

Title: "Marcelino Buyco vs. Philippine National Bank, Iloilo Branch"

Facts:

- Marcelino Buyco was indebted to the Philippine National Bank (PNB) in Iloilo City for the amount of P5,102.90, originating from his 1952-53 crop loan, secured by real property mortgage.
- Buyco possessed Backpay Acknowledgment Certificate No. 4801, issued under Rep. Act No. 897, amounting to P22,227.69, payable over 30 years.
- On April 24, 1956, Buyco offered his backpay certificate as payment for his debt to PNB.
- PNB, referencing its pending motion for reconsideration in the Florentino case regarding the acceptance of backpay certificates, deferred action on Buyco's request.
- Post the Supreme Court's rejection of PNB's reconsideration in the Florentino case, Buyco reiterated his offer on February 15, 1957.
- On February 19, 1957, PNB declined the offer citing an amendment in its charter under R.A. No. 1576 effective June 16, 1956, disallowing acceptance of such certificates.
- Buyco requested reconsideration on March 26, 1957, which PNB referred to its legal department. An unfavorable opinion was issued on April 23, 1957.
- The Court of First Instance of Iloilo, on July 24, 1958, ruled in favor of Buyco, compelling PNB to accept the certificate as valid payment, which led PNB to appeal the decision.

Issues:

1. Can PNB be compelled to accept Buyco's backpay certificate as payment given the legislative amendment in R.A. No. 1576?
2. Did Buyco possess a vested right to use the backpay certificate for debt payment before the enactment of R.A. No. 1576?
3. Is mandamus an appropriate remedy to enforce the acceptance of the backpay certificate?

Court's Decision:

- The Supreme Court ruled in favor of Buyco, affirming that Buyco had a vested right by virtue of Rep. Act No. 897, as clarified by the Florentino decision, to use his backpay certificate for debt payment as of April 24, 1956, before the charter amendment.
- Consequently, R.A. No. 1576 was not applied retroactively, aligning with Article 4 of the New Civil Code stipulating that laws do not have retroactive effect unless explicitly stated.
- Mandamus was deemed the correct remedy as the obligation for PNB to accept the backpay certificate already existed under the former law.

Doctrine:

- The decision reinforced legal doctrines of vested rights, mandating that amendments do not retroactively negate existing rights unless specified.
- The supremacy of the Florentino decision regarding the acceptance of backpay certificates by government banks like PNB was cemented.

Class Notes:

- Vested Rights: Rights that are established and cannot be retroactively nullified without legislative provision.
- Retroactive Effect: Laws or amendments don't retroactively apply unless clearly stated otherwise (New Civil Code, Art. 4).
- Mandamus: A writ used to compel performance of a duty, here used to enforce the bank to accept legal payment under existing rights.
- Rep. Act No. 897 vs. Rep. Act No. 1576.
- Backpay Certificates as a valid form of debt payment before specific legislative amendments.

Historical Background:

- Following WWII, the Philippines issued Backpay Acknowledgment Certificates to compensate for unpaid wartime salaries, creating complexities regarding their usage in financial transactions.
- Legislative amendments, like R.A. No. 1576, sought to address fiscal concerns, notably restricting the acceptance of these certificates by government entities, but clashed with existing rights as seen in this case.