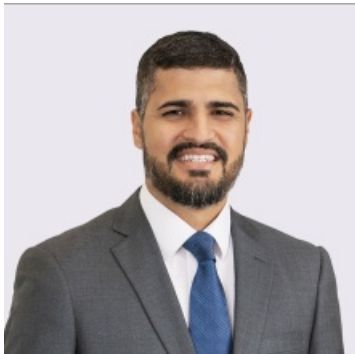


# Puerto Rico Supreme Court Reaffirms Importance of Just Cause for Employee Terminations

By Carlos J. Saavedra-Gutiérrez, Juan Felipe Santos & Ana B. Rosado-Frontanés

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## Meet the Authors



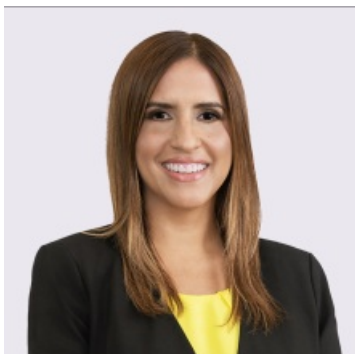
**Carlos J. Saavedra-Gutiérrez**

Principal  
787-522-7308  
Carlos.Saavedra-Gutierrez@jacksonlewis.com



**Juan Felipe Santos**

Office Managing Principal and  
Office Litigation Manager  
(787) 522-7315  
Juan.Santos@jacksonlewis.com



## Takeaways

- In the wrongful discharge case of *Méndez Ruiz v. Techno Plastics Industries, Inc.*, the Court found an employee's exhaustion of the 12-month Workers' Compensation leave is not automatic grounds for a just cause termination.
- Puerto Rico does not recognize employment-at-will.
- Just cause analysis is necessary for terminations in Puerto Rico.

## Related link

- [\*Méndez Ruiz v. Techno Plastics Industries, Inc.\*](#)

## Article

The Puerto Rico Supreme Court recently issued a decision reaffirming the importance of just cause for employment terminations in Puerto Rico. [\*Méndez Ruiz v. Techno Plastics Industries, Inc.\*](#), No. 2025 TSPR 68 (June 26, 2025). Puerto Rico does not recognize employment-at-will.

The Court reiterated that companies must establish the reasons for termination are not arbitrary, capricious, or unrelated to legitimate business reasons. Under Law No. 80 of May 30, 1976, the Puerto Rico Unjust Dismissal statute, employers must have "just cause" for dismissal of any employee. Employers who are found in violation of Law 80 are liable for a statutory severance for terminations without just cause.

The general categories of just cause dismissals under Law 80 relate to employee performance and conduct, as well as employer reorganizations and layoffs.

## Background

The Puerto Rico Workers' Compensation Act requires employers with at least 16 employees to provide a leave of absence of 12 months after a work accident while the employee is receiving treatment from the State Insurance Fund Corporation (SIFC), the local public entity in charge of providing mandatory workers' compensation benefits in Puerto Rico. During this time, the employee's job must be reserved ("reserve period"). Under the law, the reserve period commences from the date of the workplace accident or onset of the occupational illness. To be eligible for reinstatement, the employee must request reinstatement within 15 days after being released back to work and within 12 months from the date of the accident or onset of the workplace illness.

In this case, the employee suffered a work-related accident on July 10, 2018, and began receiving treatment from SIFC. The employee was released to work on July 22, 2018, had timely requested reinstatement, and was reinstated. The employee continued working for

## Ana B. Rosado- Frontanés

Of Counsel

787-522-7314

Ana.Rosado@jacksonlewis.com

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the employer for over two years while intermittently returning to SIFC to receive treatment. In Feb. 2021, the employee went back to the SIFC for the same work-related injury and was placed on rest several times, including a rest determination issued on April 22, 2021, until May 1, 2021. On April 26, 2021, the company terminated the employee alluding to the fact that the 12-month reserve period had expired and the absences from work were no longer protected. The employee sued under Puerto Rico's Law 115 (retaliation), Law 80 (unjust dismissal), and Law 45 (workers' compensation).

Both the trial court and the Court of Appeals ruled in favor of the employee. The Supreme Court reversed in part and confirmed in part.

### The Court's Ruling

Under the specific facts of the case, the Supreme Court found that exhaustion of the 12-month reserve period was not just cause for termination because the employee had already returned and had been reinstated to work during the 12-month reserve period. Dispositive to its analysis was that the employee had been working for over two years after returning to work and was reinstated prior to the expiration of the reserve period. Thus, it found the company could not base termination on expiration of the reserve period, as it no longer applied, but had to articulate another reason.

Yet the Court found the employer's violations were limited to Law 80, and the termination was not retaliatory or in violation of the Workers' Compensation Act, since the employer had reinstated the employee when she was initially released to work while receiving treatment during the 12-month reserve period.

\* \* \*

This case reminds employers in Puerto Rico of the importance of clearly articulating a just cause for terminations that is not arbitrary, capricious, or unrelated to the normal operations of the business. Further, exhaustion of the 12-month reserve period does not automatically provide just cause for a termination if the employee had previously returned to work.

Although the Court did not look beyond the SIFC 12-month reserve period, employers should be aware that other leaves may apply, such as unpaid leave under the Family and Medical Leave Act or unpaid medical leave as a reasonable accommodation under the Americans with Disabilities Act. Therefore, when an employee is out due to a medical condition, employers should consider carrying out an analysis under several federal and state laws and the interplay between them to ensure compliance and avoid potential claims.

Jackson Lewis attorneys are available to assist with your workplace issues relating to statutory leaves of absence and terminations to ensure compliance with applicable laws.

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