

**\*\*Title:\*\*** Insular Bank of Asia and America Employees' Union (IBAAEU) vs. Hon. Amado G. Inciong, Deputy Minister, Ministry of Labor and Insular Bank of Asia and America

**\*\*Facts:\*\*** On June 20, 1975, the Insular Bank of Asia and America Employees' Union (IBAAEU) filed a complaint against the Insular Bank of Asia and America for the payment of holiday pay, which, following unsuccessful conciliation, was certified for arbitration. Arbiter Ricarte T. Soriano on August 25, 1975, ruled in favor of the employees, mandating the bank to pay holiday pay up to January 1976, which the bank complied with. However, following the amendment of the Labor Code by Presidential Decree No. 850 and consequent rules and Policy Instruction No. 9 from the Ministry of Labor, the bank ceased the payment, leading to a motion for writ of execution by the Union in August 1976. Despite the opposition from the bank and varied rulings at the labor arbitration and commission levels, the case reached Deputy Minister of Labor Amado G. Inciong, who eventually dismissed the case for lack of merit on November 10, 1979, prompting the Union to file the petition for certiorari.

**\*\*Issues:\*\*** The core legal issue was whether or not the decision of a Labor Arbiter awarding the payment of regular holiday pay, which had become final and partially executed, could be set aside by the Deputy Minister of Labor based on subsequent Implementing Rules and Policy Instructions.

**\*\*Court's Decision:\*\*** The Supreme Court ruled in favor of the petitioner (IBAAEU), reinstating the decision of Labor Arbiter Ricarte T. Soriano. It declared null and void Section 2, Rule IV, Book III of the Implementing Rules and Policy Instruction No. 9, finding them in excess of the authority granted by the Labor Code. The Court emphasized that the Labor Code's provisions were clear and that the exclusion of monthly paid employees from holiday pay benefits by the implementing rules and Policy Instruction was unjustifiable, constituting a violation of due process.

**\*\*Doctrine:\*\*** The Supreme Court reiterated the principles that all laws, including their implementing rules and regulations, should be construed in favor of labor to safeguard their welfare, as mandated by the Labor Code. Furthermore, it was established that administrative rules cannot amend, extend, or in any way modify the explicit mandate of the law. The case also underscored that final and executory decisions cannot be altered or annulled by subsequent statutory changes or administrative rules, protecting vested rights under the principles of finality of judgments and due process.

**\*\*Class Notes:\*\***

1. **Vested Rights and Finality of Judgment:** Once a judgment becomes final and executory, it accords a vested right to the parties involved which cannot be deprived or altered by subsequent statutes or administrative rules.
2. **Administrative Authority Limitation:** Administrative bodies cannot amend, extend, or modify the law beyond its explicit provisions. Any implementing rule or policy that deviates from the law it purports to clarify or implement is void for excess of authority.
3. **Due Process in Execution of Judgment:** A final and executory judgment or its partial execution confers immutable rights that are protected under the guise of due process, barring any deprivation without lawful cause or procedure.
4. **Legal Statutes and Construction Favoring Labor:** In interpretations of the Labor Code and related statutes, ambiguities or doubts are resolved in favor of labor to fulfill the protective intent of such laws.

**Historical Background:** This case highlights the dynamics of labor law in the Philippines during the period of legislative and administrative adjustments to the Labor Code. It underscores the constitutional mandate to protect labor rights and the limitations of administrative agencies in altering legislatively granted benefits. The evolving interpretation of labor laws, through jurisprudence, reflects the balancing act between employer prerogatives and employee rights, emphasizing the judiciary's role in ultimately determining lawful entitlements.