

****Title:**** Macario King, et al. vs. Pedro S. Hernaez, et al.

****Facts:****

On January 1, 1957, Macario King, a naturalized Filipino citizen, acquired a business establishment known as "Import Meat and Produce," which employed 15 individuals, including three Chinese nationals previously employed with the former owner, Philippine Cold Stores, Inc. Seeking to retain these employees under Section 2-A of Commonwealth Act 108 and Republic Act No. 134, King petitioned the President of the Philippines through the Secretary of Commerce and Industry. However, this request was denied on the grounds that their roles did not fit the technical personnel exception allowable under the mentioned Acts, thus invoking the Retail Trade Nationalization Law (Republic Act No. 1180), which mandates full Filipino ownership and control over retail trade enterprises.

In response to this denial, King and his three Chinese employees filed a petition for declaratory relief, injunction, and mandamus against the Secretary of Commerce and Industry and the Executive Secretary. They sought judicial clarification of their rights and duties under the involved laws, claiming the administrative decision was illegal based on their positional roles and constitutional rights. The Manila Court of First Instance issued a preliminary injunction in favor of King, leading to a trial where the court eventually ruled that King could employ any person, including the three Chinese petitioners, provided they did not partake in the management, operation, administration, or control of his retail business. The respondents (government officials) appealed the decision to the Supreme Court, questioning the lower court's interpretation of the Retail Trade Nationalization Law and the Anti-Dummy Law in relation to alien employment in retail trade.

****Issues:****

1. Whether or not the employment of aliens in retail trade businesses (either in control or non-control positions) owned by Filipino citizens violates the Retail Trade Nationalization Law (Republic Act No. 1180) and the Anti-Dummy Law (Commonwealth Act No. 108, as amended by Republic Act No. 134).
2. Whether the grant of declaratory relief was proper in a situation where a statute had already been allegedly breached.

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

The Supreme Court reversed the lower court's decision, ruling that the legislative intent of both the Retail Trade Nationalization Law and the Anti-Dummy Law was to nationalize the retail trade fully in terms of both ownership and employment. The Court emphasized that

Republic Act No. 1180 seeks to confine retail trade ownership and employment to Filipino citizens exclusively, barring alien engagement directly or indirectly. The Court pointed out that the Anti-Dummy Law intends to complement this by penalizing acts designed to circumvent the nationalization of the retail trade. It clarified that the employment of aliens in retail establishments, regardless of the position being control-oriented or not, was not permissible unless in technical roles specifically authorized by the President of the Philippines. Thus, the petition for declaratory relief, injunction, and mandamus filed by King and his co-petitioners was dismissed, and the injunction issued by the trial court was lifted.

****Doctrine:****

1. The Supreme Court reaffirmed the full nationalization of the retail trade sector, elucidating that both ownership and employment within retail trade establishments must be exclusively reserved for Filipino citizens, except for technical personnel roles specifically authorized by the President.
2. Declaratory relief is not available for resolving issues where a statute has already been breached.

****Class Notes:****

- Nationalization of the Retail Trade: Ownership and employment in retail trade entities must be entirely Filipino, barring aliens from engaging in retail trade directly or indirectly.
- The Anti-Dummy Law complements the Retail Trade Nationalization Law by penalizing acts that circumvent nationality restrictions in business ownership and employment.
- Declaratory Relief: Not applicable if there has already been a breach of the law in question.
- Essential Provisions:
 - ****Republic Act No. 1180 (Retail Trade Nationalization Law):**** Limits the privilege of engaging in retail trade to Filipino citizens or entities wholly owned by Filipino citizens.
 - ****Commonwealth Act No. 108, as amended by Republic Act No. 134 (Anti-Dummy Law):**** Targets evasion of nationalization laws, prohibiting aliens from intervening in management, operation, administration, or control in businesses reserved for Filipinos, except as authorized technical personnel.

****Historical Background:****

The case underscores the Philippine government's post-war effort to assert and secure economic independence and national sovereignty by restricting foreign control and influence in critical sectors of the economy, notably the retail sector. These laws were part of broader nationalistic policies aimed at consolidating economic power among Filipinos and reducing economic dependency on foreigners, reflecting a global wave of decolonization and

economic nationalism in the mid-20th century.