

### Title: CBTC Employees Union v. Clave, et al.

### Facts:

1. **Complaint Filed:**

- The CBTC Employees Union filed a complaint with Regional Office No. IV, Department of Labor, against Commercial Bank & Trust Co. (Comtrust) for non-payment of holiday pay benefits pursuant to Article 95 of the Labor Code.

2. **Conciliation Attempt:**

- The parties failed to reach an amicable settlement at the conciliation level and opted for voluntary arbitration.

3. **Voluntary Arbitration:**

- It was agreed that the Arbitrator's decision would be final, unappealable, and executory. The main issue was whether monthly-paid permanent employees were entitled to holiday pay effective November 1, 1974.

4. **Manifestation of the Union:**

- The Union expressed concerns over a pending Department of Labor Interpretative Bulletin on "holiday pay" and reserved the right to take further action if it was adverse to their claims.

5. **Arbitrator's Award (April 22, 1976):**

- The Arbitrator ruled in favor of the Union, declaring that monthly-paid employees are entitled to holiday pay benefits in addition to their regular salary, retroactive to November 1, 1974.

6. **Policy Instructions No. 9 (April 23, 1976):**

- Issued by the Department of Labor, reaffirming that employees uniformly paid by the month are presumed to have already been paid for the legal holidays unless deductions were made for these days.

7. **Motion for Reconsideration:**

- Comtrust filed a motion for reconsideration, which was denied by the Arbitrator.

8. **Appeal to NLRC:**

- Comtrust appealed to the NLRC, which dismissed the appeal as untimely and contrary to the agreement that the Arbitrator's decision was final and unappealable.

9. **Appeal to the Secretary of Labor:**

- The Acting Secretary of Labor reversed the NLRC decision, treating the motion for reconsideration as an appeal and applied Policy Instructions No. 9 retrospectively.

10. **Appeal to the Office of the President:**

- The Union appealed to Presidential Executive Assistant Jacobo C. Clave, who affirmed the Acting Secretary's decision.

11. **Petition for Certiorari to the Supreme Court:**

- The Union sought to annul the decisions of the Presidential Executive Assistant and the Acting Secretary of Labor.

**Issues:**

1. **Validity of the Rules and Policy Instructions:**

- Whether Section 2, Rule IV, Book III of the Rules and Policy Instructions No. 9 were validly promulgated and applicable to the case.

2. **Finality of the Arbitrator's Award:**

- Whether the agreement for the Arbitrator's decision to be final and unappealable was binding, in light of the subsequent Manifestation by the Union.

3. **Retrospective application of Policy Instructions No. 9:**

- Whether Policy Instructions No. 9 could be applied retrospectively to the dispute.

**Court's Decision:**

1. **Validity of Rules and Policy Instructions:**

- The Supreme Court declared Section 2, Rule IV, Book III of the Rules and Policy Instructions No. 9 null and void for being in excess of the Department of Labor's rule-making authority. They effectively amended the law by excluding additional groups from holiday pay benefits, contrary to the Labor Code's provisions, which mandate resolving doubts in favor of labor.

2. **Finality of the Arbitrator's Award:**

- The Court did not find it necessary to address this issue given the resolution of the validity of the interpretative Bulletin and the rules.

3. **Retrospective Application:**

- The Court did not specifically rule on the retrospective application of Policy Instructions

No. 9, but stated that the policy and rules were void, thus rendering any application moot.

### Doctrine:

- **Administrative Rule-Making Limitation:**

- Administrative agencies cannot alter or amend statutory provisions through rules and policy instructions. Any administrative interpretation that diminishes the benefits provided by the statute is ultra vires.

### Class Notes:

- **Key Concepts:**

- **Holiday Pay:**

- Article 94, Labor Code - Provides for holiday pay benefits to all workers unless explicitly excluded by law.

- **Voluntary Arbitration:**

- An agreement that the arbitrator's decision is final and unappealable can be subject to certain reservations or subsequent developments in law or policy.

- **Rule-Making Authority:**

- Limitations on administrative agencies to ensure they do not extend or amend the law through regulations contrary to legislative intent.

### Historical Background:

- This case highlights the period during which the Labor Code of the Philippines was being actively interpreted and implemented. The case occurred during the post-Martial Law era, a time marked by rigorous judicial review of administrative actions and protecting labor rights. The ruling reinforces the principle that labor benefits enshrined in the law cannot be curtailed by administrative policies or interpretations that contradict clear legislative mandates.