

NATIONAL MARKETING CORPORATION AND PRICE STABILIZATION CORPORATION (BOARD OF LIQUIDATORS), PETITIONERS, VS. COURT OF INDUSTRIAL RELATIONS AND PRISCO WORKERS UNION, ET AL., RESPO...

G. R. No. L-17804. January 31, 1963

Ponente: REYES, J.B.L., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/210f0be0638f/>

REYES, J.B.L., J.:

Petition for the review of the order of the Court of Industrial Relations dated 10 June 1960 (affirmed by the CIB en banc on 8 October 1960) ordering petitioners to pay 202 workers of PRISCO, in Case No. 840-V (6), their unpaid overtime, and Sundays and legal holidays work, from 8 June 1951 to 30 June 1953, in accordance with the partial decision of said Court of 25 August 1953.

The antecedent facts of this case are stated in our decision of 29 December 1958 entitled Price Stabilization Corporation vs. PRISCO Workers' Union, et al., L-9288, and Price Stabilization Corporation vs. Court of Industrial Relations, 102 Phil., 515; 29 November 1957.

From them it can be gleaned that on 18 March 1953, fifty-eight (58) workers, represented by the respondent Union, filed a petition with the Court of Industrial Relations to enforce certain demands on the employer Price Stabilization Corporation, known as PRISCO (Case 840-V). On 25 August 1953, the Court rendered a partial decision ordering the employer to pay 25% additional compensation for unpaid overtime and for Sundays and legal holidays service rendered since 8 June 1951. While this decision was originally limited to the original 58 petitioners, the Court, on 9 May 1955, subsequently granted the Union's petition (Case No. 840-V(4), extending the benefits of the decision to other workers of PRISCO similarly situated; and this decision was affirmed by the Supreme Court in its Case No. L-9288 (supra) for the reason that "workers involved in a dispute include other workers, unionists or not, who are presumed interested in the outcome of the demands or strike one way or another". On the merits of the other Union demands in Court of Industrial Relations Case No. 840-V, the Supreme Court likewise supported the Industrial Court's ruling that PRISCO is a government-owned corporation run and operated like ordinary business corporations, and "when the Government engages in business it becomes subject to the laws and regulations governing the relations of labor and management", and is not exempt from the provisions of the Eight-Hour Labor Law (Commonwealth Act No. 444) (G.R. No. L-9834, ante).

In the meantime, on 17 June 1955, PRISCO was abolished by Republic Act 1345 creating the National Marketing Corporation and transferring its employees and fixed assets to the NAMARCO, and its other choses in action, obligations, and liabilities to the Board of Liquidators; so that thereafter, both NAMARCO and PRISCO (Board of Liquidators) were impleaded as respondents in the court below when on 20 March 1958 202 other employees and workers of the former PRISCO, among them 45 employees of the General Auditing Office (GAO) assigned thereto, filed a petition for payment of overtime, Sundays and legal holidays work rendered from 8 June 1951 to 30 June 1953, based on the partial decision of the Court of Industrial Relations of 25 August 1953. On 2 April

1958, this claim was resisted by PRISCO on the ground that the partial decision embraced only the 58 original petitioners; that the claim has already prescribed under Section 7-A of Commonwealth Act 444 as amended by Republic Act 1993; and that some 45 employees among the claimants were, and some still are, employees of the GAO, and not of PRISCO. This opposition notwithstanding, the Court of Industrial Relations, on 10 June 1960, granted the petition, and ordered payment of their claims, after computation thereof by the Court Examiner or his duly authorized representative. Motion for reconsideration of this order having been denied en banc, PRISCO appealed to this Court by petition for review.

Petitioners' arguments are centered upon two questions: First, has the claim for payment of overtime and Sundays and legal holidays work prescribed? Second, should employees of the GAO assigned to, and working in, the government-controlled PRISCO and NAMARCO be deemed employees of said corporations in matters of compensation for overtime and other benefits?

It is contended for the petitioners that since the claimants now are different from the original claimants in the main case, the present petition cannot be considered as a continuation of the original case, or an implementation of the partial decision, but a new case; that since the benefits granted in the partial decision of 25 August 1953 were intended only for the individual petitioners whose names appear in the records as original parties in the main case, and Republic Act 1993 amending Section 7-A of the Eight-Hour Labor Law (C. A. 444) prescribes the time limit for filing an action thereunder to 3 years from the time the cause of action accrues, the present petition has already prescribed, having been filed only on 20 March 1958, or more than 3 years from 25 August 1953, when their cause of action accrued. In other words, the Court of Industrial Relations can no longer invoke its power to extend the benefits of the partial decision to other employees of the company.

It is very clear, however (as the records, of the case show), that the present petition of 20 March 1958, far from being a "new petition", is really one for the execution of the partial Court of Industrial Relations decision of 25 August 1953, with regards to the other workers and employees affected thereby and who have not yet been paid their work overtime and on Sundays and legal holidays. Not being a new claim, said petition was filed well within the five-year period within which enforcement of a decision of the Court of Industrial Relations by motion for execution may be made (Section 6, Rule 39, of the Rules of Court, in connection with Section 23, C.A. 103, as amended by Section 6, C.A. 559). Thus, Section 23, C.A. 103, as amended, provides:

"In case of non-compliance with any award, order, or decision of the Court of Industrial Relations after it has become final, conclusive, and executory, the judgment may be enforced by a writ of execution or any other remedy provided by law in respect to enforcement and execution of orders, decisions or judgments of the Court of First Instance."

As prescribed in the Rules of Court, final and conclusive judgments may be executed by motion within five years from the date of entry thereof, or by ordinary action filed after the lapse of five years but before the action has prescribed (within 10 years from the date the judgment becomes final). The present petition having been filed on 20 March 1958, or only about four years and seven months from the partial decision of the Court of Industrial Relations of 25 August 1953, the same has not prescribed.

"* * * If the awards made in 1948 has never been executed as regards all the petitioners, then the present petition should and must be denied. A new action or proceeding would be necessary to enforce the award. However, if the 1948 award has heretofore been executed or enforced as to some or all of the petitioners and from the date of the last enforcement up to the date of the present petition, not more than five years have elapsed, then the present petition may be granted as to those petitioners not covered by the prohibition of Section 6, Rule 39, Rules of Court." (National Development Company vs. Aralar et al., and Court of Industrial Relations, 108 Phil., 817.

Regarding petitioners' argument that the Court of Industrial Relations can no longer invoke its power to extend the benefits of the partial decision to the other employees of the company," it has been repeatedly held that the benefits of an award can be extended to all workers involved in a dispute, unionists or not, even though not parties to the case, because it is to be presumed that other workers are also interested in any increase in salary and other benefits,

"for otherwise, failure or refusal to do so would constitute unjust and unwarranted discrimination which is not permitted by the law." (Price Stabilization Corporation vs. PRISCO Workers' Union , G. R. No. L-9288, 29 December 1958).

In other words, the original petition filed on 18 March 1953 should be deemed a class suit, and the benefits of an award may be extended to laborers and employees who are similarly situated and more or less of the same category (N.D.C. vs. Aralar et als, and CIR, supra; ASEDECO vs. Caledonia Pile Workers' Union , 90 Phil., 817, February 26, 1952).

We now come to the question of whether or not the 45 claimants, employees of the General Auditing Office working in the PRISCO, are entitled to the benefits of overtime pay and payment for work performed on Sundays and legal holidays.

It is claimed for petitioners that there is no employer-employee relationship between them and the 45 claimants belonging to the GAO, and, therefore, they are not entitled to, overtime compensation, first, since the employees of the GAO working in tile PRISCO were appointed by the Auditor General, and were subject to his control and supervision, (Section 7, Executive Order No. 350, 3, October 1950); and second, because being officers and employees of the National Government, the Eight-Hour Labor Law is not applicable to them, and their overtime services, if at all, should be paid at rates fixed by the Budget Act (General Appropriation Act, C.A. 246, Par. 32). In support thereof, petitioners invoke the opinion of the Secretary of Justice of 27 July 1949 referred to in Batong-bacal vs. NDC 93 Phil., 182; (49 Off. Gaz., No. 6, p. 2290), which holds that the auditors of government-controlled corporations (referring to the National Development Company), as well as their subordinates, are not corporate employees but agents of the government, and, therefore, are embraced by the civil service (49 Off. Gaz., No. 6 p. 2290).

The appellee Union maintains that the 45 employees of the auditing office should enjoy the status of employees of PRISCO by pointing out that their salaries are included in the, budget of PRISCO and not in that of the National Government, in accordance with section 7 of Executive Order No. 350 of 3 October 1950 . The Union also relies on the Opinion No. 228 of the Secretary of Justice ruling that persons appointed by the Auditor General to work in the Auditing Department of the NARIC (a government-controlled corporation like the PRISCO) are entitled to the same retirement gratuities granted to other NARIC employees.

We agree with appellants that members of the auditing force can not be regarded as employees of PRISCO in matters relating to their compensation. They are appointed and supervised by the Auditor General, have an independent tenure, and work subject to his orders and instructions, and not to those of the management of appellants. Above all, the nature of their functions and duties, for the purpose of fiscal control, of appellants' operations, imperatively demands, as a matter of policy, that their positions be completely independent from interference or inducement on the part of the supervised management, in order to assure a maximum of impartiality in the auditing functions. Both independence and impartiality require that the employees in question be utterly free from apprehension as to their tenure and from expectancy of benefits resulting from any action of the management, since in either case there would be an influence at work that could possibly lead, if not to positive malfeasance to laxity and indifference that would gradually erode and endanger the critical supervision entrusted to these auditing employees.

The inclusion of their items in the PRISCO budget should be viewed as no more than a designation by the national government of the fund or source from which their emoluments are to be drawn, and does not signify that they are thereby made PRISCO employees.

We think that this case is governed by the doctrine laid down by this Court in the *Batungbacal vs. NDC* case, and not by Opinion No. 228 of the Secretary of Justice ante, which contemplated a case of retirement gratuities for company auditors which were left without work by the cessation of the operations they were supervising. Thus, the Court of Industrial Relations erred in regarding these employees of the General Auditing Office as standing on an equal footing with other employees and covered by the previous award of 25 August 1953, when it should have declared them governed by the general civil service laws and regulations applicable to regular government employees.

Wherefore, premises considered, the judgment under review is modified by reversing the same in so far as it declares that the 45 employees of the General Auditing Office are included in the former award on overtime and holiday compensation. In all other respects the judgment is affirmed. No costs in this instance.

Padilla, Bautista, Angelo, Labrador, Concepcion, Barrera, Paredes, Dizon, Regala and Makalintal, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.