SUPREME COURT
THIRD DIVISION

NATIONAL WATERWORKS AND SEWERAGE AUTHORITY (now the METROPOLITAN WATERWORKS and SEWERAGE SYSTEM),
***Petitioner*,**

-versus-

G.R. No. 121910
July 3, 1996

NATIONAL LABOR RELATIONS COMMISSION, KAISAHAN AT KAPATIRAN NG MGA MANGGAGAWA AT KAWANI SA NWSA (PAFLU), ET AL.,
***Respondents*.**
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D E C I S I O N

MELO, *J.*:

The instant Petition for *Certiorari* under Rule 65 of the Rules of Court seeks to annul the resolution dated June 21, 1995 of the First Division of the National Labor Relations Commission (NLRC) which affirmed in toto the order dated March 22, 1989 of Labor Arbiter Evangeline S. Lubaton of the NLRC NCR Arbitration Branch on the grounds of alleged lack of jurisdiction and grave abuse of discretion amounting to lack or excess of jurisdiction.

The controversy in the instant case arose when the former National Waterworks and Sewerage Authority (NAWASA), since then renamed Metropolitan Waterworks and Sewerage System (MWSS), unilaterally stopped the implementation of a P2.25 daily, or a P49.50 monthly, increase starting January 1, 1966 after it had implemented the same from July 1, 1965 to December 31, 1965 pursuant to a compromise agreement designated by the parties as "Return-to-Work Agreement."

Briefly, the relevant facts of the case are as follows:

On July 1, 1965, NAWASA and private respondents entered into a Return-to-Work Agreement, which provided, among other stipulations, the following:

> The NAWASA agrees to grant workers and employees in Manila and Suburbs represented by the Union, the amount of TWO PESOS AND TWENTY FIVE CENTAVOS (P2.25) each as daily increase in wage for daily wage workers, or FORTY NINE PESOS AND 50/100 (P49.50) per month each to monthly salaried workers or employees, the same to be effective on July 1, 1965, provided that the total increase in salaries or wages both for daily wage and monthly salaried workers and employees shall not exceed Pl,836.00.

The above agreement was ratified by petitioner NAWASA's board in Resolution No. 309, Series of 1965. From July 1, 1965 up to December 31, 1965, NAWASA implemented the increases, but unilaterally discontinued the same on January 1, 1966. Thereafter, private respondents demanded the restoration of the wage increase. Due to NAWASA's then poor state of finances, it could not and did not heed the demand.

On October 23, 1974, the then Court of Industrial Relation (CIR) rendered judgment in Cases No. 66-IPA, 66-IPA(1), 69-IPA, and 74-IPA, based on a compromise agreement wherein the grant of the P2.25 a day or P49.50 per month increase was provided for.

Despite the above judgment, NAWASA continued to fail to restore the subject salary increase, and private respondents, realizing and aware of petitioner's inability to fully comply with the terms and conditions set forth in the Return-to-Work Agreement due to financial limitations, agreed to a deferment in the payment of their claims.

However, after the February 1986 EDSA uprising, private respondents staged pickets and a series of demonstrations within NAWASA's premises seeking various concessions from petitioner, which included the restoration of the salary increase.

In July 1988, private respondents filed a motion for restoration of the wage increase with the Department of Labor and Employment which was docketed as NLRC-NCR-Cases No. 66-IPA, 66-IPA(1), 69-IPA, and 74-IPA, and assigned to Labor Arbiter Evangeline S. Lubaton for resolution.

Petitioner opposed the motion, alleging, among other things, that "the claim had long been rejected and is not one of those awarded in the Decision dated October 23, 1974 in the above captioned cases; that it is already barred by prescription; and that it was filed without authority from the alleged claimants." Private respondents filed their reply thereto.

On March 22, 1989, Labor Arbiter Evangeline Lubaton issued an order, disposing:

> WHEREFORE, premises considered, the Motion to Dismiss is denied and the respondent National Waterworks and Sewerage Authority (NAWASA), now the Metropolitan Waterworks Sewerage System (MWSS), is hereby ordered to pay the Forty-Nine Pesos and Fifty Centavos (P49.50) a month for monthly employees or Two Pesos and Twenty-Five Centavos (P2.25) daily for daily paid workers per Return-to-Work Agreement dated July 1, 1965. The Chief of the Research and Information

> Unit of this Office or any of his representatives is directed to coordinate with the NAWASA Auditing Examiner to determine the claimants entitled to said increases and the amount each claimant is entitled to; and to deduct or segregate from the total amount thereof the equivalent of 17% by way of attorney's fees, as awarded in the other cases which is to be paid to Atty. Benjamin C. Pineda, the counsel of (sic) for the individual claimants in this case; and to submit the report within thirty (30) days from receipt hereof for further disposition.

Petitioner thereupon appealed to NLRC which, per its resolution promulgated on June 21, 1995, dismissed the appeal and affirmed the labor arbiter's order.

Hence, the instant petition.

After considering the arguments set forth in the petition and the comments of both private and public respondents, the Court resolves to dismiss the petition.

In assailing the jurisdiction of public respondent NLRC, petitioner invokes the case of MWSS vs. Hernandez, (143 SCRA 602 [1986]), where we ruled that "employment in the MWSS is governed not by the Labor Code but by the civil service law, rules and regulations, and controversies arising from or connected with that employment are not cognizable by the National Labor Relations Commission." We hold, however, that this ruling does not apply in the instant case because of the following:

> Unlike in MWSS vs. Hernandez wherein the controversy arose after MWSS had been constituted as a government corporation under Republic Act No. 6234, it must be noted that the obligations of the respective parties in the instant case resulting from the Return-to-Work Agreement arose in July 1965, prior to the creation of the MWSS in June 1971, when the employment in the former NAWASA was not yet under the civil service law. Upon its creation under Republic Act No. 6234, the MWSS assumed all the obligations and liabilities of NAWASA, including the obligation arising from the Return-to-Work Agreement. In other words, by the time MWSS was constituted

> as a government corporation, its employees who were former employees of NAWASA, its predecessor-in- interest, already had vested contractual rights by virtue of the Return-to-Work Agreement which, under the non-impairment clause of the Bill of Rights, they may not be deprived of by any subsequent legislation. Such entitlement, moreover, was confirmed in a final and executory court judgment.

In addition, unlike in MWSS vs. Hernandez where the complaint against MWSS was originally filed with NLRC, what is merely being sought by private respondents in the instant case is to implement a judgment rendered by the then Court of Industrial Relations in connection with the contractual obligations of the parties pursuant to the Return-to-Work Agreement. Since by express provision of Article 299 of the Labor Code of the Philippines, "(a)ll cases pending before the Court of Industrial Relations and the National Labor Relations Commission established under Presidential Decree No. 21 on the date of effectivity of this Code shall be transferred to and processed by the corresponding labor relations division or the National Labor Relations Commission created under this Code," necessarily execution of the judgment of the Court of Industrial Relations must be within the jurisdiction of NLRC as well. NLRC thus correctly took cognizance of and properly exercised its jurisdiction over the instant case when it ordered the execution of the judgment of the then Court of Industrial Relations.

Aside from upholding NLRC's jurisdiction over this case, we likewise find that NLRC committed no grave abuse of discretion in affirming the appealed decision of the labor arbiter.

We do not agree with petitioner that the subject salary increase of P2.25 daily or P49.50 monthly may not be enforced by means of execution for not being part of the judgment sought to be executed. As correctly found by the labor arbiter, the said salary increase was part and parcel of the Return-to-Work Agreement entered into by the litigants therein which they submitted before the then Court of Industrial Relations for its cognizance and approval. Hence, said agreement may be enforced as in any other case of a judgment by compromise.

Too, the money claims of private respondents are not barred by prescription. Since Article 1155 of the Civil Code provides the specific instances when the period of prescription may be interrupted, any such interruption is, therefore, a factual matter to be properly supported by evidence. While petitioner claims that Article 1155 of the Civil Code will not apply in the instant case, it has not denied the allegations nor refuted the evidence adduced before the labor arbiter showing repeated demands for payment through letters, pickets, demonstrations and conferences, and petitioner's alleged plea for time within which to pay private respondents' demands. Thus, we sustain the ruling that private respondents' claims herein are not barred by prescription, the period having been interrupted by the written extrajudicial demands made by private respondents, coupled with petitioner's own pleas for time within which to pay the claims.

Corollarily, the remedy availed of by private respondents must likewise be upheld, the final order issued by the then Court of Industrial Relations being enforceable by mere motion, applying the provisions of Section 6, Rule 39 of the Rules of Court suppletorily. The prescriptive period of five (5) years is deemed to have been interrupted by petitioner's request for the deferment in the payment of the subject obligations under the Return-to-Work Agreement. In the case of Torralba vs. delos Angeles (96 SCRA 69 [1989]), this Court had occasion to rule that the agreement of the parties to defer or suspend the enforcement of the judgment interrupts the period of limitations prescribed under the aforementioned provision.

In the same manner, but yet with more reason, will laches not lie because it cannot be said that private respondents have slept on their right for any unreasonable length of time. Besides, the defense of laches is being raised by petitioner for the first time before this Court.

Again, it appears from the records that petitioner's claim that the monetary award to which private respondents may be entitled should not go beyond June 9, 1971, was not raised in the initial proceedings before the labor arbiter, but was raised for the first time in its Memorandum on Appeal to NLRC. As in the matter of laches, this late argument cannot be given consideration.

WHEREFORE, the instant petition is **DISMISSED** and the resolution under review hereby **AFFIRMED**.

SO ORDERED.

Narvasa, *C.J.*, Davide, Jr., Francisco and Panganiban, *JJ.*, concur.