanding that such relationships might necessitate resignation due to potential conflict of interest. Glaxo's Employee Code of Conduct echoed these rules, emphasizing the avoidance of relationships with competitors to prevent conflicts of interest.

Tecson developed a romantic relationship with Betsy, an Astra Pharmaceuticals (Astra) employee, Glaxo's competitor. Despite multiple warnings from his manager, Tecson married Betsy in September 1998. Glaxo subsequently transferred Tecson to another region (Butuan City-Surigao City-Agusan del Sur) to avoid the conflict of interest. Tecson resisted the transfer, continued with his original assignment, and was ultimately deprived of certain work-related benefits.

Unable to resolve the matter through internal grievance proceedings, the issue was submitted to voluntary arbitration. The National Conciliation and Mediation Board (NCMB) ruled in favor of Glaxo, upholding the company's policy and the validity of Tecson's transfer. Seeking relief, Tecson appealed to the Court of Appeals, which affirmed the NCMB's decision. Tecson then petitioned the Supreme Court.

****Issues:****

1. Whether the policy prohibiting Glaxo's employees from marrying employees of competitor companies is valid and constitutional.
2. Whether Tecson was constructively dismissed by Glaxo.

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

1. ****Validity of the Policy:**** The Supreme Court held that Glaxo's policy is a valid exercise of management prerogative. It noted that Glaxo had a legitimate concern in protecting its confidential information and trade secrets. The Court stressed that such prerogatives are lawful to safeguard the company's economic interests, especially in competitive industries like pharmaceuticals. Moreover, it found that the policy did not violate the equal protection clause. The Court clarified that equal protection constraints are addressed to the state, not

private entities, and there was no state involvement in enforcing the policy here.

2. **Claim of Constructive Dismissal:** The Court ruled that Tecson was not constructively dismissed. It defined constructive dismissal and concluded that Glaxo exercised its management prerogative reasonably and fairly. The transfer to another sales area, and the ensuing conditions, did not constitute a demotion or undue discrimination. Furthermore, since Tecson's reassignment was aligned with anti-conflict policies and involved accommodation of family considerations, it did not evince unfair treatment or bad faith on the employer's part.

Doctrine:

1. **Management Prerogative:** Employers have the right to impose policies to protect business interests, including the avoidance of conflicts of interest, especially in sensitive competitive industries.
2. **Equal Protection Clause Application:** The equal protection guarantee binds the state and state actions, not private employers, unless state involvement is evident.
3. **Constructive Dismissal:** Defined as an involuntary resignation due to unbearable working conditions imposed by the employer, which was not found in this case. Proper exercises of management prerogative, such as reasonable job reassignments, do not constitute constructive dismissal.

Class Notes:

- **Management Prerogative:** Employers can implement policies to secure business interests and prevent conflicts of interest.
- **Equal Protection Clause:** Applicable to state actions, not purely private conduct.
- **Constructive Dismissal:** Involuntary resignation due to unbearable working conditions; does not include reasonable job reassignments.
- **References:** Article 1159 of the Civil Code; Cases like National Sugar Trading, Abbott Laboratories (Phils.), and Sta. Catalina College define and support the principles of constructive dismissal and management prerogative.

Historical Background:

In the context of the rapid growth of the pharmaceutical industry and heightened competition within Asian markets, Glaxo's policy aimed to mitigate the risk of proprietary information leaking to competitor companies. This case reflects the tension between corporate interests in maintaining competitive advantages and the individual rights of employees. The ruling emphasizes the judicial balancing act between protecting employers'

reasonable business interests and safeguarding employee rights, a recurring theme in labor jurisprudence.