

****Title:**** Philippine Airlines, Inc. vs. National Labor Relations Commission and Oscar Irineo

****Facts:****

On August 23, 1967, Oscar Irineo, an employee of Philippine Airlines, Inc. (PAL), was dismissed based on a Fact Finding Panel report, submitted on August 11, 1967, implicating him and others in irregular ticket refunds. Subsequent criminal charges for estafa through falsification of commercial documents were filed against Irineo and others on September 25, 1968, in the Court of First Instance of Rizal. The trial resulted in a conviction on March 1, 1976, despite the fiscal previously moving to dismiss charges against Irineo and one other. Reconsideration motions were denied, except for Jacinto Macatol, who was later absolved due to insufficient evidence. Macatol's subsequent complaint for illegal dismissal filed in 1978 was dismissed for being time-barred.

Irineo and other accused continued their appeal, and on September 23, 1983, the Intermediate Appellate Court acquitted Irineo and Antonio Rabasco on grounds of reasonable doubt, upholding the conviction only for Rogelio Damian. On May 10, 1984, Irineo filed a complaint for reinstatement and back wages, claiming his dismissal to be illegal since he was acquitted.

The Labor Arbiter ruled in favor of Irineo on November 12, 1985, ordering his reinstatement with back wages and moral damages, rejecting PAL's defense of prescription by finding Irineo's suspension under PAL's circular equivalent to preventive suspension pending criminal case resolution. The NLRC upheld this decision on February 28, 1989. PAL sought relief from the Supreme Court, challenging the NLRC's decision.

****Issues:****

1. Whether Irineo's cause of action for illegal dismissal is barred by prescription.
2. Whether Irineo was dismissed or merely placed under preventive suspension per PAL Circular No. 66-11.
3. Whether the standing order by the Court of Industrial Relations prohibiting dismissal without court authority was applicable.
4. Whether Irineo is entitled to reinstatement and back wages after seventeen years.
5. The appropriateness of awarding moral damages.

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

1. ****Prescription:**** The Supreme Court found that Irineo's action was filed seventeen years after his dismissal, rendering his claim clearly time-barred due to unreasonable delay. The

prescriptive period began on his dismissal date, not the resolution of the criminal case.

2. **Dismissal or Suspension:** The Court held Irineo's termination was explicit and definitive, contradicting the NLRC's interpretation of the dismissal as preventive suspension. PAL Circular No. 66-11 merely provided for suspension pending criminal adjudication, not barring termination.

3. **Standing Order:** The CIR injunction was irrelevant as it was tied to a specific labor dispute that was resolved two years before Irineo's termination.

4. **Reinstatement and Back Wages:** Given the clarity of employment termination and the fact that the claim was time-barred, the request for reinstatement was dismissed as untenable.

5. **Moral Damages:** With Irineo's claim dismissed, the moral damages awarded were rendered moot and set aside.

The Court granted PAL's petition, thus nullifying NLRC's resolutions and dismissing Irineo's complaint.

Doctrine:

- The prescriptive period for filing illegal dismissal complaints starts at the date of dismissal, not the conclusion of any related criminal cases.
- Explicit termination cannot be construed merely as a preventive suspension.
- Court-imposed prohibitions related to specific disputes become *functus officio* upon resolution of those disputes.

Class Notes:

- **Prescription in Labor Cases:** According to Article 291 of the Labor Code, actions based on illegal dismissal must be instituted within four years from the time the cause of action accrued.
- **Preventive Suspension:** Refers to temporary action pending the outcome of an investigation, not a termination of employment.
- **Effect of Collective Bargaining Agreements:** Supersede previous court orders in labor disputes when ratified.
- **Estoppel:** The delayed assertion of rights can result in the denial of relief.

Historical Background:

This case reflects the rigorous interpretations and procedural adherence that the Philippine judicial system maintains in labor disputes, especially regarding the timeliness of filing claims and the distinction between suspension and termination of employment amidst criminal allegations. This highlights the judiciary's commitment to maintaining a balance between employee protection and adherence to prescriptive norms.