ATENEO DE MANILA UNIVERSITY
Administrative Law and the Law on Public Officers
1st Semester, A.Y. 2025-2026

ADMINISTRATIVE LAW

Definition and Introduction

What is administrative law?
Concept of administrative law

Administrative law belongs to the field of public law which includes constitutional, criminal, and international law.

1. It has been defined in its widest sense as the entire system of laws under which the machinery of the state works and by which the state performs all government acts.
2. It is the law which provides the structure of government and prescribes its procedure, the law which controls or intended to control the administrative operations of the government or the law of governmental administration.

Scope of administrative law

It covers the following:

1. The law which fixes the administrative organization and structure of the government
2. The law, the execution or enforcement of which is entrusted to administrative authorities
3. The law which governs public officers including their competence (to act), rights, duties, liabilities, election, etc.
4. The law which creates administrative agencies, defines their powers and functions, prescribes their procedures, including the adjudication or settlement of contested matters involving private interests
5. The law which provides the remedies, administrative or judicial, available to those aggrieved by administrative actions or decisions
6. The law which governs judicial review of, or relief against, administrative actions or decisions
7. The rules, regulations, orders and decisions made by administrative authorities dealing with the interpretation and enforcement of the laws entrusted to their administration
8. The body of judicial decisions and doctrines dealing with those above

Distinguish administrative law from other laws (i.e., international law, constitutional law, criminal law)

1. *As distinguished from international law*
    a. Administrative law lays down the rules which shall guide the officers of the administration in their actions as agents of the government.
    b. International law cannot be regarded as binding upon the officers of any government considered in their relations to their own government, *except* as it has been adopted into the law of the state.
2. *As distinguished from constitutional law*
    a. Constitutional law prescribes the general plan or framework of the government, while administrative law gives and carries out this plan in its minutest details
    b. Constitutional law treats the rights of the individual, while administrative law treats them from the standpoint of the powers of the government
    c. Constitutional law prescribes limitations on the powers of the government, while administrative law indicates to individuals remedies for the violation of their rights
3. *As distinguished from criminal law*
    a. Criminal law consists of a body of penal sanctions applied to all branches of law.
    b. A rule of law protected by a penal sanction may be really administrative in character for enforcing administrative rules usually come with penal sanctions.

Principal subdivisions of administrative law

1. The law of internal administration – Treats the legal relations between the administrative agency and the government.
2. The law of external administration – Treats the legal relations between the administrative agency and private interests

Classification of administrative law

1. *As to its source*
    a. The law that controls administrative authorities (e.g., Constitutions, laws, judicial orders)

   b. The law made by administrative agencies (e.g., delegation of rule-making authority)
2. *As to its purpose*
   a. Adjective or procedural (*See, e.g.,* Administrative Procedure Act, 60 Stat. 237 (1946) (U.S.))
   b. Substantive administrative law (e.g., Labor Code)
3. *As to its applicability*
   a. General administrative law
   b. Special or particular administrative law

Origin and development

1. Recognition given as a distinct category of law
2. Multiplication of government functions
3. Growth and utilization of administrative agencies
4. Fusion of different powers of government in administrative agencies
5. A law in the making
6. Philippine administrative law

Advantages and criticisms of administrative action

Advantages

1. Administrative action is better than direct, summary executive (presidential) action
2. Limitations upon the powers of courts
3. Trend toward preventive legislation
4. Limitations upon effective legislative action
5. Limitations upon exclusively judicial enforcement
6. Advantages of continuity of attention and clearly allocated responsibility
7. Need for organization to dispose of volume of business and to provide the necessary records

Criticisms

1. Tendency toward arbitrariness
2. Lack of legal knowledge and aptitude in sound judicial technique
3. Susceptibility to political bias or pressure (due to uncertainty of tenure)
4. A disregard for the safeguards that ensure a full and fair hearing
5. Absence of standard rules of procedure suitable to the activities of each agency
6. A dangerous combination of legislative, executive, and judicial functions

Relation of administrative agency and courts

1. Collaborative instrumentalities – Courts may entertain action brought before them, but call to their aid the appropriate administrative agency on questions within its administrative competence
2. Role of courts:
   a. To accommodate the administrative process to the judicial system
   b. To accommodate private rights and the public interest in the powers reposed in administrative agencies
   c. To reconcile in the field of administrative action, democratic safeguards and standards of fair play with the effective conduct of government
3. Discharge of judicial role:
   a. To maintain the constitution by seeing that powers are not unlawfully vested in administrative agencies
   b. To give due deference to the role of administrative agencies
   c. To lend the powers of the court to the proper attainment of the valid objectives of the administrative agency
   d. To leave to the Congress the remedy for administrative action which may be unwise or undesirable

Administrative law against administration of justice

Administrative law	**Administration of justice**
Administrative officers	Judicial officers
Not necessarily to decide (all the time), but often decides in consideration of expediency	Decides controversies between individuals and government officers, as to the applicability of a particular rule or law
To determine what is the law to determine whether they are competent to act, and *if it is wise for them to act*	To determine what law is applicable to the facts brought before them

Remedies against administrative action

To be discussed in a subsequent module. See generally, Rule 43 of the Rules of Civil Procedure (as amended).

What is government?

Government – That institution or aggregate of institutions by which an independent society makes and carries out those rules of action which are necessary to enable men to live in a civilized state.

Administration – The aggregate of those persons in whose hands the reins of government are entrusted by the people *for the time being*.

Cases

SOLID HOMES INC. v. PAYAWAL
G.R. No. 84811, 29 August 1989

FACTS: Payawal sued Solid Homes Inc. (SHI) in the RTC of Quezon City. SHI contracted to sell her a subdivision lot for P28,080. Payawal fully paid, but SHI failed to deliver the deed of sale. As it appeared later, SHI mortgaged the property in bad faith to a financing company. SHI moved to dismiss the complaint on the ground of lack of jurisdiction–that the National Housing Authority (NHA) must hear the case under PD 957.

ISSUE: Does the RTC have jurisdiction?

HELD: NO. Under PD 957, the NHA has "exclusive jurisdiction to hear and decide" claims involving refund and any other claims filed by subdivision lot or condominium unit buyer against the project owner, and cases involving specific performance and statutory obligations filed by buyers. This special law prevails over general law, like BP 129.

- As a result of the growing complexity of the modern society, it has become necessary to create more and more administrative bodies to help in the regulation of its ramified activities. Specialized in the particular fields assigned to them, they can deal with the problems thereof with more expertise and dispatch than can be expected from the legislature or the courts of justice. This is the reason for the increasing vesture of quasi-legislative and quasi-judicial powers in what is now not unreasonably called the fourth department of the government.

ANTIPOLO REALTY CORPORATION v. NHA
G.R. No. L-50444, 31 August 1987

FACTS: Hernando acquired a lot from Antipolo Realty Corporation (ARC) through a contract to sell (CTS). Hernando transferred his rights over the lot to Yuson through a deed of assignment and substitution of obligor with ARC's consent. From that moment, Yuson assumed payment of the installments. However, Yuson paid only the arrears up to Aug. 1972, following ARC's failure to develop the subdivision project in accordance with the CTS. Eventually, ARC demanded payments from Yuson after a declaration in the NHA case Viado v. Reyes, that ARC has already complied with its obligations under the CTS. Still, Yuson refused, claiming that he will only pay the installments after the completion. Hence, ARC rescinded the CTS. This prompted Yuson to file a complaint against ARC with the NHA. NHA reinstated the CTS and ordered Yuson to pay the arrears without interest. ARC assailed NHA's jurisdiction.

ISSUE: May the NHA hear the case?

HELD: YES. Limited delegation of judicial or quasi-judicial authority to administrative agencies is well recognized, because the need for special competence and experience has been recognized as essential in the resolution of questions of complex or specialized character and because a companion recognition that the dockets of regular courts have remained crowded and clogged.

HEIRS OF ZOLETA v. LBP
G.R. No. 205128, 9 August 2017

FACTS: Zoleta voluntarily offered for sale to the government, under the CARP, a parcel of land (136 ha.). Pursuant to EO 405, LBP determined that only 125.407 ha. were covered by CARP, and the valuation was pegged at P3.98M. Zoleta rejected the valuation, hence, the matter was endorsed to the Regional Agrarian Reform Adjudicator (RARAD). The RARAD pegged the just compensation at P8.9M. Dissatisfied, LBP filed a petition for just compensation in the RTC. On the other hand, Zoleta moved to execute RARAD's decision. Aggrieved, LBP was able to quash the writ of execution via petition for certiorari filed with the DARAB.

ISSUE: Was it proper for DARAB to grant LBP's "petition for certiorari?"

HELD: NO. The DARAB is only a quasi-judicial body, whose limited jurisdiction does not include authority over petitions for certiorari in the absence of an express grant by law. DARAB has no power to issue writs of certiorari as there is no law authorizing it to do so. DARAB's purported authority to issue writs of certiorari is only found in its own rules of procedure.

What is an administrative agency
Sources, characteristics of administrative agencies

Creating authority	Enabling instrument	Example
Voters	Constitution	COMELEC
Congress	Law	SSS
President	Executive order	PACC
Administrative agencies	Articles of incorporations and by-laws	PNOC-Renewables Corporation
Local governments	Ordinance Articles of incorporations and by-laws	Cebu Property Ventures Development Corp.

Characteristics of administrative agencies

1. Size
2. Specialization/functions
3. Territory
4. Responsibility for results
5. Administrative duties
6. Delegated authorities
7. Accountability
8. Relationships
9. Capitalization/funding (e.g., stocks)

Types of administrative agencies

1. Those created to function in situations wherein the government is offering some gratuity, grant or special privilege
2. Those set up to function in situations wherein the government is seeking to carry on certain functions of government
3. Those set up to function in situations wherein the government is performing some business service for the public
4. Those set up to function in situation wherein the government is seeking to regulate businesses affected with public interest
5. Those set up to function in situations wherein the government is seeking under the police power to regulate private businesses and individuals
6. Those agencies set up to function in situations wherein the government is asking to adjust individual controversies because of some strong social policy involved

Advantages and disadvantages of administrative agencies

See discussion above.

Rationale/types of administrative agencies

See earlier discussion.

General powers of administrative agencies

1. As to nature
    a. Investigatory
    b. Quasi-legislative or rule-making
    c. Quasi-judicial or adjudicatory
2. As to degree of subjective choice
    a. Discretionary
    b. Ministerial
3. Scope of powers
    a. Express and implied – Limited by the Constitution or the law creating them or granting their powers, to those conferred expressly or by necessary or fair implication.
    b. Inherent powers

Administrative relationships

Arranged from most to least

1. Control
    a. Change decision
    b. Modify choices
    c. Overrule
    d. Clip discretion
    e. Discipline
2. Supervision
    a. Oversee and monitor
    b. Declare acts illegal
    c. Cannot change choices
    d. Discipline
3. Attachment
    a. Preside over governing board (but only 1 vote)
    b. Require periodic reports
4. Autonomous
    a. Functional autonomy
    b. Fiscal autonomy

Main characteristics

See discussion above.

Separation of powers

1. *Allocation of governmental powers* – Basically, governmental power is divided among three co-equal branches.
2. *Exclusive exercise of assigned powers* – The powers assigned to one department should not be exercised by either of the other departments, and that no department ought to possess, directly or indirectly, an overruling influence or control over the others.
3. *Blending of allocated powers* – An exact delimitation of governmental powers, however, is not possible. Separation of powers does not mean an entire and complete separation of powers or functions.

Non-delegability of powers

As a general rule, legislative power, which has been delegated to Congress, cannot be further delegated. This is based on the maxim *potestas delegata non potest delegari* or "what has been delegated cannot in turn be delegated."

Delegation is necessary because the legislature cannot be expected to comprehend the growth of society, which led to ramified activities and peculiar and sophisticated problems. The solutions to these problems may be expected from the delegates, who are experts (*Eastern Shipping Lines Inc. v. POEA, 248 Phil. 762 [1988]*).

Validity of delegation of powers to administrative agencies

Two tests to determine if there is a valid delegation of legislative power:

1. Completeness test – The law must be complete in all its terms and conditions such that when it reaches the delegate, he will only enforce it.
2. Sufficient standard test – There must be adequate guidelines or stations in the law to map out the boundaries of the delegate's authority.

Cases

PRESIDENTIAL ANTI-DOLLAR SALTING TASK FORCE v. CA
G.R. No. 83578, 16 March 1989

FACTS: Prosecutor Rosales, assigned with the Presidential Anti-Dollar Salting Task Force (PADSTF), issued search warrants nos. 156-161 against several entities. Shortly thereafter, one of the respondents, Karamfil Import-Export Co. Inc., went to the RTC on a petition to enjoin the implementation of the search warrant against it. The RTC issued a TRO and quashed the search warrants. Aggrieved, the PADSTF elevated the controversy, arguing that the RTC has the same rank as it, hence, cannot review the validity of its search warrants.

ISSUE: Is the PADSTF a quasi-judicial body and co-equal in rank and standing with the RTC?

HELD: NO. A perusal of the PADSTF charter (PD 1936, as amended by PD 2002) shows that the task force was not meant to exercise quasi-judicial functions, that is, to try and decide claims and execute its judgments. It is tasked only to handle the prosecution of dollar-salting, but nothing more. If the Presidential Anti-Dollar Salting Task Force is not, hence, a quasi-judicial body, it cannot be said to be co-equal or coordinate with the RTC.

BOY SCOUTS OF THE PHILIPPINES v. NLRC
G.R. No. 80767, 22 April 1991

FACTS: The secretary-general of Boy Scouts of the Philippines (BSP) told five of its personnel in Camp Makiling that they will be transferred to Davao del Norte. The employees opposed the transfer, prompting them to file a complaint for illegal transfer before the then Ministry of Labor and Employment. In the meantime, BSP dismissed the five employees for insubordination. The employees, meanwhile, amended their complaint to include the illegal dismissal and unfair labor practice.

ISSUE: Is BSP embraced within the civil service, as per Art. IX-B § 2 (1) of the Constitution?

HELD: YES. The BSP is a government instrumentality. Hence, it follows that employees of the BSP are embraced within the Civil Service and are accordingly governed by the Civil Service Law and Regulations. Therefore, both the labor arbiter and the NLRC had no jurisdiction over the complaint filed by the five employees. *BSP's functions as set out in its statutory charter do have a public aspect*. BSP's functions relate to the fostering of public virtues of citizenship and patriotism and the general improvement of the moral spirit and fiber of the youth (Const. art. II, § 13). This, while the BSP's functions do not relate to the governance of any part of the Philippines–it is not a public corporation. Neither can its functions be described as propriety like that of GOCCs. *As to the composition of BSP's governing board* (the National Executive Board), six of them are cabinet secretaries. Likewise, the president of the Philippines ratifies and confirms each appointment to the board. Hence, there is substantial governmental participation or intervention in the choice of the majority of the members of the board. *As to the funding aspect*, the BPS appears similar to private nonstock, nonprofit corporations, although its charter expressly envisages donations and contributions to it from the government.

MIAA v. CA

G.R. No. 155650, 20 July 2006

FACTS: MIAA operates NAIA under its charter, EO 903. On March 21, 1997, the OGCC opined that the LGC withdrew the tax exemption granted to MIAA under § 21 of the MIAA Charter. Thus, MIAA negotiated with Parañaque City to pay the real estate tax due. MIAA paid some of the tax due. In June 2001, MIAA received final notices of real estate tax delinquency from the city for years 1992 to 2001. Because of the tax delinquency, the city threatened to sell at a public auction the airport lands and buildings should MIAA fail to pay the taxes due. MIAA sought with the CA a writ of Prohibition to restrain Parañaque City from imposing real estate tax and auctioning its lands and buildings. The CA dismissed the petition for being untimely filed.

ISSUE: Is MIAA exempt from real property taxes?

HELD: YES. MIAA is a government instrumentality exempt from paying RPT. It is not a GOCC, because to be such, the entity must be organized as a stock or non-stock corporation. MIAA isn't a stock corporation because it has no capital stock divided into shares. Neither is it a GOCC under Const. art. XII, § 16, because it is not required to meet the test of economic viability. It isn't a nonstock corporation because it has no members. Instead, MIAA is a GI as defined by Admin. Code, § 2 (10). The only difference is that MIAA is vested with corporate powers.

MWSS v. CENTRAL BOARD OF ASSESSMENT APPEALS

G.R. No. 215955, 13 January 2021

FACTS: RA 6234 created MWSS to ensure potable water supply and proper operation and maintenance of sewerage systems. In 1997, MWSS entered into a concessionaire agreement with Maynila to service the West Zone. In 2008, Pasay City assessed MWSS for RPT amounting to P166,629.36. MWSS assailed the assessment, arguing it's a public utility and a government instrumentality, and its properties and facilities are exempt from RPT.

ISSUE: Is MWSS a GOCC?

HELD: NO. MWSS is a government instrumentality with corporate powers, not liable to Pasay City for real property taxes. MWSS has been expressly classified as a government instrumentality with corporate powers or a government corporate entity under RA 10149 or the GOCC Governance Act of 2011. Hence, MWSS's RPT exemption is still valid as § 2434 of the LGC only applies to GOCC. Thus, MWSS is not liable to Pasay City of RPT, except if the beneficial use of its properties has been extended to a taxable person.

PHILIPPINE GAMEFOWL COMMISSION v. IAC

G.R. No. 72969-70, 17 December 1986

FACTS: Acusar was operating the lone cockpit in Bogo, but under the Cockfighting Law of 1974, it was required to relocate since it was in a prohibited tertiary commercial zone; although P.D. No. 1535 extended the relocation deadline to June 11, 1980, he failed to comply, prompting the

Philippine Constabulary to consider his cockpit phased out. In the meantime, the mayor approved and granted a cockpit license for Sevilla. Acusar went to the Philippine Gamefowl Commission (PGC), which allowed him to temporarily operate his cockpit. Finally, ordered the mayor and Sangguniang Bayan to issue Acusar a permit, and cancel Sevilla's permit.

ISSUE: Does the PGC have the authority to issue Acusar a permit and cancel Sevilla's?

HELD: NO. It is the mayor with the authorization of the Sangguniang Bayan that has the primary power to issue licenses for the operation of ordinary cockpits. Even the regulation of cockpits is vested in the municipal officials, subject only to the guidelines laid down by the PGC. Over ordinary cockpits, the PGC has the power only of review and supervision.

- Supervision – Overseeing or the power or authority of an officer to see that their subordinate officers perform their duties. If the latter fail or neglect to fulfill them, the former may take such action or steps as prescribed by law to make them perform their duties.
    - It is a lesser power than control.
- Control – The power of the officer to alter or modify or set aside what a subordinate had done in the performance of his duties and to substitute the judgment of the former for that of the latter.
- Review – A reconsideration or reexamination for purposes of correction.
    - The power to review includes the power to disapprove; but it does not carry the authority to substitute one's own preferences for that chosen by the subordinate in the exercise of its sound discretion.

BEJA v. CA

G.R. No. 97149, 31 March 1992

FACTS: Beja is an employee of the Philippine Ports Authority (PPA). He was appointed as terminal supervisor in 1988. A few months later, he was the subject of an administrative case for allegedly erroneously assessing storage fees, resulting in the loss of P38,150.77 on the part of the PPA. This led to his preventive suspension, but was then closed for lack of merit. In Dec. 1988, another administrative charge was hurled against him, including defrauding the PPA in the amount of P218,000. The complaint was referred to the DOTC-Administrative Action Board. This led to his dismissal from service.

ISSUE: Does the DOTC secretary and/or the AAB have jurisdiction to initiate and hear administrative cases against PPA personnel below the rank of assistant general manager?

HELD: NO. The PPA is an attached agency to the DOTC hence, to a certain extent, free from departmental interference and control. Under PD 857, it is the general manager, with the approval of the PPA Board of Directors, who has the power to investigate its personnel below the rank of assistant manager who may be charged with an administrative offense. Therefore, the transmission of the complaint to the AAB was premature–the general manager should have first conducted an investigation, and made the proper recommendation for the imposable penalty and sought its approval by the PPA Board of Directors. It was discretionary on Baja to elevate the case to the DOTC secretary. Only then could the AAB take jurisdiction of the case.

- Attachment – This refers to the lateral relationship between the department or its equivalent and the attached agency or coordination.
    - An attached agency has a larger measure of independence from the department to which it is attached than one which is under departmental supervision and control or administrative supervision.

PICHAY v. ODESLA-IAD

G.R. No. 196425, 24 July 2012

FACTS: In 2001, Pres. Arroyo issued EO 12, creating the Presidential Anti-Graft Commission (PAGC), and vesting it with the power to investigate/hear admin. cases or complaints for possible graft and corruption against presidential appointees. On Nov. 15, 2010, Pres. Aquino issued EO 13, abolishing PAGC and transferring its functions to the Office of the Deputy Executive Secretary for Legal Affairs (ODESLA). In 2011, Finance Sec. Purisima filed a complaint before the ODESLA against Prospero Pichay, et al. which arose from the purchase of LWUA of 445,377 shares of stock of Express Savings Bank Inc. In a petition for Certiorari, Pichay assailed the constitutionality of EO 13, arguing it was illegally vested with judicial power.

ISSUE: Is IAD-ODESLA vested with judicial powers?

HELD: NO. ODESLA-IAD cannot try and resolve cases, its authority being limited to the conduct of investigations, preparation of reports and submission of recommendations. ODESLA-IAD is a fact-finding and recommendatory body to the president, not having the power to settle controversies and adjudicate

cases. Fact-finding is not adjudication and it cannot be likened to the judicial function of a court of justice, or even a quasi-judicial agency/office. To be considered as a judicial function, the act of receiving evidence and arriving at factual conclusions in a controversy must be accompanied by the authority of applying the law to the factual conclusions to the end that the controversy may be decided or determined authoritatively, finally and definitively, subject to such appeals or modes of review as may be provided by law.

SPS. IMBONG v. OCHOA
G.R. No. 204819, 8 April 2014

FACTS: Congress passed RA 10354. In Section 9 of the law, the Food and Drug Administration (FDA) was empowered to place a supply or product in the Essential Drugs List (EDL), provided that it is not to be used as an abortifacient. Petitioners assail the provision as an undue delegation of legislative power.

ISSUE: Is the delegation proper?

HELD: YES. From the FDA's charter, RA 3720 as amended, the agency is empowered to analyze and inspect health products, test health products, and ban, recall and/or withdraw products, among others. Pursuant to the principle of necessary implication, the mandate by Congress to the FDA to ensure public health and safety by permitting only food and medicines that are safe include "service" and "methods." Congress intended that the public be given only those medicines which are proven medically safe, legal, non-abortifacient, and effective. To many of the problems attendant upon present day undertakings, the legislature may not have the competence, let alone the interest and the time, to provide the required direct and efficacious, not to say specific solutions.

Powers of Administrative Agencies

What is the scope of administrative powers?

1. Express and implied powers – The jurisdiction and powers of administrative agencies are measured and limited by the constitution or the law creating them or granting their powers, to those conferred expressly or by necessary or fair implication.
2. Inherent powers – An administrative agency has *no* inherent powers, although *implied powers* may sometimes be spoken of as "inherent."
    a. Thus, in the absence of any provision of law, administrative agencies do not possess the inherent power to punish for contempt.
3. Quasi-judicial powers – Unless expressly empowered, administrative agencies are bereft of quasi-judicial powers. They are tribunals of limited jurisdiction.

What is the nature of administrative powers?

1. Jurisdiction limited – The jurisdiction of administrative officers and agencies is special and limited.
2. Powers within their jurisdiction are broad – The powers conferred on administrative agencies must be commensurate with the duties to be performed and the purposes to be lawfully effected.
    a. The powers of particular administrative bodies have been held to be *broad and plenary* within their fields.
3. Powers subject to the constitution, applicable law, or administrative regulation – A government agency must respect the presumption of constitutionality and legality to which statutes and administrative regulations are entitled until such statute or regulation is repealed, amended, or voided by the Supreme Court.

What are the different kinds of administrative powers?

As to nature:
1. Investigatory
2. Quasi-legislative or rule-making
3. Quasi-judicial or adjudicatory

As to degree of subjective choice
1. Discretionary
2. Ministerial

Quasi-legislative

What are quasi-legislative powers?

1. Rule-making powers
    a. Supplementary or detailed legislation
    b. Interpretative legislation
    c. Contingent legislation or determination

2. Administrative rules

What are the requisites for validity of quasi-legislative powers?

1. The rules and regulations must have been issued on authority of the law
2. They must not be contrary to law and the constitution
3. They must be promulgated in accordance with the prescribed procedure
4. They must be reasonable

BAUTISTA v. JUNIO
G.R. No. L-50908, 31 January 1984

FACTS: Dictator Marcos issued LOI No. 869 to cushion the effect of increasing oil prices and avoid fuel supply disruptions. In particular, the issuance authorized the Minister to prohibit the use of private motor vehicles under the "H" and "EH" classifications on weekends and holidays starting 12:01 a.m., Saturday morning, (or the day of the holiday) until 5 a.m., Monday morning (or the day after the holiday). Following the LOI, Minister Junio issued a Memorandum Circular which imposed the penalties of fine, confiscation of vehicle and cancellation of registration on owners of the above-specified vehicles found violating the LOI.

ISSUE: Is the MC unconstitutional for being an undue delegation of legislative power?

HELD: NO. The recognition of the power of administrative officials to promulgate rules in the interpretation of the statute, necessarily limited to what is provided for in the statute, is permissible. So long as the regulations relate *solely* to carrying into effect the provisions of the law, the administrative regulation is valid. More so, the MC was adopted pursuant to the Land Transportation and Traffic Code–the penalties were within said law, *except for the impounding*. Hence, the regulation cannot be held to be *ultra vires*.

ABELLA v. CSC
G.R. No. 152574, 17 November 2004

FACTS: The Civil Service Commission (CSC) issued Memorandum Circular (MC) No. 21 in 1994. The issuance redefined the positions covered by the Career Executive Service (CES). In particular, it *removed* petitioner Abella's eligibility of Executive Leadership and Management as a CES. The issuance of the MC prompted CSC to reject his appointment with the SBMA as department manager III for being unqualified.

ISSUE: May CSC issue the said rules and regulations?

HELD: YES. The CSC issued the MC in exercise of its authority under the Constitution to clearly define and identify positions covered by the CES. The Constitution expressly empowered the CSC to issue and enforce rules and regulations to carry out its mandate. Logically, the CSC had to issue guidelines to meet this objective, specifically through the MC. Abella's due process rights were not violated because the classification of positions was a quasi-legislative issuance–not quasi-judicial. The MC was an *internal matter* addressed to heads of departments, bureaus and agencies–it needed no prior publication as it is an incident of the CSC's power to issue guidelines for government officials to follow in performing their duties.

Classifications of career service:
1. First-level (sub-professional)
2. Second-level (professional)
3. Career executive service

What are the limitations of quasi-legislative powers?

1. The agency may not make rules and regulations which are inconsistent with the provisions of the constitution or the statute, particularly the statute it is administering or which created it, or which are in derogation of, or defeat, the purpose of a statute.
2. It may not, by rules and regulations, amend, alter, modify, extend, supplant, enlarge or expand, restrict or limit the provisions or coverage of the statute. It cannot add requirements or embrace matters not covered by the statute.
3. It may only make such rules and regulations as are within the limits of the powers granted to it or what is found in the law. Otherwise, they become void.
4. In case of a conflict between the law and a regulation, the basic law prevails.
5. A rule or regulation should be uniform in operation, reasonable, and not unfair or discriminatory.

CIR v. FORTUNE TOBACCO CORP.
G.R. No. 167274-75, 21 July 2008

FACTS: Fortune Tobacco paid excise taxes on its cigarette brands for January 2000 and later sought a refund, arguing that it had overpaid due to the Bureau of Internal Revenue's (BIR) implementation of Revenue Regulation (RR) 17-99. Section 145 of the Tax Code (as amended by R.A. 8240) mandated a 12% increase in specific excise taxes on cigarettes effective January 1, 2000, based on net retail price. However, RR 17-99 added a condition that the new specific tax rate "shall not be lower than the excise tax actually being paid prior to January 1, 2000." Fortune claimed this addition had no basis in law and went beyond what Congress authorized.

ISSUE: Is RR 17-99 valid?

HELD: NO. Section 145 of the Tax Code clearly provided for a 12% increase based on specified net retail price classifications, without the qualification introduced by the regulation. By adding a rule that imposed whichever was higher between the old and new tax rates, the BIR effectively amended the law, which it had no authority to do. Rule-making power must be confined to details for regulating the mode or proceedings in order to carry into effect the law as it has been enacted, and it cannot be extended to amend or expand the statutory requirements or to embrace matters not covered by the statute.

SORIANO v. SECRETARY OF FINANCE
G.R. No. 184450, 24 January 2017

FACTS: RA 9504 was enacted, which provided for tax exemption for minimum wage earners (MWEs) and increased personal and additional exemptions for other individual taxpayers. This law was intended to be retroactive to the beginning of the taxable year 2008. However, the Secretary of Finance and the Commissioner of Internal Revenue issued RR 10-2008 to implement the new law. RR 10-2008 restricted the income tax exemption for MWE to the period starting from July 6, 2008, instead of applying it for the entire year 2008. It also applied a prorated application for the new personal and additional exemptions for the same taxable year, from July 6 to December 31, 2008. Further, it added a condition not found in the original law, stating that an MWE would lose their tax exemption if they received "other benefit" in excess of P30,000.

ISSUE: Is RR 10-2008 valid?

HELD: NO. Nothing to this effect can be read from the law (i.e., that the MWE loses exemption after P30,000). An administrative agency may not enlarge, alter or restrict a provision of law. It cannot add to the requirements provided by law. To do so constitutes lawmaking, which is generally reserved for Congress. Tax administrators are not allowed to expand or contract the legislative mandate and that the "plain meaning rule" or *verba legis* in statutory construction should be applied such that where the words of a statute are clear, plain and free from ambiguity, it must be given its literal meaning and applied without attempted interpretation.

What is the practical necessity for quasi-legislative powers?

1. Regulation of highly complex and changing conditions
2. Gradual change in the regulatory role of Congress
3. Inability of legislative bodies to anticipate future situations

In rule-making, how are quasi-legislative powers superior to quasi-judicial powers?

What is publication?
What is the legal authority for publication?

- Laws take effect after 15 days following the completion of their publication in the *Official Gazette* or in a newspaper of general circulation, unless it is otherwise provided (Admin Code, bk. 1, ch. 4, § 18).

What regulations must be published?

Publication is required as a condition precedent to the effectivity of a law, as well as rules and regulations to implement existing law pursuant to a valid delegation to inform the public of the contents of the law or rules and regulations before their rights and interests are affected.

- Each rule shall become effective 15 days from the date of filing with the UP Law Center (Admin Code, bk. VII, ch. 2, § 3).
- When the issuances are of general applicability, publication in the Official Gazette or a newspaper of general circulation is necessary.

Not required to be published:

1. Interpretative regulations
2. Internal regulations
3. Letters of instructions

COMMISSIONER OF CUSTOMS v. HYPERMIX
G.R. No. 179579, 1 February 2012

FACTS: The Commissioner of Customs issued CMO 27-2003, which classified wheat according to (1) importer, (2) country of origin, and (3) port of discharge. Depending on these factors, wheat would be classified either as food grade or feed grade. The corresponding tariff for food grade wheat was 3%, for feed grade, 7%. Hypermix challenged the validity of the issuance for not having been previously published, and for violation of the equal protection clause.

ISSUE: Is prior publication required for the issuance?

HELD: YES. A legislative rule is in the nature of subordinate legislation, designed to implement a primary legislation (law) by providing the details thereof. Such a rule must be published, On the other hand, interpretative rules are designed to provide guidelines to the law which the agency is in charge of enforcing. In considering a legislative rule, a court is free to make three inquiries:

1. Whether the rule is within the delegated authority of the administrative agency
2. Whether it is reasonable
3. Whether it was issued pursuant to proper procedure.

When confronted with an interpretive rule, the courts are free to:

1. Give the force of law to the rule
2. Go to the opposite extreme and substitute its judgment
3. Give some intermediate degree of authoritative weight to the interpretative rule

When an administrative rule is merely interpretative in nature, its applicability needs nothing further than its bare issuance, for it gives no real consequence more than what the law itself has already prescribed. When, on the other hand, the administrative rule goes beyond merely providing for the means that can facilitate or render least cumbersome the implementation of the law but substantially increases the burden of those governed, it behooves the agency to accord at least to those directly affected a chance to be heard, and thereafter to be duly informed, before that new issuance is given the force and effect of law. Because the rule has not been filed with the UP Law Center, and there was no public consultation (pursuant to Admin. Code), the rule must be struck down.

REPUBLIC v. PILIPINAS SHELL
G.R. No. 173918, 8 April 2008

FACTS: The DOE informed Shell that its contributions to the Oil Price Stabilization Fund from Dec. 1989-Mar. 1991 were insufficient by P14.4 million, and a surcharge of P11.6 million was imposed. The surcharge was imposed pursuant to Ministry of Finance Circular No. 1-85. Eventually, Shell paid the contributions, but *not* the surcharges, which by this time now totalled P18.5 million. Shell assailed the validity of Circular No. 1-85 for not being published/filed with the Office of the National Administrative Register.

ISSUE: Was Circular No. 1-85 validly issued?

HELD: NO. In *Tañada v. Tuvera*, the court held that administrative rules and regulations seeking to enforce or implement existing law pursuant to a valid delegation must be published to attain binding force and effect. Circular No. 1-85 was intended to enforce PD 1956 (OPSF), hence, it had to be published and filed with the ONAR (pursuant to the Admin. Code).

Must rate-fixing orders be published?

- Yes. In the fixing of rates, no rule or final order shall be valid unless the proposed rates shall have been published in a newspaper of general circulation at least two weeks before the first hearing thereon (*id*. § 9)

PHILCOMSAT v. NTC
G.R. No. 84818, 18 December 1989

FACTS: PHILCOMSAT leases its satellite circuits to 5 telecommunications companies. It enables those carriers to serve the public with indispensable communication services. Pursuant to EO 196 in 1987, PHILCOMSAT was placed under the jurisdiction, control and regulation of NTC, including the fixing of rates. In 1988, NTC directed PHILCOMSAT to lower its rates by 15%. PHILCOMSAT assailed the NTC's power to fix rates for public service communication, under EO 546, for violating procedural and substantive due process (no prior notice and hearing, and confiscatory).

ISSUE: Is rate-fixing a quasi-legislative function?

HELD: NO. Rate-fixing is a function partaking of a quasi-judicial character, the valid exercise of which demands previous notice and hearing. *First,* it pertains to PHILCOMSAT and no other. *Second,* it is premised on a finding of fact, although patently superficial, that there is merit in a reduction of some of the rates charged based on PHILCOMSAT's financial statements. Notably,

PHILCOMSAT was not afforded the opportunity to cross-examine the inspector of NTC, who recommended the rate cut.

SYJUCO JR. V. ABAYA
G.R. No. 215650, March 28, 2023

FACTS: Pursuant to a study, the LRTA Board approved a provisional fare adjustment of P11 boarding fare plus P1 per kilometer, with the corresponding fare matrices subject to a public consultation. Hence, the LRTA published a Notice of Public Consultation in the PDI and MB. Following the consultation, the LRTA found out that the revised fare was "not acceptable" to the public. Despite this, the LRTA pushed through, and implemented the fare hike 30 days after its last proper publication. Nevertheless, DOTC decided to defer the fare hike. Two years later, the LRTA approved anew the fare hike, now to be implemented in two tranches. Hence, following the publication of a notice of public consultation, another round of consultation was held. After the consultation, the DOTC issued DO 2014-014, published in PDI on Dec. 20, 2014, and took effect on Jan. 4, 2015.

ISSUES:
1. Does DOTC have the authority to implement the fare increase?
2. Are notice and hearing required?

HELD:
1. YES. Rate-fixing is a legislative and governmental power over which the government has complete control. It is essentially a legislative power. Under the Admin. Code, the DOTC has the mandate to maintain a viable, efficient, fast, safe and dependable public transportation system. Among its powers and functions are to determine, fix or prescribe charges or rates pertinent to the operation of public air and land transportation utility facilities and services. Moreover, the secretary is given the power to promulgate rules and regulations to carry out the department objectives, policies, functions, plans, programs and projects. These comply with a valid delegation of legislative power. In the absence of an express requirement, when it comes to rate-fixing, the only standard which the legislature is required to prescribe for the guidance of the administrative authority is that the rate be reasonable and just. In the case of LRTA, which is a GI, its power to impose the fares for the use of the light rail systems is not pursuant to a commercial or profit-making venture, but is actually incidental and necessary to achieve the public purpose for which it was created.
2. YES. When the agency performs a quasi-judicial function, notice and hearing are required. When the agency performs a legislative function, notice and hearing are *not* required (*Vigan Electric* case). However, under the Admin. Code, *prior notice and hearing are required, as an exception to the general rule in Vigan Electric*. In particular, the Admin. Code requires that rate-fixing requires that the proposal rates be published in a newspaper of general circulation at least two weeks before the first hearing. Rate-fixing requires notice and hearing, which notice must come at least two weeks before the hearing. This is because when an administrative rule substantially increases the burden of those governed, the agency must afford those directly affected a chance to be heard and be duly informed. In this case, the DOTC held consultations in 2011 and 2013 after due notice. There is no requirement that the hearings or public consultations ought to be held within a particular time frame before the adoption of the final order of fare or rate adjustments.

Can regulations contain penal sanctions?

Yes. Penal rules and regulations carry penal or criminal sanctions for violation of the same.

Requisites for validity:
1. The law which authorizes the promulgation of rules and regulations must itself provide for the imposition of a penalty for their violation
2. It must fix or define such penalty
3. The violation for which the rules and regulations impose a penalty must be punishable or made a crime under the law itself
4. The rules and regulations must be published in the Official Gazette

PEOPLE v. MACEREN
G.R. No. L-32166, 18 October 1977

FACTS: Five accused were charged in Sta. Cruz, Laguna for violating Fisheries Administrative Order (FAO) 84-1. FAO 84-1 makes it illegal to catch fish using electric current, except for research permitted by the secretary of environment and natural resources (SANR) in fresh water fisheries (e.g., rivers, lakes, swamps, dams). Violation may subject the offender to a fine of P500, or imprisonment up to 6 months, or both depending on the court. Meanwhile, §11 of the Fisheries Code prohibits "the use of any obnoxious or poisonous substance" in fishing. FAO 84-1 was promulgated as an IRR of the Fisheries

Code. The trial court dismissed the complaint against the 5 fishers, holding that electro fishing wasn't unlawful under §11, and so FAO 84-1 can't criminalize it.

ISSUE: Was FAO 84-1 validly issued?

HELD: NO. The SANR exceeded their authority in issuing FAO 84-1 as the Fisheries Code does not explicitly prohibit electro fishing. As electro fishing is not banned under that law, the SANR and Commissioner of Fisheries are powerless to penalize it. The lawmaking body cannot delegate to an executive official the power to declare what acts should constitute a criminal offense. It can authorize the issuance of regulations and the imposition of the penalty provided for in the law itself.

- Administrative agencies are clothed with rule-making powers because the lawmaking body finds it impracticable, if not impossible, to anticipate and provide for the multifarious and complex situations that may be encountered in enforcing the law.
- All that is required is that the regulation should be germane to the objects and purposes of the law and that it should conform to the standards that the law prescribes.
- Administrative regulations or subordinate legislation calculated to promote the public interest are necessary because of the growing complexity of modern life, the multiplication of the subjects of governmental regulations, and the increased difficulty of administering the law.
- As he exercises the rule-making power by delegation of the lawmaking body, it is a requisite that he should not transcend the bounds demarcated by the statute for the exercise of that power; otherwise, he would be improperly exercising legislative power in his own right and not as a surrogate of the lawmaking body.

How are interpretative vs. supplementary regulations distinguished?

Legislative rules	**Interpretative rules**
Create new and additional legal provisions that have the effect of law	Interprets previously existing law; merely clarifies or provides guidelines to the law they interpret
Can only be issued under express delegation of law	May be issued as a necessary incident of the administration of a regulatory statute
It may become a criminal offense to disobey them, or it is a requirement to conform with their provisions to exercise legal privileges	No statutory sanction–they merely embody administrative interpretations of an existing law
They have the same force and effect as valid statutes	Always subject to judicial determination, but they are not to be overthrown unless they are clearly erroneous At best, advisory, for it is the courts that finally determine what the law means

CIR v. CA

G.R. No. 119761, 29 August 1996

FACTS: Fortune Tobacco Corporation manufactured Hope, More, and Champion cigarettes, which had previously been taxed as locally manufactured brands at 45% or 20%. On July 1, 1993, two days before the effectivity of Republic Act No. 7654 (which amended the tax rates on cigarettes), the Bureau of Internal Revenue issued Revenue Memorandum Circular No. 37-93 reclassifying these brands as locally manufactured cigarettes bearing foreign brands, thereby subjecting them to the higher 55% ad valorem tax based on their listing in the World Tobacco Directory. Fortune Tobacco received the circular only after the law had taken effect, and the BIR subsequently assessed a deficiency tax of P9.59 million. Fortune challenged the circular before the Court of Tax Appeals for being improperly issued.

ISSUE: Is RMC 37-93 valid?

HELD: NO. The issuance reclassified the brands and subjected them to an increased tax rate, so that RA 7654 be given effect. In doing so, the BIR not simply interpreted the law–it legislated under its quasi-legislative authority. Hence, the due observance of the requirements of notice, hearing and publication should have been followed. Being a subordinate legislation, it is required that there be notice, public participation, and publication. It is not an interpretative rule merely designed to provide guidelines to the law which the administrative agency is in charge of enforcing.

- A legislative rule is in the nature of subordinate legislation, designed to implement a primary legislation by providing the details thereof . In the same way that laws must have the benefit of public hearing, it is

generally required that before a legislative rule is adopted there must be hearing.
    - When an administrative rule is merely interpretative in nature, its applicability needs nothing further than its bare issuance for it gives no real consequence more than what the law itself has already prescribed.
- On the other hand, interpretative rules are designed to provide guidelines to the law which the administrative agency is in charge of enforcing.
    - When the administrative rule goes beyond merely providing for the means that can facilitate or render least cumbersome the implementation of the law but substantially adds to or increases the burden of those governed, it behooves the agency to accord at least to those directly affected a chance to be heard, and thereafter to be duly informed, before that new issuance is given the force and effect of law.

What is the nature of procedural rules?

Definition: Those rules describing the methods by which the agency will carry out its appointed functions.

- They generally involve matters relating to the internal organization of an agency, conduct of its proceedings, and its practice requirements.
- They are mere tools aimed at facilitating the attainment of justice.
- They are construed liberally to assist the parties in obtaining a just and speedy inexpensive determination of their respective claims.
    - Hence, strict compliance with them in administrative cases is not required by law.
    - Except: The rules should be strictly applied if due process will be breached.

How are administrative circulars distinguished from administrative orders?

- Circulars – Issuances prescribing policies, rules and regulations, and procedures promulgated pursuant to law, applicable to persons outside the government and designed to supplement provisions of the law or to provide means for carrying them out
- Orders – Issuances directed to particular offices, officials, employees, concerning specific matters including assignments, detail and transfer of personnel, for observance or compliance by all concerned.

What is the presidential ordinance power?

1. Executive orders – Provides for rules of a general or permanent character in implementation of constitutional or statutory powers.
2. Administrative orders – Acts which relate to particular aspects of governmental operations in pursuance of his duties as administrative head.
3. Proclamations – Fixing a date or declaring a status or condition of public moment or interest, upon the existence of which the operation of a specific law or regulation is made to depend.
4. Memorandum orders – Matters of administrative detail or of subordinate or temporary interest which only concern a particular officer or office of the government.
5. Memorandum circular – Relating to internal administration, which the president desires to bring to the attention of all or some of the offices of the government, for information or compliance
6. General/special orders – Acts and commands of the commander-in-chief of the AFP.

What is the void for vagueness doctrine?

The void-for-vagueness doctrine holds that a law is facially invalid if men of common intelligence must necessarily guess at its meaning and differ as to its application.

Determinative powers

Kinds of determinative powers

1. Enabling powers – Characterized by the grant or denial of permit or authorization.
2. Directing powers – Illustrated by the corrective powers of public utility commissions, powers of assessment under the revenue laws, reparations under public utility laws, etc.
3. Dispensing powers – Like the authority to exempt from or relax a general prohibition, or authority to relieve from an affirmative duty.
4. Summary powers – Used to designate administrative power to apply compulsion or force against person or property to effectuate a legal purpose without a judicial warrant, taken without notice and hearing.
5. Equitable powers – The power to determine what is “fair and equitable” and equitable principles are necessarily applied in their decisions.

Scope of determinative powers

- Investigatory or inquisitorial powers include the power of an administrative body to inspect the records and premises, and investigate the activities of persons or entities coming under its jurisdiction, or to secure, or to require the disclosure of information by means of accounts, records, reports, statements, testimony of witnesses, production of documents, or otherwise.

Rationale for determinative powers

1. To obtain good information – Effective and sensible regulation requires good information.
2. Information as a regulatory means to serve regulatory ends – Good information is necessary to the successful accomplishment of regulatory ends.
3. Approaches to obtain withheld information:
    a. Subpoena
    b. Invoking statutory authority requiring that records be regularly kept and reports routinely provided
    c. Engaging in physical, on-site inspections to obtain the needed information

BIRAOGO v. PHILIPPINE TRUTH COMMISSION
G.R. No. 192935, 7 December 2010

FACTS: Then presidential candidate Sen. Benigno Aquino III had a famous slogan, "Kung walang corrupt, walang mahirap." Aquino won in the May 2010 elections. To implement that campaign promise, he issued Executive Order (EO) 1, entitled "Creating the Philippine Truth Commission of 2010." The commission sought to investigate and recommend the prosecution of wrongdoings in the previous administration.

ISSUE: Does the president have the power to create the PTC?

HELD: YES. The creation of the PTC finds justification under Const. art. VII, § 17, imposing upon the president to ensure that the laws are faithfully executed. The body has no quasi-judicial powers, i.e. the power to hear and determine questions of fact to which the legislative policy is to apply and to decide in accordance with the standards laid down by law itself in enforcing and administering the same law. Fact-finding is not adjudication. The function of receiving evidence and ascertaining therefrom the facts of a controversy is not a judicial function. To be considered as such, the act of receiving evidence and arriving at factual conclusions in a controversy must be accompanied by the authority of applying the law to the factual conclusions to the end that the controversy may be decided or resolved authoritatively, finally and definitively.

Quasi-judicial powers

What is quasi-judicial power?

- It is the power of an administrative agency to hear and determine, or to ascertain facts and decide by the application of rules to the ascertained facts.

ALLIANCE FOR THE FAMILY FOUNDATION PHILIPPINES v. GARIN
G.R. No. 217872, 26 April 2017

FACTS: FDA published a notice inviting Marketing Authorization Holders of 50 contraceptive drugs to apply for the reevaluation or recertification of their products and invited comments from the public. Hence, ALFI opposed all 77 contraceptive drugs for being allegedly abortifacients. Notwithstanding the pending opposition, the FDA issued two certificates of product registration for Implanon and Implanon NXT. ALFI reiterated its opposition, but their requests for status update and to schedule hearings were unanswered.

ISSUE: May the courts exercise its power of judicial review over the FDA's regulatory functions?

HELD: YES. Quasi-judicial power is known as the power of the administrative agency to determine questions of fact to which the legislative policy is to apply, in accordance with the standards laid down by the law itself. As it involves the exercise of discretion in determining the rights and liabilities of the parties, the proper exercise of quasi-judicial power requires the concurrence of two elements: (1) Jurisdiction must be acquired by the administrative body; and (2) The observance of the requirements of due process, i.e., the right to notice and hearing. If there is grave abuse of discretion, such as denying a party of his constitutional right to due process, the court can come in and exercise its power of judicial review. It can review the challenged acts, whether exercised by the FDA in its ministerial, quasi-judicial or regulatory power.

- Enabling powers – Those that permit the doing of an act which the law undertakes to regulate and which would be unlawful with government approval (e.g., licensing).
    - Enabling powers cover regulatory powers.

What is the nature of jurisdiction of administrative agencies?

1. Jurisdiction is limited – Limited delegation of judicial or quasi-judicial authority to administrative agencies is well-recognized.
2. Original jurisdiction not implied – The quantum of judicial or quasi-judicial powers is defined in the enabling act of the agency. The grant of original jurisdiction is not implied.
3. Function ordinarily judicial may be conferred (*see* Antipolo Realty v. NHA)
4. Split jurisdiction not favored – When an administrative agency is conferred quasi-judicial functions, all controversies relating to the subject matter pertaining to its specialization are deemed to be included within its jurisdiction.

CT TORRES ENTERPRISES v. HIBIONADA
G.R. No. 80916, 9 November 1990

FACTS: Petitioner is an agent of Pleasantville Development Corporation. Petitioner sold a lot to Diongon. When the payments had been made, Diongon demanded the delivery of the certificate of title. Petitioner and Pleasantville failed to do so. Hence, Diongon filed a complaint for specific performance and damages in the RTC of Negros Occidental. Petitioner filed a motion to dismiss for lack of jurisdiction, contending that the HLURB has the jurisdiction to hear the controversy.

ISSUE: Does the RTC have jurisdiction?

HELD: NO. Under PD 957, the NHA has exclusive jurisdiction to hear and decide cases involving specific performance of contractual and statutory obligations filed by buyers of subdivision lots or condominium units against the owner, developer, dealer, broker or salesman. These functions were transferred to HLURB. The argument that only courts can adjudicate claims arising from the Civil Code is now out of step. This quasi-judicial function is exercised by administrative bodies as an incident of the principal power entrusted to them of regulating certain activities falling under their particular expertise.

What is the rationale for the quasi-judicial power of administrative agencies?
What is the origin of quasi-judicial powers?

See related discussion above.

How is quasi-legislative power distinguished from quasi-judicial power?

QJ	QL
Relies decisions on present or past facts under laws supposed to exist	Rules look to the future and changes existing conditions by making a new rule applied thereafter to all or some part
Applies to named persons or specific situations	Lays down general regulations that apply to or affect classes of persons or situations* * Distinguish from rate-fixing rules.
Due process requirements of prior notice and hearing must be observed	As a general rule, prior notice and hearing are not essential to the validity of rules

Abella v. CSC

	QL	QJ
Definition	Power of AAs to promulgate rules and regulations to implement the law	Power of AAs to adjudicate the rights of parties and resolve disputes, applying the law to specific facts
Nature	General rule-making; applies to future conduct	Adjudicatory; involves determination of facts and application of law to controversies
Due process requirement	Prior notice and hearing *not required*	Prior notice and hearing are required (*Ang Tibay* rules apply)
Effect	Rules and regulations of	Decisions that settle

	general applicability	rights and obligations of specific parties
Examples	Classification of positions in the career service; issuance of administrative rules and regulations	Administrative cases involving licenses, permits, penalties, or disciplinary actions

Smart v. NTC

	QL	**QJ**
Source	Delegated legislative power from Congress	Incidental to the administrative duty; based on standards laid by law; may also be delegated by Congress
Definition	Ability to promulgate rules and regulations that have the force of law	Ability to hear and determine questions of fact and apply the law
Scope and limits	Must be within the statutory authority; germane to the law's purpose; consistent with the law and constitution; cannot contradict or defeat the law	Must decide in accordance with the legislative policy and standards of the law; limited to issues incidental or necessary to law enforcement
Nature of action	Creation of new and additional legal provisions of general applicability	'Judicial' manner of resolving cases: investigate facts, hold hearings, weigh evidence, conclude
Effect	Produces regulations	Produces binding decisions on the rights, duties or liabilities of parties
Controlling authority	Constitution and statute	Standards and policies of the law being administered
DEAR applies?	No	Yes
DPJ applies?	No	Yes

Procedural due process in administrative cases

Simplified Ang Tibay *rules:*

1. The right to notice, be it actual or constructive, of the institution of proceedings that may affect a person's legal right
2. The right to reasonable opportunity to appear personally or with the assistance of counsel and defend his rights and to introduce witnesses and relevant evidence in his favor, by testimony or otherwise, and to controvert the evidence of the other party
3. The right to a tribunal vested with competent jurisdiction, so constituted as to give him reasonable assurance of honesty and impartiality
4. The right to a finding or decision by that tribunal supported by substantial evidence presented at the hearing or at least ascertained in the records, or disclosed or made known to the parties affected

A decision rendered without due process is void *ab initio* and may be attacked anytime directly or collaterally.

PALAO v. FLORENTINO III
G.R. No. 186967

FACTS: Palao had letters patent no. UM-7789 issued in his favor. Florentino filed a petition for cancellation with the Intellectual Property Office (IPO). The Bureau of Legal Affairs of the IPO denied the petition, and Florentino's motion for reconsideration. Florentino appealed to the Director-General. However, the appeal lacked the authorization to sign the CVNFS. Hence, Florentino tried to cure the same by submitting a compliance which attached a secretary's certificate. Still, the DG denied the appeal because the compliance failed to show the authority of Florentino's counsel to sign the CVNFS as to the date of filing of the appeal. In a petition for review (Rule 43) before the CA, the court reversed the DG's decision and reinstated Florentino's appeal.

ISSUE: Did the CA err in reinstating Florentino's appeal?

HELD: NO. The Rules of Procedure in the Conduct of Hearing of *Inter Partes* Cases provide that the director shall not be bound by the strict technical rules of procedure and evidence. This rule is in keeping with the general principle that administrative bodies are not strictly bound by technical rules of procedure. Administrative bodies are not bound by the technical niceties of law and procedure and the rules obtaining in courts of law. Administrative tribunals exercising quasi-judicial powers are unfettered by the rigidity of certain procedural requirements, subject to the observance of fundamental and essential requirements of due process in justiciable cases presented before them. In administrative proceedings, technical rules of procedure and evidence are not strictly applied and administrative due process cannot be fully equated with due process in its strict judicial sense.

BESAGA v. SPS. ACOSTA
G.R. No. 194061, 20 April 2015

FACTS: Besaga applied for a Special Land Use Permit (SLUP) for three lots for a bathing establishment. Sps. Acosta also applied for SLUP for two of the same lots as Besaga's. The DENR regional director gave due course to Besaga's application, and rejected Sps. Acosta's. Sps. Acosta lodged an appeal memorandum to the SENR, but while it was pending, the regional director issued a certificate of finality in favor of Besaga for failure of Sps. Acosta to file a notice of appeal. In the meantime, the SENR reversed the regional director and granted Sps. Acosta's application. On reconsideration, the SENR reversed. On appeal to OP, the SENR was reversed and Sps. Acosta prevailed again.

ISSUE: Is the filing of a memorandum of appeal instead of a notice of appeal fatal to Sps. Acosta's case?

HELD: NO. Strict compliance with the rules of procedure in administrative cases is not required by law. Administrative rules of procedure should be construed liberally in order to promote their object to assist the parties in obtaining a just, speedy and inexpensive determination of their respective claims and defenses. However, a liberal construction is not applicable when due process is violated. If the gravity of the violation of the rules is such that due process is breached, the rules of procedure should be strictly applied. Otherwise, the rules are liberally construed. In this case, there will be no violation of due process in filing the memorandum of appeal as they still filed within the reglementary period, and paid the full appeal fees. The memorandum had the same effect of a notice of appeal. The liberal construction would also serve its purpose: to appeal.

CASTILLO v. NAPOLCOM
G.R. No. L-60150, December 11, 1987

FACTS: In 1979, a complaint-affidavit for grave misconduct was filed by Teovisio against Castillo in the NAPOLCOM. After conducting formal hearings, NAPOLCOM found Castillo "probably guilty" and recommended his preventive suspension. The adjudication board eventually found Castillo guilty, and suspended him from service without pay for 10 months, which was reduced to five months.

ISSUE: Did the adjudication board commit grave abuse of discretion in suspending Castillo?

HELD: NO. Findings of fact by an administrative board or officials, following a hearing, are binding and conclusive upon the courts so long as they are supported by substantial evidence. Only where it clearly appears that there was no proof before the administrative board reasonable enough to support its conclusion would this court be justified in interfering with the board's decision.

ESQUIG v. CSC
G.R. No. 92490, July 30, 1990

FACTS: Esquig had been the Land Registration Examiner (LRE) since 1984, while Ferrer is a senior clerk in the LRA. In 1983, the position of Records Officer IV became vacant and both Esquig and Ferrer applied for promotion. The SOJ appointed Ferrer. The Merit Systems Promotion Board reversed. On appeal, the CSC reversed again. It held that both applicants were equally qualified, hence, the appointing authority had the discretion to choose who will be promoted. The CSC also ruled that Esquig has no legal personality to question Ferrer's promotion, because she is not "next-in-rank." On *Certiorari*, Esquig questions the propriety of Ferrer's appeal because the latter did not furnish Esquig a copy of her appeal.

ISSUE: Did the CSC commit grave abuse of discretion in reversing the decision of the MSPB?

HELD: NO. Factual findings, based on the records of the case, are presumed to be correct. Moreover, administrative proceedings are not bound by the rigid

requirements of the Rules of Court. The important consideration is that both parties were afforded an opportunity to be heard and they availed themselves of it to present their respective positions on the matter in dispute. Esquig already had a *prior* opportunity to be heard.

VIVO v. PAGCOR
G.R. No. 187854, November 12, 2013

FACTS: Vivo was PAGCOR's managing head of its gaming department. In 2002, he was advised that he was being administratively charged with gross misconduct, rumor-mongering, conduct prejudicial to the interest of the company, and loss of trust and confidence. In relation thereto, he was preventively suspended. He was asked to give his explanation in writing. He was sent summons for an inquiry. During the administrative inquiry (held in his house), he was allowed to give his statement, and was furnished the memorandum of charges (which was based on the statements of PAGCOR personnel who had personal knowledge of the accusations against him). He was also summoned to the adjudication committee to address questions regarding the case. Eventually, Vivo knew that he was dismissed following a mere letter informing him of the resolution of the PAGCOR Board. The CSC reversed the dismissal, and the CA reversed again, reinstating Vivo's dismissal.

ISSUE: Was there a violation of Vivo's due process?

HELD: NO. Administrative due process cannot be fully equated with due process in its strict judicial sense, for a formal or trial-type hearing is not always necessary, and technical rules of procedure are not strictly applied. The essence of administrative due process is simply to explain one's side, or an opportunity to seek a reconsideration of the action complained of. Moreover, that he was not furnished copies of the board resolutions did not negate the existence of the resolutions. Likewise, the right to counsel is not imperative because administrative investigations are themselves inquiries conducted only to determine whether there are facts that merit disciplinary measures against erring public officers and employees, with the purpose of maintaining the dignity of government service. In any event, any procedural defect in the proceedings was cured by his filing of the MR and by his appeal to the CSC.

- The essence of procedural due process is the basic requirement of notice and a real opportunity to be heard.
- "To be heard" does not mean only verbal arguments in court, but also through pleadings.
- In administrative proceedings, procedural due process has been recognized to include the following:
    - The right to actual or constructive notice of the institution of proceedings
    - A real opportunity to be heard personally or with the assistance of counsel, to present witnesses and evidence in one's favor, and to defend one's rights
    - A tribunal vested with competent jurisdiction and so constituted as to afford a person charged administratively a reasonable guarantee of honesty and impartiality
    - A finding which is supported by substantial evidence submitted for consideration during the hearing or contained in the records or made known to the parties affected

MWSS v. SECRETARY OF DENR
G.R. No. 202897, 6 August 2019

FACTS: On Apr. 2, 2009, the DENR-EMB Region III filed a complaint before the Pollution Adjudication Board (PAB) charging MWSS and its concessionaires, Maynilad and Manila Water, with failure to provide, install, operate and maintain adequate Wastewater Treatment Facilities (WWTFs) for sewerage system resulting in the degraded quality and beneficial use of the receive bodies of water leading to Manila Bay. Soon after, other RDs followed suit. Hence, the SENR issued a Notice of Violation. After the technical conference, the parties submitted their respective position papers. The SENR resolved to impose P29.4 million as fines. Both Maynilad and Manila Water elevated the case via Rule 43 to the CA. However, the CA dismissed their petitions. On appeal, Manila Water argues that it was deprived of due process when the SENR imposed a fine without a valid complaint or charge, and the orders were issued without or in excess of jurisdiction (SENR allegedly arrogating powers of the PAB).

ISSUE: Was there a violation of petitioners' due process rights?

HELD: NO. Due process of law has two aspects: substantive and procedural. Substantive due process refers to the intrinsic validity of a law that interferes with the rights of a person to his property. Procedural due process, on the other hand, means compliance with the procedures or steps, even periods, prescribed by the statute, in conformity with the standard of fair play and without arbitrariness on the part of those who are called upon to administer it. In this case, the NOV stated the charges, gave a directive to attend the technical

conference, and appraised them of the possible liability. Hence, petitioners were notified of those issues–the charges for which they were eventually found liable for. Petitioners also wrote several letters and, in turn, the government answered these. Hence, the SENR, upon recommendation of the PAB, validly imposed the fine after the charge, hearing and due deliberation. The SENR acted well within his jurisdiction, because the PAB's role is merely recommendatory. Procedural due process, as applied to administrative proceedings, means a fair and reasonable opportunity to explain one's side, *or* an opportunity to seek a reconsideration of the action or ruling complained of.

ICTSI v. CITY OF MANILA
G.R. No. 185622, 17 October 2018

FACTS: When ICTSI renewed its business license for 1999, it was assessed for two business taxes: one for which it was already paying, and another for which it was *newly* assessed. It paid the additional assessment, but filed a protest letter before the city treasurer of Manila. When the city treasurer failed to decide the protest within 60 days, ICTSI filed before the RTC a petition for certiorari and prohibition. The city treasurer moved to dismiss the petition for lack of cause of action, since it had failed to comply with § 187, LGC. The RTC dismissed the petition. On appeal, the CA remanded the petition back to the RTC. While the certiorari case is pending, the city continued to impose business taxes. ICTSI paid, but sent to the city a letter reiterating its protest under § 196. ICTSI filed an amended complaint, saying that it has been paying the taxes in protest because it was a precondition for its business permit renewal. The RTC and CTA dismissed the appeal for ICTSI's failure to follow § 195.

ISSUE: Is ICTSI entitled to a refund?

HELD: REMAND. § 196 applies for ICTSI's claims for refund of the payments from Q4 1999 onwards (*see* table). In this case, no notice of assessment for deficiency taxes was issued by the treasurer after Q3 1999–from then onwards the assessments were the local business taxes which must be paid as prerequisites for the renewal of its business permit. These are not notices of assessment under § 195. Hence, when ICTSI paid and filed claims, the denial of such by the treasurer should have prompted resort to the courts for the recovery of the tax. In any case, ICTSI was able to comply with the requirements of § 196: (1) ICTSI filed a written claim for every collection; and (2) ICTSI has done the judicial route by filing its amended complaint with the RTC. ICTSI need not file written claims for any succeeding payments as it would simply be a futile exercise–the city would have denied it anyway.

Substantive due process and statutory jurisdiction of administrative agencies

EASTERN SHIPPING LINES v. POEA
G.R. No. 76633, 18 October 1988

FACTS: Respondent Philippine Overseas Employment Administration (POEA) awarded Kathleen Saco P192,000 for the death of her husband, Vitallano, a worker for petitioner Eastern Shipping Lines Inc. Vitallano was killed in an accident in Tokyo, Japan. Kathleen sued petitioner under Executive Order (EO) 797 and Memorandum Circular (MC) 2, which led to the said award. EO 797 is the charter of the POEA. Under §4(a), it has the power to promulgate the necessary rules and regulations to govern the exercise of adjudicatory functions of the POEA. MC 2, meanwhile, prescribed the standard contract in hiring Filipino seamen.

ISSUE: Was petitioner denied due process because POEA issued the MC and applied it, too?

HELD: NO. Administrative agencies are vested with two basic powers, quasi-legislative and quasi-judicial. The first enables them to promulgate implementing rules and regulations, and the second enables them to interpret and apply such regulations. Such an arrangement has been accepted as a fact of life of modern governments and cannot be considered violative of due process as long as the cardinal rights laid down in *Ang Tibay v. CIR* are observed.

ERB v. CA
G.R. No. 113079, 20 April 2001

FACTS: Shell filed an application to relocate its Shell Service Station at Tambo to Imelda Marcos Ave. The Petroleum Distributors and Service Corporation (PDSC), which owns a Caltex service station, opposed the application on the ground that: (1) there are adequate service stations in the area, (2) ruinous competition will result, and (3) there is a decline in the volume of sales in the area. In 1991, the ERB decided to allow Shell to relocate. On appeal, the CA reversed.

ISSUE: Should the application be granted?

HELD: YES. Generally, the interpretation of an administrative agency tasked to implement a law is accorded great respect and ordinarily controls the construction of the courts. However, when an administrative agency renders an opinion or issues a statement of policy, it merely interprets a pre-existing law and the administrative interpretation is at best advisory for it is the courts that finally determine what the law means. Hence, an action by an administrative agency may be set aside if there is an error of law, abuse of power, lack of jurisdiction, or grave abuse of discretion clearly conflicting with the letter and spirit of the law. The Oil Deregulation Law, in particular, has the policy to liberalize the downstream oil industry. The decision of the ERB was supported by *substantial evidence*. It was based on hard economic data on developmental projects, residential subdivision listings, population count, public conveyances, commercial establishments, traffic count, fuel demand, growth of private cars, public utility vehicles and commercial vehicles, etc. The findings of fact made by administrative agencies must be respected if supported by substantial evidence. The administrative decision in matters within the executive jurisdiction can only be set aside on proof of grave abuse of discretion, fraud or error of law.

GEROCHI v. DOE

G.R. No. 159796, 17 July 2007

FACTS: Following the ERC's approval for NAPOCOR to collect Universal Charges, Gerochi prays for the declaration of nullity of § 34 of EPIRA, imposing the Universal Charge, arguing that it is a tax, hence, the ERC was without jurisdiction to impose it and that the law was an undue delegation of legislative power.

ISSUE: Are universal charges unconstitutional?

HELD: NO. Universal charge is not a tax, but an exaction in the exercise of the state's police power. The EPIRA Law's declaration of policy reveals that the law is regulatory in nature. If regulation is the primary purpose, the fact that revenue is incidentally raised does not make the imposition a tax. Moreover, taxing power may be used as an implement of police power. The universal charge is imposed to ensure the viability of the country's electric power industry. When police power is delegated to administrative bodies with regulatory functions, its exercise should be given a wide latitude. The ERC, as regulator, should have sufficient power to respond in real time to changes wrought by multifarious factors affecting public utilities.

PSALM CORP. v. SEM-CALACA

G.R. No. 204719, 5 December, 2016

FACTS: The EPIRA Law created the Power Sector Assets and Liabilities Management (PSALM) Corp., a GOCC which took over the generation assets, liabilities, and other assets of the National Power Corporation. Its principal purpose is to privatize NPC's generation assets with the objective of liquidating all NPC financial obligations and stranded contract costs in an optimal manner. Following said mandate, PSALM sold the 600-MW Calaca power plant to DMCI, which in turn transferred it to SEM-Calaca Power Corporation (SCPC). SCPC started providing electricity to customers, including MERALCO. A dispute, however, arose between SCPC and PSALM. SCPC contends that it is obliged to supply 10.841% of what MERALCO requires but not to exceed 169,000 kW in any hourly interval. MERALCO's position is that there should be no hourly cap. In 2010, SCPC supplied less than 10.841% of MERALCO's requirement, prompting PSALM to recover the deficiencies from SCPC. Hence, PSALM withheld MERALCO's payment to SCPC. SCPC claimed that the total amount due to them was P1.9 billion. PSALM paid P934 million. Following negotiations, the SCPC and PSALM agreed on the MERALCO cap, but they still disagreed to its effectivity–SCPC insisted that it be retroactive (i.e., from Dec. 2009), while PSALM wanted it prospective (i.e., from Jun. 2010). The ERB ruled in favor of SCPC, which the CA affirmed.

ISSUE: Did the contract between PSALM and SCPC mean that SCPC's obligation is to deliver 10.841% of MERALCO's requirement, but not to exceed 169,000 kW capacity allocation?

HELD: YES. The rulings of administrative agencies like the ERC are accorded great respect, owing to a traditional deference given to such administrative agencies equipped with the special knowledge, experience and capability to hear and determine promptly disputes on technical matters. Factual findings of administrative agencies that are affirmed by the Court of Appeals are generally conclusive on the parties and not reviewable by this Court. Except:

- the board or official has gone beyond its/his statutory authority,
- exercised unconstitutional powers or clearly acted arbitrarily without regard to its/his duty or with grave abuse of discretion, or
- When the actuation of the administrative official or administrative board or agency is tainted by a failure to abide by the command of the law.

The ERC acted within its powers which grants it original and exclusive jurisdiction over all cases involving disputes between and among participants

or players in the energy sector. The ERC merely performed its statutory function of resolving disputes among the parties who are players in the industry, and exercised its quasi-judicial and administrative powers. In this case, the ERC correctly harmonized the stipulations by holding that the 10.841% value is qualified by the 169,000 kW nominal figure.

Doctrine of primary jurisdiction

- Courts cannot and will not determine a controversy involving a question which is within the jurisdiction of an administrative tribunal having been so placed within its special competence under a regulatory scheme.
    - Hence, courts may suspend the judicial process pending referral of such issues to the administrative body for its view, or *dismiss the case without prejudice*.

GMA NETWORK INC. v. ABC DEVELOPMENT CORP.
G.R. No. 205986, 11 January 2023

FACTS: Citynet entered into a blocktime agreement with Zoe Broadcasting, where Citynet would be providing shows to be broadcast on ZOE Channel 11 (later QTV). Later, Citynet assigned all its rights to GMA. In 2008, the papers reported that ABC-5 sold through a blocktime agreement all its airtime to Primedia. The acquisition was reportedly part of the investment strategy of Media Prima Berhad, a Malaysian corporation, to establish a company in the Philippines of which it would be 70% owner. Hence, GMA, Citynet and Zoe filed before the RTC a complaint against ABC-5, Primedia and Media Prima Berhad seeking to nullify the blocktime agreement with damages for unfair competition. ABC-5 filed an omnibus motion to dismiss and to strike based on the plaintiffs' failure to exhaust the administrative remedies–they should have filed the complaint first with the NTC. Hence, the RTC dismissed the complaint.

ISSUE: Do the regular courts have jurisdiction over the case?

HELD: NO. Subject-matter jurisdiction is conferred by law and its determination rests on the nature of the action and relies on the allegations of the complaint. In this case, the trial court's ruling is premature due to the existence of predicate factual issues demanding the NTC's competence, owing to the doctrine of primary jurisdiction (DPJ). In this case, the NTC regulates TV companies' ownership and the mandate to maintain effective competition among private entities engaged in the operation of public service communications. The issue of the validity of the blocktime agreement for its supposed constitutional/statutory violations is intertwined with the issue of whether it has indeed transferred control and management of ABC-5 to Primedia, which is a factual question within the NTC's sphere.

	DPJ	**DEAR**
Nature	Allocates initial jurisdiction to the administrative agency when issues involve technical matters requiring its expertise	Requires a party to first avail of all administrative remedies before going to court
Effect on court's jurisdiction	Goes to the competence of the court–courts cannot act until the agency resolves the issue	Does not affect the jurisdiction of the court–only the cause of action is affected
Waiver	Not waivable	Waivable
Focus	Who should have a first crack	When may a party go to court
If violated?	Court has lack of subject matter jurisdiction; decision is void	Case may be dismissed for lack of cause of action, but may be waived if not timely raised

Doctrine of exhaustion of administrative remedies

PSALM v. CIR
G.R. No. 198146, 8 August 2017

FACTS: PSALM sold the Pantabangan and Magat Power Plants. Following the sale, the NAPOCOR received a letter from the BIR demanding immediate payment of the value-added tax (VAT) for the sale of the power plants. Consequently, BIR, NAPOCOR and PSALM entered into a memorandum of agreement which stipulated that the DOJ will adjudicate on the legality of BIR's collection. As such, PSALM filed with the DOJ a petition for the adjudication of the dispute–whether the sale of the power plants should be subject to VAT. The DOJ ruled in favor of PSALM, ordering the BIR to refund the P3.8 million paid by PSALM. Aggrieved, the BIR filed with the CA a petition for certiorari, assailing the DOJ decision for lack of jurisdiction, alleging that the CTA has jurisdiction and not the DOJ.

ISSUE: Does the DOJ have jurisdiction over the case?

HELD: YES. The dispute involves a dispute between PSALM and NAPOCOR against BIR. Under PD 242, all disputes and claims solely between government agencies and offices, including GOCCs, shall be settled or adjudicated by the SOJ, OSG, or the OGCC. As regards cases involving only questions of law, the SOJ has jurisdiction. It is only proper that intra-governmental disputes be settled administratively since the opposing government offices, agencies and instrumentalities are all under the president's executive control and supervision. Further, under the doctrine of exhaustion of administrative remedies, it is mandated that where a remedy before an administrative body is provided by statute, relief must be sought by exhausting this remedy prior to bringing an action in court in order to give the administrative body every opportunity to decide a matter that comes within its jurisdiction. A litigant cannot go to court without first pursuing his administrative remedies–otherwise, his action is premature and is not ripe for judicial determination. Non-observance of the doctrine of exhaustion of administrative remedies would result in lack of cause of action which is one of the grounds for the dismissal of a complaint.

CARALE v. ABARINTOS
G.R. No. 120704, 3 March 1994

FACTS: Pontejos is a labor arbitration associate. In 1994, Carale, NLRC chairman, detailed or reassigned Pontejos to Cebu City. Aggrieved, Pontejos filed a complaint with the RTC of Cebu City for illegal transfer. The government moved to dismiss the complaint, arguing that the CSC has exclusive original jurisdiction over any question concerning personnel movement. The RTC denied the MTD, and enjoined the implementation of the transfer order.

ISSUE: Did the RTC commit grave abuse of discretion in taking cognizance of the complaint?

HELD: YES. Preliminarily, the nonexhaustion of administrative remedies is not jurisdictional. It only renders the action premature, i.e., the claimed cause of action is not ripe for judicial determination. Hence, the MTD's ground must be lack of jurisdiction and lack of cause of action for failure to exhaust administrative remedies. Accordingly, the party with an administrative remedy must not merely initiate the prescribed administrative procedure to obtain relief, but also pursue it to its appropriate conclusion before seeking judicial intervention in order to give the administrative agency an opportunity to decide the matter by itself correctly and prevent unnecessary and premature resort to the court. In this case, Pontejos did not attempt to seek administrative relief through a reconsideration of the order, or appeal to the CSC.

KMU v. AQUINO III
G.R. No. 210500, 2 April 2019

FACTS: The Social Security Commission (SSC) issued Resolution 262 on Apr. 19, 2013, mandating an increase in SSS members' contribution rate from 10.4% to 11%. The president approved it on Sep. 6, 2013. The rate increase took effect in 2014. The premium increase was pursuant to §18 of the Social Security Act (SSA) 1997, providing that the "rate of contributions may be fixed from time to time by the SSC ... taking into consideration actuarial calculations and rate of benefits, subject to the approval of the president." KMU assailed the rate hike.

ISSUE: Is the issue ripe for adjudication?

HELD: NO. In connection with acts of administrative agencies, ripeness is ensured under the doctrine of exhaustion of administrative remedies. Courts may only take cognizance of a case or controversy if the petitioner has exhausted all remedies available to it under the law. It would, thus, be premature for courts to take cognizance of the case prior to the exhaustion of remedies, not to mention it would violate the principle of separation of powers. Thus, in Rule 65 petitions, it is required that no other plain, speedy, or adequate remedy is available to the party. The failure to exhaust administrative remedies affects the ripeness to adjudicate the constitutionality of a governmental act, which in turn affects the existence of the need for an actual case or controversy for the courts to exercise their power of judicial review. In this case, §§ 4-5 of the Social Security Act gives the SSC jurisdiction over any dispute arising from the law regarding coverage, benefits, contributions and penalties. It also provides that the aggrieved party must first exhaust all administrative remedies available before seeking review from the courts. Here, the petitioners did not file a case before the SSC, nor did it ask for reconsideration. Thus, petitioners have prematurely invoked this court's power of judicial review in violation of the doctrine of exhaustion of administrative remedies.

REPUBLIC v. O.G. HOLDINGS CORP.
G.R. No. 189290, 29 November 2017

FACTS: Respondent owns a beach resort, the Panglao Island Nature Resort. The DENR-EMB issued an ECC for the project. Thereafter, the project began. However, the EMB found three violations of the ECC, and issued a notice of violation. The following month, another violation notice was issued. Hence, the EMB invited respondent to attend a technical conference. Still, respondent failed to comply with the requirement of a foreshore lease. Hence, in 2006, the EMB recommended the suspension of the resort's ECC. This prompted the EMB R-7 to issue a cease and desist order against the project. Following reports that respondent was reclaiming the sea, another suspension order was issued. Aggrieved, respondent filed a petition for certiorari before the CA.

ISSUE: Did the CA err in granting the petition for certiorari?

HELD: YES. The doctrine of exhaustion of administrative remedies requires that resort must first be made with the appropriate administrative authorities in the resolution of a controversy falling under their jurisdiction before the same may be elevated to the courts for review. If a remedy within the administrative machinery is still available, with a procedure pursuant to law for an administrative officer to decide a controversy, a party should first exhaust such remedy before going to court. The issues that an administrative agency is authorized to decide should not be summarily taken away from it and submitted to a court without first giving the agency the opportunity to dispose of the issues. In this case, respondent failed to abide by this doctrine, because administrative remedies existed against the suspension of the ECC. O.G. Holdings thus had the opportunity to file an administrative appeal on the suspension of the beach resort project's ECC, beginning with the Office of the EMB.

Exception to DEAR–quasi-legislative powers

SMART v. NTC
G.R. No. 151908, 12 August 2003

FACTS: Pursuant to its rule-making and regulatory powers, the NTC issued MC No. 13-6-2000, promulgating rules and regulations on the billing of telecommunications services. NTC further issued a memorandum setting the validity of SIM packs for at least two years. Petitioners assailed the validity of the issuances, alleging that the NTC has no jurisdiction to regulate the sale of consumer goods like call cards, etc. NTC moved to dismiss the complaint for failure of petitioners to exhaust administrative remedies.

ISSUE: Did the CA err in holding that the NTC and not the regular courts has jurisdiction over the case?

HELD: YES. In questioning the validity of a rule or regulation, a party need not exhaust administrative remedies before going to court. The doctrine of exhaustion of administrative remedies only applies to judicial review of decisions of administrative agencies made in the exercise of their quasi-judicial function. In this case, the rules were based on NTC's quasi-legislative powers. Hence, the doctrine is inapplicable. The determination of whether a specific rule or set of rules issued by an administrative agency contravenes the law or the constitution is within the jurisdiction of the regular courts.

Importance of administrative findings of fact

WEST TOWER CONDOMINIUM CORP. v. FPIC
G.R. No. 194239, 16 June 2015

FACTS: In May 2010, the West Tower Condominium residents started to smell gas within the condominium. Eventually, the fumes compelled the residents to abandon their units on Jul. 23, 2010, and the condo's power shut down. On. Oct. 28, 2010, NIGS found a leak in respondent First Philippine Industrial Corporation's (FPIC) White Oil Pipeline (WOPL) about 86 meters from West Tower. FPIC operates two pipelines from Batangas--the WOPL and the Black Oil Pipeline (BOPL). As such, petitioner West Tower Condominium Corporation on Nov. 15, 2010 filed a petition for the issuance of a Writ of Kailkasan on behalf of the West Tower residents and Bangkal, Makati City. On Nov. 19, the court issued the writ and a TEPO, ordering respondents to file their returns. To expedite resolution, the court remanded the case to the Court of Appeals on Nov. 22, 2011. A year later, in Dec. 2012, the CA 11th division submitted its report to the Supreme Court, setting a precondition that for WOPL to reopen, FPIC must get a certification from the DOE. Failure to submit said certification within 60 days of the court's approval of the recommendation will make the TEPO permanent. On Jul. 30, 2013, the court approved that recommendation. On Oct. 25, 2013, the DOE issued the certification attesting the safeness of the WOPL to reopen.

ISSUE: Should the TEPO be lifted?

HELD: NOT YET. The proposed activities and measures prescribed by the DOE must first be complied with FPIC. Thereafter, if the DOE is satisfied, the DOE shall issue an order to allow FPIC to resume operations of the WOPL. The DOE is specially equipped to consider FPIC's proper implementation and

compliance with its PIMS and to evaluate the result of the various tests conducted on the pipeline. The specialized knowledge and expertise of the foregoing agencies must, therefore, be availed of to arrive at a judicious decision on the propriety of allowing the immediate resumption of the WOPL's operation. When the adjudication of a controversy requires the resolution of issues within the expertise of an administrative body, such issues must be investigated and resolved by the administrative body equipped with the specialized knowledge and the technical expertise. Hence, the courts, although they may have jurisdiction and power to decide cases, can utilize the findings and recommendations of the administrative agency on questions that demand the exercise of sound administrative discretion requiring the special knowledge, experience, and services of the administrative tribunal to determine technical and intricate matters of fact.

Doctrine of finality of administrative decisions

What is the principle of collegiality, when applicable to final decisions?

- The powers and duties of an administrative agency or board composed of members or commissioners may not be exercised by the individual members separately.
- Their acts are official *only* when done by the members convened in session, upon a concurrence of at least a majority and with at least a quorum present.

When is conclusiveness of judgment applicable to administrative agencies?

- The doctrine of *res judicata* applies only to judicial or quasi-judicial proceedings and *not* to the exercise of administrative process.

YSMAEL v. DEPUTY EXECUTIVE SECRETARY
G.R. No. 79538, 18 October 1990

FACTS: Petitioner, holder of Timber License Agreement (TLA) No. 87 over 54,920 hectares in Nueva Vizcaya valid until 1990, lost its license in August 1983 when the Bureau of Forest Development, upon presidential instructions, ordered the cancellation of its concession along with nine others and imposed a stop to all logging operations in the area. The petitioner sought reconsideration from Marcos, but no relief was granted. Shortly thereafter, half of petitioner's concession was re-awarded to Twin Peaks Development and Realty Corporation under TLA No. 356, and the other half was given to Filipinas Loggers, Inc., both allegedly controlled by Marcos' cronies. After the 1986 change in government, petitioner requested reinstatement of its TLA, revocation of TLA No. 356, and possession of cut logs. However, the Minister of Natural Resources (MNR) Ernesto Maceda denied reinstatement, ruling that a timber license was a mere privilege, not a contract, and citing conservation, national security, and the total logging ban in the region as justification. Petitioner's motions for reconsideration were likewise denied, though the Ministry indicated it was reviewing all natural resource contracts entered before the Freedom Constitution. On November 26, 1986, petitioner's supplemental motion was again denied, but on the same date, MNR Administrative Order No. 54 lifted the logging ban in Quirino province, where the disputed area was located.

ISSUE: Did the DES commit grave abuse of discretion in denying the petitioner's appeal?

HELD: NO. The decisions and orders of administrative agencies have upon their finality, the force and binding effect of a final judgment within the purview of the doctrine of *res judicata*. The rule of res judicata thus forbids the reopening of a matter once determined by competent authority acting within their exclusive jurisdiction. In this case, petitioner's requests were denied by the government. However, it did not avail of its remedies for attacking the validity of these administrative actions until after 1986. By this time, the MNR's denial are already settled matters.

NHA v. ALMEIDA
G.R. No. 162784, 22 June 2007

FACTS: Margarita Herrera was awarded land under an agreement to sell in 1959. When she died in 1971, her daughter Francisca Herrera claimed to be sole heir through a Deed of Self-Adjudication supported by a 1960 "Sinumpaang Salaysay." The courts later nullified that deed, but Francisca still applied with the NHA to purchase the lots, which was granted. The Office of the President affirmed the NHA's ruling, and titles were issued to Francisca's heirs. Segunda Almeida, heir of Margarita's other daughter Beatriz, contested the award in court, and both the RTC and CA ruled that the "Sinumpaang Salaysay" was actually a will, not an assignment, thus requiring probate. The NHA argued before the Supreme Court that the case was barred by administrative res judicata because the NHA and OP rulings were final.

ISSUE: Did the prior final decisions of the NHA and the Office of the President bar further judicial review under the principle of administrative res judicata?

HELD: NO. Administrative res judicata is the rule which forbids the reopening of a matter once judicially determined by competent authority applies as well to the judicial and quasi-judicial facts of public, executive or administrative officers and boards acting within their jurisdiction as to the judgments of courts having general judicial powers. However, quasi-judicial powers will always be subject to *true* judicial power. Under the expanded jurisdiction of the Supreme Court, it is empowered to determine whether or not there has been grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the Government. Courts have an expanded role under the 1987 Constitution in the resolution of societal conflicts under the grave abuse clause of Article VIII which includes that duty to check whether the other branches of government committed an act that falls under the category of grave abuse of discretion amounting to lack or excess of jurisdiction.

Are final administrative decisions immediately executory?

- The decision of the agency shall become final and executory 15 days after the receipt of a copy thereof by the party adversely affected unless within that period an administrative appeal or judicial review, if proper, has been perfected. *One motion for reconsideration* may be filed, which shall suspend the running of the said period (Admin Code, bk. VII, ch. 3, § 15).

SAN LUIS v. CA
G.R. No. 80160, 26 June 1989

FACTS: Berroya Jr. was appointed quarry superintendent of Laguna on May 31, 1959. In 1973, he exposed graft and corruption in the provincial government, which led to his transfer to the Office of the Provincial Engineer by the governor. The Civil Service Commission (CSC) declared the transfer illegal and later struck down the governor's suspension of Berroya for alleged inefficiency and insubordination. Despite the Office of the President (OP) affirming Berroya's right to reinstatement and ordering payment of his back salaries, the governor continued to defy these directives. In 1977, the governor dismissed Berroya for alleged neglect of duty and abandonment of office, but the CSC exonerated him and again ordered reinstatement. The governor persisted in refusing compliance, filing multiple motions for reconsideration before the OP, both of which were denied. Berroya then filed a petition for mandamus to compel reinstatement, which the RTC granted and the CA affirmed.

ISSUE: Has the decision of the OP declaring Barraya's suspension as illegal already attained finality?

HELD: YES. The Supreme Court held that the OP decision attained finality upon denial of the governor's first motion for reconsideration, pursuant to Executive Order No. 19, s. 1966, which allows only one MR. The second MR could not have suspended the decision's finality. Similarly, the CSC decision ordering reinstatement became final when the governor's MR was denied. Since both the OP and CSC decisions were already final and executory, they can no longer be reviewed by the courts. The Court emphasized that the principle of conclusiveness of prior adjudications applies not only to judicial rulings but also to final determinations by administrative agencies exercising quasi-judicial authority, which carry the same force and effect as judgments of regular courts.

Judicial review

Doctrine of ripeness for judicial review
Distinguish between ripeness and exhaustion

- It is in essence the same as that of exhaustion of administrative remedies, except that it applies to rule-making and to administrative action which is embodied neither in rules or regulations nor in adjudication or final orders.
    - Ripeness focuses on the nature of the judicial process–upon the types of functions the courts should perform.
    - Exhaustion focuses on the relatively narrow question of *whether a party should be required to pursue an administrative remedy before going to court*.

Modes of review or appeal
1. Direct or collateral
2. Statutory or non-statutory

Statutory
1. Where remedy itself is governed by statute
2. Where proceedings in court required by statute for enforcement of administrative decision

3. Where direct judicial review afford by legislation providing generally for such review

Non-statutory

- Common law or prerogative writs such as *certiorari, mandamus, habeas corpus, quo warranto* and prohibition.

CHAIRMAN AND EXECUTIVE DIRECTOR, PALAWAN COUNCIL FOR SUSTAINABLE DEVELOPMENT v. LIM

G.R. No. 183173, 24 August 2016

FACTS: The Palawan Council for Sustainable Development (PCSD) issued A.O. No. 00-05 which requires those who will transport live fish out of Palawan to obtain an accreditation from the said agency. Lim, an airline operator, refused to do so, and continued to make 19 flights without the PCSD accreditation. Eventually, PCSD issued a notice of violation and a show cause order against Lim. Aggrieved, Lim filed a petition for prohibition with the CA. The CA also issued a TRO, enjoining the PCSD from enforcing A.O. No. 00-05.

ISSUE: Did the CA have jurisdiction to hear the case?

HELD: NO. The issuance of A.O. No. 00-05 was in the exercise of PCSD's quasi-legislative power. What was assailed in the CA was the validity of a rule or regulation issued by the PCSD as an administrative agency in the performance of its quasi-legislative function. The question was a matter incapable of pecuniary estimation, and exclusively and originally pertained to the proper RTC. If what is being assailed is the validity or constitutionality of a rule or regulation issued by an administrative agency in the performance of its quasi-legislative function, then the RTC has jurisdiction to pass upon the same. Moreover, a petition for prohibition is *not* the proper remedy to assail an administrative order issued in the exercise of a quasi-legislative function. It lies against the exercise of judicial or ministerial functions, not against the exercise of legislative or quasi-legislative functions.