

### Title:

Batchelder vs. Central Bank of the Philippines: A Clarification on the Creation of Obligations through Administrative Regulations

### Facts:

George W. Batchelder, doing business under the name and style of Batchelder Equipment, entered into a legal dispute with the Central Bank of the Philippines concerning a specific exchange rate of P2.00375 to US\$1.00 for a transaction involving US\$154,094.56. Batchelder contended that there was, if not a contractual agreement, then an obligation arising from law (specifically, Central Bank circulars with the force of law) that mandated the Central Bank to resell the US dollars to him at the stated exchange rate. The dispute arose from the Central Bank's refusal or failure to adhere to this rate, prompting Batchelder to seek legal remedy.

The case moved through the lower courts, where Batchelder initially asserted a contractual obligation. Upon appeal to the Supreme Court, the argument shifted focus towards an obligation allegedly stemming from law, as indicated by various resolutions and memoranda issued by the Central Bank being interpreted as having "the force and effect of law."

### Issues:

1. Whether administrative regulations or circulars issued by the Central Bank can create obligations binding on the Bank in the same way as laws.
2. Whether the Central Bank, acting in its regulatory capacity, can be deemed to have entered into a contract or otherwise assumed a specific obligation towards Batchelder based on the exchange rate issue.
3. The validity of Batchelder's claims that he had a vested right to the exchange rate based on Central Bank issuances.

### Court's Decision:

The Supreme Court reaffirmed its prior decision, detailing that the Central Bank, in issuing circulars or administrative regulations, acted not as a contracting party but within its regulatory capacity aimed at managing currency and maintaining monetary stability. The Court clarified that for an obligation to exist by law, there must be a specific provision that unequivocally imposes such an obligation - something absent in this case. The appeal to consider Central Bank circulars as creating binding obligations was dismissed on the grounds that they did not, in essence, place any specific obligation of the aforementioned nature on the Central Bank itself toward the appellant.

Further, the Court dismissed the notion that Batchelder had acquired any vested right based on the claimed exchange rate, underscoring the absence of a substantiated legal basis for such a claim.

### ### Doctrine:

This case reaffirmed the doctrine that obligations arising from laws are not presumed and must be explicit. Moreover, it distinguished between the roles of an entity acting within its regulatory capacity and being a party to a juridical relation, emphasizing that administrative regulations or circulars, while having the force of law for their intended regulatory purpose, do not automatically confer specific obligations towards individuals unless explicitly stipulated.

### ### Class Notes:

- **Obligations from Law:** Not presumed. Must be explicitly provided by statute or regulation.
- **Administrative Regulations:** Have the force of law within their regulatory scope but do not necessarily establish obligations or contracts with individuals unless such intention is clearly stated.
- **Regulatory vs. Contractual Actions:** Entities may have different roles and responsibilities depending on their actions being regulatory or contractual.
- **Vested Rights:** Claims to vested rights must be grounded on clear legal provisions.

### ### Historical Background:

This case touches upon the delicate balance between the quasi-legislative powers of administrative bodies like the Central Bank and the rights of individuals or businesses affected by the regulations these bodies issue. It underscores the principle that while administrative bodies do have significant powers to regulate in the public interest, these powers do not extend to unilaterally imposing obligations on themselves or others without explicit legal authority. This decision serves as a critical reminder of the specificity required in law and regulation to create enforceable obligations.