

Title:

Insular Bank of Asia and America Employees' Union vs. Hon. Amado G. Inciong and Insular Bank of Asia and America

Facts:

The case began when the Insular Bank of Asia and America Employees' Union (IBAAEU) filed a complaint against the Insular Bank of Asia and America with the National Labor Relations Commission (NLRC) for unpaid holiday pay. After failed conciliation, the case was certified for arbitration on July 7, 1975. Labor Arbiter Ricarte T. Soriano ruled in favor of IBAAEU, ordering the bank to pay its employees holiday pay since November 1, 1974. The bank complied until Presidential Decree No. 850 was promulgated, leading the Department of Labor to issue implementing rules and regulations, along with Policy Instruction No. 9, interpreting these rules. Consequently, the bank ceased holiday pay. IBAAEU's motion for execution was opposed by the bank, citing Policy Instruction No. 9. Instead of issuing a writ of execution, the Labor Arbiter enjoined the bank to continue paying holiday pay. The bank appealed, but the NLRC dismissed it. The bank then appealed to the Minister of Labor, leading to Deputy Minister Inciong's order to dismiss the case, triggering this petition for certiorari by IBAAEU.

Issues:

1. Whether the implementing rules and Policy Instruction No. 9 issued by the Department of Labor, which effectively amended the statutory law on holiday pay, are valid.
2. Whether the Deputy Minister of Labor has the authority to set aside a final and executory decision of a Labor Arbiter.
3. Whether the actions of the Deputy Minister of Labor constituted a deprivation of property without due process of law.

Court's Decision:

The Supreme Court ruled in favor of the petitioner, holding that:

1. The implementing rules and Policy Instruction No. 9 are null and void because they unduly expanded the exclusion from holiday pay benefits, which is beyond the statutory authority granted to the Secretary of Labor. The Labor Code provides that every worker is entitled to holiday pay, and these rules contradicted this provision.
2. A Labor Arbiter's decision that has become final and executory cannot be set aside or altered by the Deputy Minister of Labor, especially when partially executed. Neither the law nor implementing rules can annul or modify a final judgment.
3. The Deputy Minister of Labor's action in dismissing the complaint deprived IBAAEU

members of their vested rights, violating due process.

Doctrine:

This case reiterates the principle that administrative implementing rules cannot amend or extend the law they seek to implement. It also highlights the inviolability of final and executory decisions, which cannot be altered or set aside by administrative action, in accordance with the principles of finality of judgments and due process under the law.

Class Notes:

- ****Finality of Judgments****: Once a decision becomes final and executory, it cannot be altered or annulled except for clerical errors or omissions.
- ****Implementing Rules and Regulations****: Administrative bodies cannot amend, extend, or contravene the laws they are tasked to implement.
- ****Due Process****: Any action that deprives individuals of their vested rights without due process is null and void.

Historical Background:

This case occurred during a period of significant legal and administrative reform in the Philippines, marked by the issuance of Presidential Decrees and the restructuring of labor laws and regulations. The disputes arose over interpretations of holiday pay entitlements under the Labor Code, as amended, and subsequent administrative guidelines intended to implement these provisions. The Supreme Court's decision underscores the judiciary's role in checking administrative actions and ensuring that labor laws are construed in favor of labor as mandated by the Labor Code.