

## SECOND DIVISION

[ G.R. No. 114776, February 02, 2000 ]

**MENANDRO B. LAUREANO, PETITIONER, VS. COURT OF APPEALS  
AND SINGAPORE AIRLINES LIMITED, RESPONDENTS.**

### DECISION

**QUISUMBING, J.:**

This petition for review on certiorari under Rule 45 of the Rules of Court seeks to reverse the Decision of the Court of Appeals, dated October 29, 1993, in C.A. G.R. No. CV 34476, as well as its Resolution dated February 28, 1994, which denied the motion for reconsideration.

The facts of the case as summarized by the respondent appellate court are as follows:

"Sometime in 1978, plaintiff [Menandro B. Laureano, herein petitioner], then Director of Flight Operations and Chief Pilot of Air Manila, applied for employment with defendant company [herein private respondent] through its Area Manager in Manila.

On September 30, 1978, after the usual personal interview, defendant wrote to plaintiff, offering a contract of employment as an expatriate B-707 captain for an original period of two (2) years commencing on January 21, 1978, Plaintiff accepted the offer and commenced working on January 20, 1979. After passing the six-month probation period, plaintiff's appointment was confirmed effective July 21, 1979. (Annex "B", p. 30, Rollo).

On July 21, 1979, defendant offered plaintiff an extension of his two-year contract to five (5) years effective January 21, 1979 to January 20, 1984 subject to the terms and conditions set forth in the contract of employment, which the latter accepted (Annex "C", p. 31, Rec.).

During his service as B-707 captain, plaintiff on August 24, 1980, while in command of a flight, committed a noise violation offense at the Zurich Airport, for which plaintiff apologized. (Exh. "3", p. 307, Rec.).

Sometime in 1980, plaintiff featured in a tail scraping incident wherein the tail of the aircraft scraped or touched the runway during landing. He was suspended for a few days until he was investigated by a board headed by Capt. Choy. He was reprimanded.

On September 25, 1981, plaintiff was invited to take a course of A-300 conversion training at Aeroformacion, Toulouse, France at defendant's expense. Having successfully completed and passed the training course,

plaintiff was cleared on April 7, 1981 for solo duty as captain of the Airbus A-300 and subsequently appointed as captain of the A-300 fleet commanding an Airbus A-300 in flights over Southeast Asia. (Annexes "D", "E" and "F", pp. 34-38, Rec.).

Sometime in 1982, defendant, hit by a recession, initiated cost-cutting measures. Seventeen (17) expatriate captains in the Airbus fleet were found in excess of the defendant's requirement (t.s.n., July 6, 1988. p. 11). Consequently, defendant informed its expatriate pilots including plaintiff of the situation and advised them to take advance leaves. (Exh. "15", p. 466, Rec.).

Realizing that the recession would not be for a short time, defendant decided to terminate its excess personnel (t.s.n., July 6, 1988, p. 17). It did not, however, immediately terminate its A-300 pilots. It reviewed their qualifications for possible promotion to the B-747 fleet. Among the 17 excess Airbus pilots reviewed, twelve were found qualified. Unfortunately, plaintiff was not one of the twelve.

On October 5, 1982, defendant informed plaintiff of his termination effective November 1, 1982 and that he will be paid three (3) months salary in lieu of three months notice (Annex "I", pp. 41-42, Rec.). Because he could not uproot his family on such short notice, plaintiff requested a three-month notice to afford him time to exhaust all possible avenues for reconsideration and retention. Defendant gave only two (2) months notice and one (1) month salary. (t.s.n., Nov. 12, 1987. p. 25).

Aggrieved, plaintiff on June 29, 1983, instituted a case for illegal dismissal before the Labor Arbiter. Defendant moved to dismiss on jurisdictional grounds. Before said motion was resolved, the complaint was withdrawn. Thereafter, plaintiff filed the instant case for damages due to illegal termination of contract of services before the court a quo (Complaint, pp. 1-10, Rec.).

Again, defendant on February 11, 1987 filed a motion to dismiss alleging inter alia: (1) that the court has no jurisdiction over the subject matter of the case, and (2) that Philippine courts have no jurisdiction over the instant case. Defendant contends that the complaint is for illegal dismissal together with a money claim arising out of and in the course of plaintiff's employment "thus it is the Labor Arbiter and the NLRC who have the jurisdiction pursuant to Article 217 of the Labor Code" and that, since plaintiff was employed in Singapore, all other aspects of his employment contract and/or documents executed in Singapore. Thus, defendant postulates that Singapore laws should apply and courts thereat shall have jurisdiction. (pp. 50-69, Rec.).

In traversing defendant's arguments, plaintiff claimed that: (1) where the items demanded in a complaint are the natural consequences flowing from a breach of an obligation and not labor benefits, the case is intrinsically a civil dispute; (2) the case involves a question that is beyond the field of specialization of labor arbiters; and (3) if the complaint is grounded not on the employee's dismissal per se but on the

manner of said dismissal and the consequence thereof, the case falls under the jurisdiction of the civil courts. (pp. 70-73, Rec.)

On March 23, 1987, the court a quo denied defendant's motion to dismiss (pp. 82-84, Ibid). The motion for reconsideration was likewise denied. (p. 95 *ibid*)

On September 16, 1987, defendant filed its answer reiterating the grounds relied upon in its motion to dismiss and further arguing that plaintiff is barred by laches, waiver, and estoppel from instituting the complaint and that he has no cause of action. (pp. 102-115)"<sup>[1]</sup>

On April 10, 1991, the trial court handed down its decision in favor of plaintiff. The dispositive portion of which reads:

"WHEREFORE, judgment is hereby rendered in favor of plaintiff Menandro Laureano and against defendant Singapore Airlines Limited, ordering defendant to pay plaintiff the amounts of -

SIN\$396,104.00, or its equivalent in Philippine currency at the current rate of exchange at the time of payment, as and for unearned compensation with legal interest from the filing of the complaint until fully paid;

SIN\$154,742.00, or its equivalent in Philippine currency at the current rate of exchange at the time of payment; and the further amounts of P67,500.00 as consequential damages with legal interest from the filing of the complaint until fully paid;

P1,000,000.00 as and for moral damages; P1,000,000.00 as and for exemplary damages; and P100,000.00 as and for attorney's fees.

Costs against defendant.

SO ORDERED."<sup>[2]</sup>

Singapore Airlines timely appealed before the respondent court and raised the issues of jurisdiction, validity of termination, estoppel, and damages.

On October 29, 1993, the appellate court set aside the decision of the trial court, thus,

"...In the instant case, the action for damages due to illegal termination was filed by plaintiff-appellee only on January 8, 1987 or more than four (4) years after the effectivity date of his dismissal on November 1, 1982. Clearly, plaintiff-appellee's action has already prescribed.

WHEREFORE, the appealed decision is hereby REVERSED and SET ASIDE. The complaint is hereby dismissed.

SO ORDERED."<sup>[3]</sup>

Petitioner's and Singapore Airlines' respective motions for reconsideration were denied.

Now, before the Court, petitioner poses the following queries:

1. IS THE PRESENT ACTION ONE BASED ON CONTRACT WHICH PRESCRIBES IN TEN YEARS UNDER ARTICLE 1144 OF THE NEW CIVIL CODE OR ONE FOR DAMAGES ARISING FROM AN INJURY TO THE RIGHTS OF THE PLAINTIFF WHICH PRESCRIBES IN FOUR YEARS UNDER ARTICLE 1146 OF THE NEW CIVIL CODE?
2. CAN AN EMPLOYEE WITH A FIXED PERIOD OF EMPLOYMENT BE RETRENCHED BY HIS EMPLOYER?
3. CAN THERE BE VALID RETRENCHMENT IF AN EMPLOYER MERELY FAILS TO REALIZE THE EXPECTED PROFITS EVEN IF IT WERE NOT, IN FACT, INCURRING LOSSES?

At the outset, we find it necessary to state our concurrence on the assumption of jurisdiction by the Regional Trial Court of Manila, Branch 9. The trial court rightly ruled on the application of Philippine law, thus:

"Neither can the Court determine whether the termination of the plaintiff is legal under the Singapore Laws because of the defendant's failure to show which specific laws of Singapore Laws apply to this case. As substantially discussed in the preceding paragraphs, the Philippine Courts do not take judicial notice of the laws of Singapore. The defendant that claims the applicability of the Singapore Laws to this case has the burden of proof. The defendant has failed to do so. Therefore, the Philippine law should be applied."<sup>[4]</sup>

Respondent Court of Appeals acquired jurisdiction when defendant filed its appeal before said court.<sup>[5]</sup> On this matter, respondent court was correct when it barred defendant-appellant below from raising further the issue of jurisdiction.<sup>[6]</sup>

Petitioner now raises the issue of whether his action is one based on Article 1144 or on Article 1146 of the Civil Code. According to him, his termination of employment effective November 1, 1982, was based on an employment contract which is under Article 1144, so his action should prescribe in 10 years as provided for in said article. Thus he claims the ruling of the appellate court based on Article 1146 where prescription is only four (4) years, is an error. The appellate court concluded that the action for illegal dismissal originally filed before the Labor Arbiter on June 29, 1983, but which was withdrawn, then filed again in 1987 before the Regional Trial Court, had already prescribed.

In our view, neither Article 1144<sup>[7]</sup> nor Article 1146<sup>[8]</sup> of the Civil Code is here pertinent. What is applicable is Article 291 of the Labor Code, viz:

"*Article 291. Money claims.* - All money claims arising from employee-employer relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued;