

**\*\*Title:\*\***

San Miguel Corporation v. Court of Appeals and DOLE Officials

**\*\*Facts:\*\***

On October 17, 1992, the Department of Labor and Employment (DOLE) Iligan District Office conducted a routine inspection at the San Miguel Corporation (SMC) facility in Sta. Filomena, Iligan City. The inspection revealed that SMC was underpaying its employees for regular Muslim holidays. DOLE sent the inspection results to SMC, which were received by Elena dela Puerta, SMC's personnel officer. SMC contested the findings, prompting DOLE to hold summary hearings on November 19, 1992, May 28, 1993, and October 4-5, 1993. Despite the hearings, SMC did not provide proof of compliance with Muslim holiday pay regulations. Consequently, on December 17, 1993, DOLE Iligan Director Alan M. Macaraya issued a compliance order directing SMC to treat Muslim holidays as regular holidays and to pay holiday benefits to both Muslim and non-Muslim employees within 30 days.

SMC appealed to the DOLE main office in Manila, but the appeal was dismissed as being filed late. Upon reconsideration on July 17, 1998, the filing was deemed timely, but the appeal was still dismissed for lack of merit, affirming Director Macaraya's order. SMC then filed a petition for certiorari with the Supreme Court, which referred the case to the Court of Appeals as per *St. Martin Funeral Homes vs. NLRC*.

The Court of Appeals, on May 8, 2000, modified the compliance order, reducing the Muslim holiday pay from 200% to 150% of the employee's basic salary, and remanded the case for proper computation. SMC's motion for reconsideration was denied. SMC then filed another petition for certiorari with the Supreme Court.

**\*\*Issues:\*\***

1. Did public respondents err and commit grave abuse of discretion by granting Muslim holiday pay to non-Muslim employees and making the payment retroactive?
2. Was there a denial of due process to SMC in the issuance of the compliance order?
3. Did the Court of Appeals err in its interpretation of the jurisdiction of the DOLE officials in issuing the compliance order?

**\*\*Court's Decision:\*\***

1. **\*\*Granting Muslim Holiday Pay to Non-Muslim Employees\*\***: The Court ruled that there should be no distinction between Muslim and non-Muslim employees regarding the payment of holiday benefits for Muslim holidays. SMC's argument that benefits under Presidential

Decree No. 1083 applied only to Muslims was rejected. The Court noted that Article 3(3) of PD 1083 also states that nothing therein shall be construed to prejudice non-Muslims. Thus, the compliance order was valid.

2. **Due Process**: The Court found no due process violation. SMC was informed of the inspection result and hearings, and it participated in multiple summary hearings. The Court determined that SMC had ample opportunity to present its case.

3. **Jurisdiction**: Regional Director Macaraya was a duly authorized representative of the Secretary of Labor and Employment, and he was empowered to issue compliance orders per Article 128(b) of the Labor Code. Thus, the Court ruled that the compliance order was within his jurisdiction.

The Court ruled that SMC's choice to file a certiorari petition under Rule 65 was improper since the appropriate remedy was an appeal under Rule 45. The Court dismissed the petition as the issue was considered within the realm of judgment errors, not grave abuse of discretion, and the appeal period had lapsed.

**Doctrine:**

The case reiterates that both Muslim and non-Muslim employees working in areas designated to observe Muslim holidays are entitled to holiday pay benefits without distinction based on religion. PD 1083 should not operate to the prejudice of non-Muslims. The ruling affirms the DOLE's jurisdiction under Article 128(b) of the Labor Code to enforce compliance with labor standards.

**Class Notes:**

- **Key Elements**:

- **Holiday Pay Rights**: Articles 169 and 170 of PD 1083 and Article 94 of the Labor Code.
- **Due Process**: Participation in hearings satisfies due process requirements.
- **Jurisdiction of DOLE**: Article 128(b) of the Labor Code.

- **Statutory Provisions**:

- **Article 169, 170 of PD 1083**: Muslim holidays recognized.
- **Article 94 of Labor Code**: Entitlement to holiday pay.
- **Article 128(b) Labor Code**: Enforcement powers of DOLE.

**Historical Background:**

This case is within the context of enforcing Muslim personal laws in the Philippines,

particularly in regions with significant Muslim populations. PD 1083, enacted in 1977, aimed to codify and administer Muslim personal laws, reflecting the recognition of cultural diversity in the legal framework. The rulings also underscore the emphasis on equal labor rights irrespective of religious affiliations within designated Muslim areas.