

ADMINISTRATIVE LAW

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I. INTRODUCTION

The term administrative law has two main references. *Firstly*, it refers to the procedural aspects of the administrative process relating to administrative rule-making and administrative adjudication. Administrative rule-making is concerned with administrative agencies adopting regulations which have the force and effect of law. These regulations are in a sense similar to statutes; hence, administrative rule-making is commonly known as "quasi-legislation." On the other hand, administrative adjudication is concerned with administrative agencies conducting adversary proceedings. These adversary proceedings are quite similar to judicial trials and so these adversary proceedings are often called "quasi-judicial." *Secondly*, administrative law refers to the judicial review or review by the regular courts of administrative rule-making and administrative adjudication.

A survey of Supreme Court decisions in the field of administrative law for the year 1962 reveals that most of the principles embodied in these decisions are based on rules and doctrines enunciated by the same tribunal in earlier cases.

II. RULE-MAKING

A. CENTRAL BANK OF THE PHILIPPINES

In the case of *Commissioner of Customs v. Santos, et al.*,¹ the Supreme Court held that the Central Bank has the authority to issue the circulars in question even if the circulars have the effect of regulating no-dollar imports for the reason that the broad powers of the Central Bank under its charter to maintain our monetary stability and to preserve the international currency, under Section 2 of Republic Act No. 265 in relation to Section 14 of said Act authorizing the bank to issue rules and regulations as it may consider necessary for the effective discharge of the responsibilities and the exercise of powers assigned to the Monetary Board and the

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¹ G.R. No. L-11911, March 30, 1962.

Central Bank, connote the authority to regulate no-dollar imports owing to the influence the same may and do have upon the stability of our peso and its international value. This ruling is but a reiteration of its previous ruling in the case of *Commissioner of Customs et al. v. Eastern Sea Trading Co.*² The Court of Tax Appeals therefore erred in declaring the circulars in question invalid insofar as they regulate imports which do not involve the rate of foreign exchange. The Supreme Court also held that the classification of commodities pursuant to the circulars need not be published in the Official Gazette for the publication of the former is a necessary consequence of the publication of the latter. This ruling was likewise reiterated in the case of *Commissioner v. Nepomuceno*.³ In *Allada v. Central Bank*,⁴ the Supreme Court reiterated the aforesaid ruling that under the law (Sec. 14[a], Rep. Act No. 265), the Monetary Board is authorized to prepare and issue such rules and regulations as it may consider necessary for the effective discharge of the responsibilities and the exercise of the powers assigned to it. In the discharge of these powers, the Monetary Board may authorize the Import-Export Department of the Central Bank to raise quota allocations and to prepare revised procedures to curb violations of the Central Bank Import-Export regulations. Hence, the revised procedures adopted by the above mentioned department particularly the accreditation system requirement for certified public accountants desiring to transact business in the Central Bank is valid for the purpose is to correct certain abuses and irregularities committed by some certified public accountants in the certification of financial statements of their clients applying for dollar allocations.

B. SOCIAL SECURITY COMMISSION

In *Victorias Milling Co. Inc. v. Social Security Commission*,⁵ the Supreme Court ruled that the circulars which are mere statements of general policy as to how the law should be construed do not need presidential approval and publication in the Official Gazette for their effectivity. Since the circular in question purports merely to advise employers-members of the system of what, in the light of the amendment of the Social Security Law, they should include in determining the monthly compensation of their employees upon which the Social

² G.R. No. L-14279, Oct. 31, 1961.

³ G.R. No. L-11126, March 21, 1962.

⁴ G.R. No. L-11357, May 31, 1962.

⁵ G.R. No. L-16704, March 17, 1962.

Security contribution should be based, such circulars are within the authority of the Social Security Commission to promulgate.

III. JURISDICTION

A. COURT OF INDUSTRIAL RELATIONS

Reiterating its ruling in a former case,⁶ the Supreme Court held in the case of *De Motor et al. v. Court of Industrial Relations et al.*,⁷ that under the law and jurisprudence, the jurisdiction of the Court of Industrial Relations extends only to cases involving: (a) labor dispute affecting an industry which is indispensable to the national interest and so certified by the President of the Republic to the court (Sec. 10, Rep. Act No. 845); (b) controversy about minimum wage under the Minimum Wage Law (Rep. Act No. 602); (c) hours of employment under the Eight Hour Labor Law (Com. Act No. 444); and (d) unfair labor practice (Sec. 5[a], Rep. Act No. 875). However, such disputes in order to fall under the jurisdiction of the Court of Industrial Relations must arise while the employer-employee relationship between the parties exists or the employee seeks reinstatement. When such relationship is over and the employee does not seek reinstatement all claims become money claims which fall under the jurisdiction of the regular courts. The Supreme Court further held that even with the prayer for reinstatement and payment of back salaries, still the Court of Industrial Relations has no power to grant such relief in the absence of unfair labor practice. Consequently, in the case of *Campos Rueda Corporation v. Court of Industrial Relations*,⁸ the Supreme Court held that the Court of Industrial Relations erred in exercising jurisdiction in this case since the complaint did not ask for reinstatement, directly or indirectly, but only sought to collect what was due to him during the period of his employment. Moreover, the Court of Industrial Relations could not assume jurisdiction even if complaint is amended to make it appear that he is seeking reinstatement in an attempt to make the case fall within the jurisdiction of the Court of Industrial Relations for a complaint cannot be amended so as to confer jurisdiction on the court in which it is filed if the cause of action originally set forth was not within the jurisdiction of the court.

The Court of Industrial Relations cannot order reinstatement of a dismissed employee to a position which he had not previously occu-

⁶ *Sy Juan v. Bautista et al.*, G.R. No. L-16115, Aug. 29, 1962.

⁷ G.R. No. L-16671, March 30, 1962.

⁸ G.R. No. L-18453, Sept. 29, 1962.

pied. All that is required is that the dismissed employee be restored to his former position or substantially equivalent position. Since reinstatement does not cover appointment to a higher position, then the preferential right to re-employment which is a lesser right, cannot include appointment to a position higher than that formerly occupied by the laid-off employee.⁹

Under the Minimum Wage Law (Rep. Act No. 602), the Court of Industrial Relations can exercise jurisdiction over a minimum wage case only in two instances: (1) that the wage therein claimed be above the applicable statutory minimum or (2) that the demand for a minimum wage "involve an actual strike." In the case of *Valleson v. Tiburcio*,¹⁰ the Supreme Court held that since the differential pay claimed by the respondent is based only upon and not above the applicable statutory minimum and no actual strike is involved, the Court of Industrial Relations has no jurisdiction to hear and decide this case insofar as the issue of differential pay and maternity leave pay is concerned.

Can the Court of Industrial Relations assume jurisdiction over a claim for moral damages? The Supreme Court answered this question negatively in the case of *Bugay v. MRR Workers Union*,¹¹ holding that the regular courts should pass upon the claim for moral damages.

B. COURT OF TAX APPEALS

In *Ker and Company Ltd. v. Court of Tax Appeals*,¹² the issue is whether the Court of Tax Appeals has the jurisdiction to review an adverse order of the Collector of Internal Revenue beyond the 30-day period provided for in Section 11, Republic Act No. 1125 which provides that "any person, association or corporation adversely affected by a decision or ruling of the Collector of Internal Revenue, Collector of Customs or any provincial or City Board of Assessment Appeals may file an appeal in the Court of Tax Appeals within 30 days after the receipt of such decision or ruling." *Held*: Since the petition to the Court of Tax Appeals by Ker and Company for the review of the Collector of Internal Revenue assessment of taxes against him was made beyond the 30-day period the Court of Tax Appeals cannot entertain the petition, for the 30-day period is

⁹ *Phil American Drug Co. v. CIR et al.*, G.R. No. L-15152, April 18, 1962.

¹⁰ G.R. No. L-18125, Sept. 22, 1962.

¹¹ G.R. No. L-13093, Feb. 27, 1962.

¹² G.R. No. L-1296, Jan. 31, 1962.

a jurisdictional requirement. Therefore, the order of the Collector for the issuance of warrant of distraint and levy is final. This ruling was reiterated in *Acting Commissioner of Internal Revenue v. Lezares et al.*¹³

C. COMMISSION ON ELECTIONS

Invoking a prior ruling,¹⁴ the Supreme Court in *Masangay v. Commission on Election*,¹⁵ held that the Commission on Election in the discharge of its ministerial function cannot exercise the power to punish for contempt because such power is inherently judicial in nature. In the instant case, the resolution which the Commission tried to enforce merely concerns the procedure to be followed in the distribution of ballots and other election paraphernalia among the different municipalities. Therefore, the Commission has exceeded its jurisdiction in punishing petitioner for contempt for having violated such resolution.

D. COMMISSIONER OF IMMIGRATION

In *Ong Hee Lang et al. v. Commissioner of Immigration*,¹⁶ it appears that the petitioners, while under detention with the Commissioner pending their deportation, were granted bail by the Court of First Instance of Manila, hence this appeal by the Commissioner. *Held*: The determination as to the propriety of allowing an alien subject to deportation under the Immigration Act, to be released on bail as well as the conditions thereof fall within the exclusive jurisdiction of the Commissioner and not the courts of justice. The Court of First Instance therefore, erred in releasing on bail the petitioner. The reason is that the courts do not administer immigration laws.

E. DEPARTMENT OF LABOR

In *Chua Tay v. Regional Office*,¹⁷ the Supreme Court ruled that the Department of Labor has jurisdiction over cases falling under the Workmen's Compensation Law, such authority being bestowed on Labor officials by Republic Act No. 1241. The claim herein being one for compensation under the Workmen's Compensation Act, the authority of appellant hearing officer to take cognizance of the case must be upheld.

¹³ G.R. No. L-14034, Aug. 30, 1962.

¹⁴ *Guevarra v. Com. on Elections*, G.R. No. L-12596, July 31, 1958.

¹⁵ G.R. No. L-13824, Sept. 28, 1962.

¹⁶ G.R. No. L-9700, Feb. 28, 1962.

¹⁷ G.R. No. L-16981, March 30, 1962.

F. PUBLIC SERVICE COMMISSION

The Public Service Commission is not barred by the 60-day prescriptive period fixed by Section 28 of the Public Service Law from receiving evidence of the prescribed violations for the purpose of determining whether an operator has or has not faithfully kept the conditions of his certificate of permit, whether he failed or not to render services he is required to furnish to the customer, and whether or not the infractions are sufficient causes to cancel or modify his certificate. Proceedings of this kind are not penal in nature for they are held primarily to insure adequate and efficient service as well as to protect the public against the operator's malfeasances or abuses.

The 60-day prescriptive period is available as a defense only in criminal or penal proceedings filed under Chapter IV of the Public Service Act. This is the ruling in *Sembrano v. Public Service Commission*.¹⁸

G. WORKMEN'S COMPENSATION COMMISSION

Citing Section 46, Republic Act No. 772 amending Act No. 3428 as amended by Act No. 3812 and Republic Act No. 210 which provides that the "Workmen's Compensation Commission shall have exclusive jurisdiction to hear and decide claims for compensation under the Workmen's Compensation Act, subject to appeal to the Supreme Court in the same manner and in the same period as provided by law and the Rules of Court for appeal from the Court of Industrial Relations to the Supreme Court," the Supreme Court in *Sumulong v. Castelo et al.*,¹⁹ held that the Workmen's Compensation Commission has exclusive jurisdiction over workmen's compensation cases but the decisions, orders or awards entered by the Workmen's Compensation Commission are appealable to the Supreme Court. Therefore, the Court of First Instance is not empowered or clothed with jurisdiction to review or modify much less annul an award or order of execution issued by the Workmen's Compensation Commission. This ruling is further supported by the Re-organization Plan No. 20-A approved pursuant to Republic Act No. 997 as amended by Republic Act No. 1241 which provides, "that the Workmen's Compensation Commission shall be composed of three members who shall have the qualification requirements of judges of the Court of First Instance."

¹⁸ G.R. No. L-18459, Sept. 29, 1962.

¹⁹ G.R. No. L-16172, April 3, 1962.

IV. PROCEDURE

A. STANDING OF THE PARTIES BEFORE ADMINISTRATIVE AGENCIES

1. *Court of Industrial Relations*

Labor disputes to fall under the jurisdiction of the Court of Industrial Relations must arise while the employer-employee relationship between the parties exists or the employee seeks reinstatement. When such relationship is over and the employee does not seek reinstatement all claims become money claims that fall under the jurisdiction of the regular courts.²⁰

If the original complaint did not ask for reinstatement, directly or indirectly, but only sought to collect what was due to him during the period of his employment, the Court of Industrial Relations has no jurisdiction over the case even if the original complaint is amended to make it appear that complainant is seeking reinstatement, for a complaint can not be amended so as to confer jurisdiction in the courts in which it is filed if the cause of action originally set forth was within the courts jurisdiction.²¹

No question will be considered by the Supreme Court in the exercise of its appellate jurisdiction which has not been raised in the Court of Industrial Relations. When a party deliberately adopts a certain theory and the case is tried and decided upon that theory in the Court below, he will not be permitted to change his theory on appeal because to permit him to do so would be unfair to the adverse party.²²

2. *Securities and Exchange Commission*

The Court of First Instance has no jurisdiction to grant injunctive relief against the Securities and Exchange Commission. Only the Supreme Court possesses the jurisdiction to review or pass upon the legality of any order or decision of the Securities and Exchange Commission.²³

3. *Workmen's Compensation Commission*

In the case of *Asuncion v. Aquino*,²⁴ the Supreme Court held that jurisdiction of a pending case may be ousted by the valid repeal of a statute on which it wholly depends unless the repealing Act contains a clause saving pending actions from the operation of

²⁰ *De Motor et al. v. CIR et al.*, *supra*.

²¹ *Campos Rueda v. CIR*, *supra*.

²² *Ferrer v. CIR*, G.R. No. L-16021, Aug. 31, 1962.

²³ *Pineda et al. v. Lantin et al.*, G.R. No. L-15350, Nov. 20, 1962.

²⁴ G.R. No. L-13074, April 18, 1962.

the repeal. Whereas under Act No. 3428, as amended by Act No. 3812 and Com. Act No. 210, regular courts had jurisdiction to try and decide compensation cases, however, upon the enactment of Republic Act No. 772, regular courts were divested of such jurisdiction because the same was transferred to the Workmen's Compensation Commission. Thus insofar as claims accruing before June 20, 1952 (the date of effectivity of Rep. Act No. 772) but formulated thereafter are concerned, the proper forum is the Workmen's Compensation Commission and not the regular courts. In the case at bar, it is true that when Republic Act No. 772 was enacted the instant claim had already been filed with the Court of First Instance and as such it can be said that it had already acquired jurisdiction to try and decide the same, but the fact remains that upon the enactment of said Act the court has been divested of its powers to hear and decide it and so it can no longer continue acting on said claim.

B. DUE PROCESS

1. *Court of Industrial Relations*

The institution of an appeal does not stay the execution of the decision, award or order of the Court of Industrial Relations sought to be reviewed. Hence, a writ of preliminary injunction can not be issued to restrain the enforcement of a writ of execution issued by the Court of Industrial Relation ordering the reinstatement and payment of back wages of laborers for the same would be greatly prejudicial to the interest of the laborers.²⁵

2. *Commission of Immigration*

The right of bail is not guaranteed to aliens by the Constitution. Aliens in deportation proceedings, as a rule, have no direct right to bail and a person arrested or detained cannot be released on bail, unless that right is guaranteed expressly by law. The Philippine Immigration Act of 1940 confers upon the Commission the power and discretion to grant bail in deportation proceedings, but does not grant to aliens the right to be released on bail. Hence, if in the exercise of this discretionary power the Commissioner refused to grant bail to an alien in a deportation proceeding, the same cannot be granted by the regular courts for the determination as to the propriety of an alien subject to deportation under the Immigration Act to be released on bail, as well as the conditions thereof, falls within the exclusive jurisdiction of the Commissioner and not in the courts of justice.²⁶

²⁵ *Talisay Silay Milling Co., Inc. v. CIR*, G.R. No. L-17344, April 23, 1962.

²⁶ *Ong Hee Sang et al. v. Com. of Immigration et al.*, *supra*.

V. JUDICIAL INTERFERENCE

A. EXHAUSTION OF ADMINISTRATIVE REMEDIES.

Although it is a well settled rule that until all administrative remedies have been exhausted recourse to the regular courts for the settlement of a controversy cannot be had, this doctrine is not absolute if resort to these administrative remedies is merely voluntary or permissive. This is the ruling in *Corpus v. Cuaderno et al.*²⁷ In this case it appears that the petitioner, a special assistant to the Central Bank Governor, was suspended and later removed from his position by virtue of a resolution adopted by the Monetary Board. It appeared, however, that previous to the passing of this resolution, he was acquitted of the administrative charges against him by an investigating committee created by the Monetary Board. Hence this petition for certiorari, mandamus and quo warranto with preliminary injunction against the respondents. The petition was dismissed by the lower court for the petitioner "has not yet exhausted all administrative remedies available to him such as appeal to the Commissioner of Civil Service under Republic Act No. 2260 or to the President of the Republic who under the Constitution and the law is the head of all the executive departments." *Held:* The lower court erred in dismissing the petition for there is no law requiring an appeal to the President in a case like the one at bar. Neither does the Civil Service Law require him to appeal to the Commissioner for under Section 16(1) of the Civil Service Law, the Commissioner has the authority to pass upon the removal, separation and suspension of employees only in the competitive or classified service and the petitioner admitted that he belongs to the non-competitive or unclassified service. Therefore, an appeal to the President or the Commissioner is not required or at most is permissive and voluntary.

B. FINDINGS OF FACT

1. *Court of Industrial Relations*

Generally, the Supreme Court does not disturb the findings of fact of the Court of Industrial Relations which had a better opportunity to examine and appraise the factual issues. But when such findings of fact are not supported by evidence of record as to amount to an abuse of discretion or excess of jurisdiction on the part of the Court of Industrial Relations, such findings of fact are subject to

²⁷ G.R. No. L-17860, March 20, 1962.

review by the Supreme Court.²⁸ This is a reiteration of its ruling in the case of *San Miguel Brewery Inc. v. Santa*.²⁹

2. *Public Service Commission*

In *MD Transit & Co. v. Pepito*,³⁰ the Supreme Court held that since the main issues raised by the petition merely affect questions of fact which by their very nature involve an evaluation of the relative weight of evidence and the credibility of witnesses who testified before the Commission, said findings are now conclusive and cannot be looked into, it appearing that they are supported by sufficient evidence.

3. *Director of Lands*

The decision made by the Director of Lands and approved by the Secretary of Agriculture on a question of fact can not be reviewed by the courts unless there is a showing that such decision was made due to fraud, imposition or mistake other than error of judgment in evaluating the evidence. This reiterates the Supreme Court ruling in the case of *Abic et al. v. Constantino et al.*³¹

C. FINALITY OF ADMINISTRATIVE DECISIONS

Department of Labor

The possession by the regional offices of such authority to try and decide a claim for compensation does not carry with it the authority to issue writs of execution for the enforcement of their decisions. By specific provisions of law (Section 51, Act No. 3428, as amended by Act No. 3821, Com. Act No. 210 and Rep. Act 772) the power to enforce awards or decisions in workmen's compensation cases is reserved exclusively to the court of record under whose jurisdiction the compensable injury occurred.³²

²⁸ *Majestic et al. v. CIR*, G.R. No. L-12607, Feb. 28, 1962.

²⁹ G.R. No. L-12687, Aug. 31, 1961.

³⁰ G.R. No. L-16487, Sept. 29, 1962.

³¹ G.R. No. L-12460, May 31, 1961.

³² *Chua Tay v. Reg. Office et al.*, *supra*.