

**## Title:**

**\*\*Ernesto L. Callado vs. International Rice Research Institute (IRRI)\*\***

**## Facts:**

Ernesto L. Callado was employed as a driver at the International Rice Research Institute (IRRI) from April 11, 1983 to December 14, 1990. On February 11, 1990, while driving an IRRI vehicle on an official trip to the Ninoy Aquino International Airport and back to the IRRI, Callado was involved in an accident. An investigation revealed that he was allegedly driving under the influence of alcohol, failed to report a car battery problem promptly, and exhibited gross and habitual neglect of his duties. IRRI subsequently terminated Callado on December 7, 1990.

Callado challenged his termination by filing a complaint before the Labor Arbiter on December 19, 1990, for illegal dismissal, illegal suspension, and indemnity pay, including moral and exemplary damages and attorney's fees.

IRRI, invoking Article 3 of Presidential Decree No. 1620, asserted its immunity from suit through diplomatic immunity. The Labor Arbiter nullified IRRI's immunity claim based on an internal IRRI Order dated August 13, 1991, which suggested that IRRI waived its immunity in employee termination cases.

The Labor Arbiter ruled in favor of Callado on October 31, 1991, ordering IRRI to reinstate him and pay backwages. IRRI appealed to the National Labor Relations Commission (NLRC), which found merit in the appeal. The NLRC set aside the Labor Arbiter's decision and dismissed Callado's complaint, upholding IRRI's claim of immunity.

Callado then elevated the matter to the Supreme Court through a petition, arguing that IRRI had waived its immunity and that his dismissal was without due process, as his case was not referred to the Council of IRRI Employees and Management (CIEM).

**## Issues:**

1. Whether IRRI waived its immunity from suit by its internal Memorandum and actions.
2. Whether Callado was denied due process in his termination proceedings.

**## Court's Decision:**

**### Issue 1: Immunity from Suit**

The Supreme Court ruled that IRRI did not waive its immunity from suit. Presidential Decree No. 1620 grants IRRI immunity from any penal, civil, and administrative

proceedings unless expressly waived by the Director-General. The Court emphasized that IRRI's waiver of immunity is discretionary and must be explicitly declared by the Director-General. The internal Memorandum referred to by Callado only indicated that IRRI "may" waive immunity, not that it "shall" in all termination cases. Hence, this Memorandum did not constitute an express waiver of immunity.

Moreover, IRRI explicitly conveyed its position of not waiving its immunity in a letter to the Labor Arbiter in 1991. Any perceived waiver from prior communication was thus superseded.

### ### Issue 2: Due Process

The Supreme Court found no denial of due process in Callado's termination. Callado was informed of the charges and findings against him and had the opportunity to respond through a Memorandum he submitted to the IRRI's Human Resource Development Department. The necessary standards of notice and opportunity to be heard were met.

Additionally, the Court ruled that non-referral to the CIEM did not violate due process, as IRRI's procedures for handling employee disputes provided adequate remedial avenues. Callado chose not to engage the CIEM processes, thus waiving the potential protection and inputs CIEM might have offered.

The petition was thereby dismissed.

### ## Doctrine:

1. **Immunity of International Organizations**: International organizations like IRRI enjoy immunity from legal processes under domestic law, unless such immunity is explicitly waived by the organization's Director-General or an authorized representative.
2. **Discretionary Waiver**: Any potential waiver of immunity must be clearly and expressly stated and cannot be presumed or implied from general procedural guidelines.
3. **Due Process in Employment Termination**: Adequate notice and opportunity to be heard meet the requirements of due process in administrative and employment procedures.

### ## Class Notes:

1. **Diplomatic Immunity**: International organizations are protected from local jurisdiction to ensure unimpeded functioning.
  - **Presidential Decree No. 1620, Article 3**: Provides immunity to IRRI unless waived by the Director-General.
2. **Waiver of Immunity**: Must be explicit and not ambiguous.

- Internal directives or informal statements that use permissive language (“may”) do not constitute waiver.

3. **Due Process in Administrative Proceedings**: Notice, opportunity to be heard, and adherence to established procedures fulfill due process.

- **Statutory Reference**: Due process requires notice and opportunity to be heard (Article III, Section 1, 1987 Philippine Constitution).

#### **## Historical Background:**

The case reflects the Philippine government’s policy towards international organizations operating within its territory, specifically granting them immunities to facilitate their operations free from local judicial interference. This principle, rooted in customary international law, underscores the importance of maintaining the independence and operational efficiency of these organizations, advocating a non-contentious relationship between host nations and international entities.